



President
Mr. Steve Baker
City of Yreka

Vice President
Mr. Wes Heathcock
City of Colfax

Secretary
Mr. John Duckett
City of Shasta Lake

Treasurer
Mr. Roger Carroll
Town of Loomis

**SMALL CITIES ORGANIZED RISK EFFORT
BOARD OF DIRECTORS
MEETING**

Date: Friday, March 27, 2020
Time: 10:00 AM
Location: TELECONFERENCE
Call in number: 877-309-3457
Conference Code: 617 626 853

A Action
I Information

1 Attached
2 Hand Out
3 Separate Cover
4 Verbal

- PAGE* **A. CALL TO ORDER**
- B. ROLL CALL**
- C. APPROVAL OF AGENDA AS POSTED** A 1
- D. PUBLIC COMMENTS**
This time is reserved for members of the public to address the Board of Directors on matters of SCORE that are of interest to them.
- E. CONSENT CALENDAR** A 2
All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or Board of Directors may request an item to be considered separately. If not, the Board will take action to accept and file the items below.
- Pg. 5* 1. Board of Directors Meeting Draft Minutes – January 31, 2020
 - Pg. 13* 2. US Bank Custodial Account Statement – January – February 2020
 - Pg. 29* 3. SCORE Checking Account Transaction List – January – March 20, 2020
 - Pg. 30* 4. Investment Statements from Chandler Asset Management – January – February 2020
 - Pg. 38* 5. Target Solutions Monthly Utilization Report – October – February 2020
 - Pg. 39* 6. FY 20/21 Service Calendar Final – Draft was Approved by Board on January 31, 2020
 - Pg. 47* 7. FY 19/20 Loss Control Grant Funds status as of March 20, 2020
- F. ADMINISTRATIVE REPORTS**
- 1. President’s Report** I 4
*Steve Baker will address the Board on items pertaining to SCORE.
Need LAWCX Board Rep.*
 - 2. Excess Pool Reports** I 4
The Board will receive updates from the Excess Representative of each Pool.
 - a) CJPRMA (Rep. Roger Carroll)** *Minutes of the last meeting can be found at www.cjprma.org.*

The Small Cities Organized Risk Effort or SCORE, is an association of municipalities joined 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.

- b) **ERMA Update (Rep. John Duckett)** Minutes of the last meeting can be found at www.ermajpa.org.
- c) **LAWCX Update (Rep. Steve Baker)** Minutes of the last meeting can be found at lawcx.org.

- 3. **Alliant Update** I 4
Alliant will update the Board on matters pertinent to SCORE.
 - a) Form 700 – Last Day to File April 1, 2020
 - b) Renewal Update

G. FINANCIAL

- Pg. 48 1. **Actuarial Studies** A 1
Mike Harrington will present the Board with the actuarial studies completed by Bickmore Actuarial for the Board to review and accept.
 - a. **Liability – Actuarial Review**
 - b. **Workers’ Compensation – Actuarial Review**

- Pg. 120 2. **Quarterly Financials for Period Ending December 31, 2019** A 1
Board members will review the December 31, 2019 Quarterly Financials report presented by Gilbert & Associates, Inc. and may take action to Accept and File.

- Pg. 138 **SCORE PROGRAM COVERAGE REVIEW - Alliant Property Insurance Program (APIP)** I 2
The Board will receive a review of the coverage documents and will be provided with a summary of coverage.

H. JPA BUSINESS

- Pg. 139 1. **Creation of Nomination Committee for Election of SCORE Officer Positions** A 1
The Board will be asked to form a committee to nominate persons for the following positions: President, Vice President, Secretary, Treasurer and Executive Committee Member-At-Large. Two year term begins 7/1/20.

- Pg. 140 2. **Workers’ Compensation Claims Audit** A 1
The Board will be presented with the Audit Report and York’s response to the findings.

- Pg. 176 3. **ERMA Resolution No. 2020-1, Proof of Compliance with Training Mandated by State Law** I 1
The Board will receive a copy of the ERMA Resolution and the new requirements.

- Pg. 179 4. **SCORE Resolution 19-04 – Delegation of Treasurer Responsibilities** A 1
The Board will be asked to review and approve a resolution delegating responsibilities for managing funds to the Treasurer.

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| | | | |
|---------|---|---|---|
| Pg. 181 | 5. Excess Cyber Coverage | A | 1 |
| | <i>The Board will be presented with pro-rated pricing as compared to annualized premium.</i> | | |
| | 6. FY 20/21 Funding Rates | A | 1 |
| | <i>The Board will use the information provided by the Program Administrators and Actuary to establish the funding rates used in the FY 20/21 Budget deposit calculations.</i> | | |
| Pg. 183 | a. Liability Program | | |
| Pg. 192 | b. Workers’ Compensation Program | | |
| Pg. 198 | 7. FY 20/21 SCORE Preliminary Budget | I | 1 |
| | <i>Staff will provide the Board with a Preliminary Budget and the Board will be asked provide staff with direction as necessary.</i> | | |
| | I. INFORMATION ITEMS | I | 1 |
| Pg. 202 | 1. FY 19/20 Resource Contact Guide | | |
| Pg. 210 | 2. Glossary of Terms | | |
| Pg. 220 | 3. SCORE Travel Reimbursement Form | | |
| | J. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES | I | 4 |
| | K. CLOSING COMMENTS | | |
| | L. ADJOURNMENT | | |

UPCOMING MEETING
Board of Directors Meeting – June 26, 2020, Anderson, CA

IMPORTANT NOTICES AND DISCLAIMERS:

Per Government Code 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 Michelle Minnick at Alliant Insurance at (916) 643-2715.

The Agenda packet will be posted on the SCORE website at www.scorejpa.org. Documents and material relating to an open session agenda item that are provided to the SCORE Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815.

Access to some buildings and offices may require routine provisions of identification to building security. However, SCORE does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

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CONSENT CALENDAR

ACTION ITEM

ISSUE: Items on the Consent Calendar should be reviewed by the Board, and if there is any item requiring clarification or amendment such item should be pulled from the agenda for separate discussion. The Board should adopt the Consent Calendar excluding those items removed. *Items requested to be removed from Consent will be placed back on the agenda in an order determined by the President.*

RECOMMENDATION: The Program Administrator recommends adoption of the Consent Calendar after review by the Board of Directors.

FISCAL IMPACT: None.

BACKGROUND: Items of importance, that may not require discussion, are included on the Consent Calendar for adoption.

ATTACHMENTS:

1. Board of Directors Meeting Draft Minutes – January 31, 2020
2. US Bank Custodial Account Statement – January – February 2020
3. SCORE Checking Account Transaction List – January – March 20, 2020
4. Investment Statements from Chandler Asset Management – January – February 2020
5. Target Solutions Monthly Utilization Report – October – February 2020
6. FY 20/21 Service Calendar Final – Draft was Approved by Board on January 31, 2020
7. FY 19/20 Loss Control Grant Funds status as of March 20, 2020



Small Cities Organized Risk Effort (SCORE) Board of Directors Meeting Minutes January 31, 2020

Member Cities Present:

Mark Sorensen, City of Biggs
Wes Heathcock, City of Colfax
Blake Michaelsen, City of Dunsmuir
Charles Bergson, City of Isleton
Aaron Palmer, City of Live Oak
Crickett Strock, Town of Loomis
Kathy LeBlanc, City of Loyalton
David Dunn, City of Montague

Lauren Knox, City of Portola
Kyle Knopp, City of Rio Dell
John Duckett, City of Shasta Lake
Wendy Howard, City of Shasta Lake
Debi Savage, City of Susanville
Gwenna MacDonald, City of Susanville
Penny Velador, City of Tulelake
Emily Coulter, City of Weed

Member Cities Absent:

City of Etna
Town of Fort Jones

City of Mt. Shasta
City of Yreka

Consultants & Guests

Michael Simmons, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Kevin Wong, Gilbert Associates, Inc.
Jennifer Hall, Crowe Horwath

Dorienne Zumwalt, Sedgwick
Jill Petrarca, Sedgwick
Sean Millar, Sedgwick
Jason Peterson, City of Shasta Lake

A. CALL TO ORDER

Mr. Wes Heathcock called the meeting to order at 10:02 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent from this meeting were the City of Loyalton.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Kathy LeBlanc

SECOND: Blake Michaelsen

**MOTION CARRIED
UNANIMOUSLY**



D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Board of Directors Meeting *Draft* Minutes – October 4, 2019
2. US Bank Custodial Account Statement – September – December 2019
3. SCORE Checking Register – September 25, 2019 – December 31, 2019
4. Investment Statements from Chandler Asset Management – September – December 2019
5. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments – September 30, 2019
6. Treasurer’s Report as of September 30, 2019
7. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments – December 31, 2019
8. Treasurer’s Report as of December 31, 2019
9. ACI Specialty Quarterly Utilization Report – July – December 2019
10. Target Solutions Utilization Report Summary – August – December 2019
11. Alliant Additional Commission Opt Out letter (APIP & ACIP) FY 2019-2020
12. Company Nurse Injury Summary Report October 2019

A motion was made to approve the Consent Calendar as presented.

MOTION: John Duckett

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

F. ADMINISTRATIVE REPORTS

F1. President’s Report

Mr. Wes Heathcock had no issues to report for SCORE.

F.2.A. CJPRMA Update

Mr. Marcus Beverly provided a brief update that CJPRMA will not be seeking a higher SIR.

F.2.B. ERMA Update

John Duckett provided the Board of Directors with a brief update of the November 4, 2019 ERMA Meeting. He noted that the financials were reviewed and that there were discussions regarding SB 778, which is mandatory harassment prevention training for any employer with 5 Employees or more which must be completed within 6 months of being hired.

F.2.C. LAWCX Update

Marcus Beverly provided the Board of Directors with an update of LAWCX matters and noted that the Executive Committee indicated a 5-7% increase in renewal rates but the good news is that liabilities are down.



F.3. Alliant Update

- a. *CJPRMA Renewal Data due by 1/31/20*
- b. *Annual Report FY 19/20*

Michelle Minnick noted that the deadline for submitting the CJPRMA Excess Liability Renewal Application to the Program Administration attention by today. Members were encouraged to provide the application as soon as possible to ensure the Program Administration can compile one master application for submission. Marcus Beverly provided a copy of the FY 19/20 Annual Report and encouraged members to review and reach out for quotes in any programs that they are not participating in.

G. SCORE PROGRAM COVERAGE REVIEW

Marcus Beverly provided the Board with a review of Cyber Coverage. He noted several recent examples of reasons that claims have been submitted under the Cyber coverage provided in APIP. He reviewed the general coverage provided by each part of the coverage as well as the limits and sublimits. Members were encouraged to have secondary check systems in place to prevent cyber losses and not simply rely on insurance to a loss.

H. FINANCIAL

H.1. Audited Financial Report for Year Ending June 30, 2019

Jennifer Hall presented the Audited Financial Report to the Board. The issued an unmodified opinion.

A motion was made to accept and file the Audited Financial Report for Year Ending June 30, 2019.

MOTION: Lauren Knox SECOND: Gwenna McDonald MOTION CARRIED UNANIMOUSLY

H.2. Quarterly Financial Report – Period Ended September 30, 2019

Kevin Wong presented the Quarterly Financial Report for Period Ended September 30, 2019 and provided some highlights from the report.

A motion was made to accept and file the Quarterly Financial Report for the Period Ended September 30, 2019.

MOTION: Kyle Knopp SECOND: Blake Michaelsen MOTION CARRIED UNANIMOUSLY

H.3. Request For Revised Payment Plan For Outstanding Assessments – City of Isleton

Marcus Beverly noted that the City has requested to restructure their current payment plan for past due assessments. He mentioned the plan intends to pay off the balance of \$81K in 7 years, they are asking to keep the annual payment the same but extend the plan for a few years. The city is current with all assessment payments and current premiums. It was mentioned that any dividends will first be applied to any outstanding assessments before being paid to the member.



A motion was made to approve the restructure as presented.

**MOTION: Blake Michaelsen SECOND: John Duckett MOTION CARRIED
UNANIMOUSLY**

H.4. SCORE Dividend & Assessment Plan (DAP)

Marcus Beverly reviewed the Dividend and Assessment Plan calculation and noted that the distribution recommended amount is actually \$100k. Marcus provided a review of the dividend calculation and noted there is no recommended release from the Shared layer in the Workers' Compensation program and so there is no Dividend being proposed in that program. There was a recommended release of \$300k from the Shared layer to the Banking layer in the Liability program.

A motion was made to grant the disbursement.

**MOTION: John Duckett SECOND: Gwenna McDonald MOTION CARRIED
UNANIMOUSLY**

At this time the board requested to review item I.1.

I. JPA BUSINESS

I.1. Town of Fort Jones – Notice of Intent to Withdraw from SCORE eff. 7/1/2020

Marcus Beverly noted that the Town provided a timely notice to withdraw from SCORE for Liability, WC and Employment Practices Liability but he noted the dates provided in the notice are inaccurate. It is up to the Board to determine if the Town can rescind their notice to withdraw. It was noted that if the town were to leave and there was an assessment for past claims the bill will be sent to the town.

A motion was made to allow the Town to rescind their notice to withdraw from the JPA if they provide notice timely by April 30, 2020.

**MOTION: Emily Coulter SECOND: Mark Sorensen MOTION CARRIED
UNANIMOUSLY**

I.2. SCORE Program Master Plan Documents (Bylaws) Amendments

Marcus Beverly provided a review of the MPD's and noted the changes that are being proposed. Marcus noted that he would like to apply any changes to the MPD's to the DAP that was passed in the prior item.

A motion was made approve changes to the MPD's as presented.

**MOTION: Blake Michelsen SECOND: Kathy LeBlanc MOTION CARRIED
UNANIMOUSLY**



At this time the BOD requested to review Item I.4.

I.4. SCORE – Excess Cyber Coverage Proposal

Marcus Beverly presented the Excess Cyber coverage proposal and reviewed the proposed coverage. He noted the available limits in the proposal which included dedicated member coverage as well as a group shared aggregate. Members requested to see a revised quotes showing annualized premium compared to the pro-rated premium (side by side). For members that are interested in securing coverage, Michelle Minnick indicated that Program Administration will need a written request to bind coverage and an email will be sent for members to reply. Susanville is not interested in participating.

LUNCH PRESENTATION – STATE OF THE INSURANCE MARKET 2020

Marcus Beverly provided the Board with a presentation on the current state of the insurance market.

I.3. SCORE Service Provider Survey Results

Michelle Minnick there were only 9 respondents this year. Overall the results were positive and provided the staff with information regarding current service providers.

A motion was made to accept and file the results.

MOTION: Emily Coulter

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

I.5. Claim Contract Extensions vs. Request for Proposals

Marcus Beverly provided a summary of the contracts that are nearing expiration and noted that Sedgwick has been able to provide updated pricing for Liability – members noted they were satisfied with Sedgwick and requested provide a proposal at the next meeting.

A motion was made stay with York and request a 3 year agreement proposal.

MOTION: Emily Coulter

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**

A motion was made request an ACI EAP agreement for FY 20-21.

MOTION: Wes Heathcock

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**

A motion was made to request a 3 year agreement from Target Solutions.

MOTION: Emily Coulter

SECOND: Cricket Strock

**MOTION CARRIED
UNANIMOUSLY**



A motion was made request 1 year and 3 year pricing from Lexipol.

MOTION: Emily Coulter

SECOND: Cricket Strock

**MOTION CARRIED
UNANIMOUSLY**

I.6. Target Solutions Business Review

Marcus Beverly provided a review of the Target Solutions business review and members were encouraged to login and assign training to employees.

I.7. Critical Incident Video Production Services

Marcus Beverly provided a sample contract that was executed for the City of Weed and indicated the desire to create an agreement for the SCORE JPA before an incident occurs to ensure everything is in place before the need presents itself.

A motion was made approve a retainer agreement for all SCORE members.

MOTION: Kyle Knopp

SECOND: Emily Coulter

**MOTION CARRIED
UNANIMOUSLY**

I.8. Precision Concrete Cutting General Agreement

Marcus Beverly discussed the retainer agreement between SCORE and Precision Concrete to ensure individual members do not need to set up individual agreements.

A motion was made to request a general retainer agreement from Precision Concrete Cutting and present to the Board at the next meeting

MOTION: Cricket Strock

SECOND: Penny Velador

**MOTION CARRIED
UNANIMOUSLY**

I.9. Loss Control Grant Fund Program

Michelle Minnick provided the Board with an update regarding usage of the FY 19/20 Loss Control Grant Funds. Members were provided with examples of requests made in the past (ADA signage, Public Works Equipment, training sessions, bulletproof vests, etc.). It was also suggested that members consider using these funds to share services – for example Sidewalk Cutting, Arborists, etc. It was noted there have only been 7 requests for funds during this year and members were encouraged to make use of the funds available.



I.10. Form 700 Reporting – Annual Filing Deadline April 1, 2020

Michelle Minnick informed the Board that the FPPC required Form 700 can now be completed online. It was noted that members should have already received a welcome email from the FPPC and if not they should reach out to Alliant for assistance. The Board was asked to report any change to the Board Representative or Board Alternate to the Program Staff know as soon as possible to ensure the Form 700 is completed within 30 days of assuming or leaving a position. Members were reminded that failure to complete the Form 700 by the April 1, 2020 deadline may receive a penalty of \$10 for every day it is late up to a maximum fine of \$100. It was also noted that some members have already completed their Form 700 online.

I.11. FY 20/21 Renewal Marketing Plan

Marcus Beverly provided the Board with an overview – we are not planning on changing partners. CJPRMA not going to force SCORE into a higher SIR. We plan to stay with APIP due to its coverage and competitive price. Members were encouraged to ensure they have crime coverage and or consider higher than \$1M in limits. Liability no pressure there but we will be seeing an increase as to be expected with a rocky market.

I.12. FY 20/21 Service Calendar

Michelle Minnick presented the SCORE Board with the proposed 20/21 service calendar. It was noted this is presented so members are aware of what can be expected during the next fiscal year.

A motion was made to approve the 20/21 service calendar.

MOTION: David Dunn

SECOND: Cricket Strock

**MOTION CARRIED
UNANIMOUSLY**

**J. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95
REQUESTING AUTHORITY

- 1. Liability**
 - a. Romaine v. Town of Fort Jones
- 2. Workers' Compensation**
 - a. SCWA-556107 v. City of Yreka**

K. REPORT FROM CLOSED SESSION

The Board returned from closed session at 1:15 P.M. Mr. Heathcock reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

L. ROUNDTABLE DISCUSSION



M. INFORMATION ITEMS

M.1. 2020 PARMA Conference – February 25 – 28, 2020 in Anaheim, CA

This was provided as an information item only.

M.2. Glossary of Terms

This was provided as an information item only.

M.3. FY 19/20 Resource Contact Guide

This was provided as an information item only.

M.4. SCORE Travel Reimbursement Form

This was provided as an information item only.

N. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

Election Districting – all cities should be districting. 90 day notice to the districting coming in 2020.
Jill – any questions or concerns about claims please reach out to Jill so she can address the concerns.
Bullet proof glass

O. CLOSING COMMENTS

There were no closing comments.

P. AJOURNMENT

The meeting was adjourned at 1:20 PM

NEXT MEETING DATE: March 27, 2020 in Anderson, CA

Respectfully Submitted,

John Duckett, Secretary

Date



QUESTIONS?

If you have any questions regarding your account or this statement, please contact your Administrator.

CHRISTOPHER LEE STEWART
CN-OH-W5IT
CN-OH-W5IT
425 WALNUT STREET
CINCINNATI OH 45202
Phone 513-632-4194
E-mail christopher.stewart3@usbank.com

Portfolio Manager:
TRADE SERVICES PORTLAND #4

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from January 1, 2020 to January 31, 2020



000001453 04 SP 000638352042477 P
SMALL CITIES ORGANIZED RISK EFFORT
2180 HARVARD STREET, SUITE 460
SACRAMENTO, CA 95815-3329



TABLE OF CONTENTS

| Schedule | Page |
|-----------------------------|-------------|
| Market Value Summary | 1 |
| Asset Summary | 2 |
| Income Summary | 3 |
| Cash Summary | 4 |
| Asset Detail | 5 |
| Transaction Detail | 15 |
| Sale/Maturity Summary | 19 |
| Bond Summary | 21 |

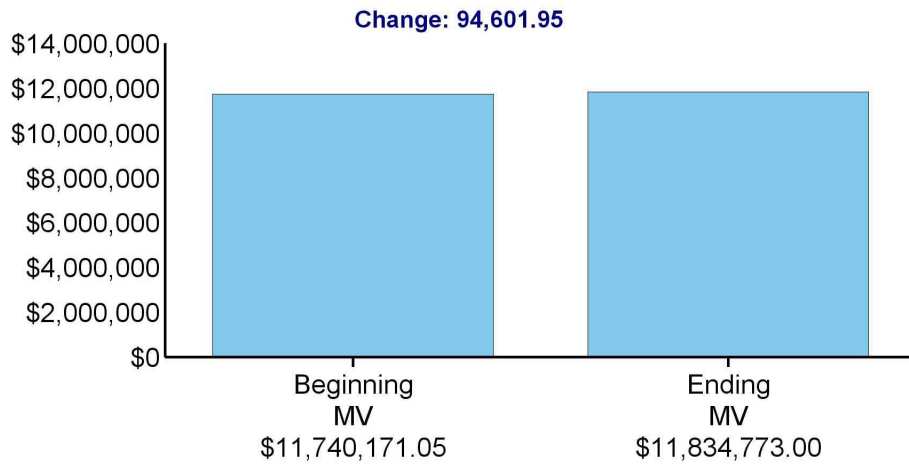


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 1 of 22
January 1, 2020 to January 31, 2020

MARKET VALUE SUMMARY

| | Current Period 01/01/20 to 01/31/20 |
|-------------------------------|--|
| Beginning Market Value | \$11,740,171.05 |
| Taxable Interest | 22,842.36 |
| Fees and Expenses | -1,282.69 |
| Long Term Gains/Losses | 904.49 |
| Short Term Gains/Losses | 0.81 |
| Change in Investment Value | 72,136.98 |
| Ending Market Value | \$11,834,773.00 |





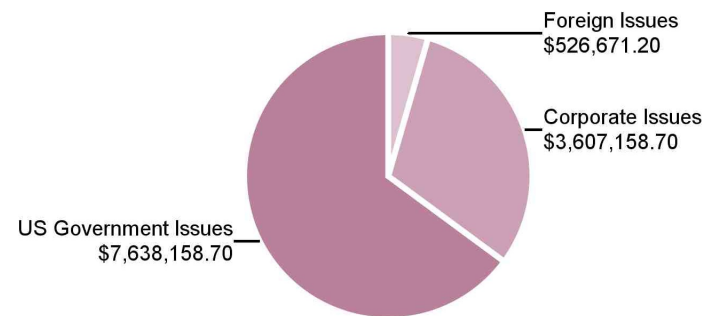
SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 2 of 22
January 1, 2020 to January 31, 2020

ASSET SUMMARY

| Assets | Current Period Market Value | % of Total | Estimated Annual Income |
|---------------------------|------------------------------------|-------------------|--------------------------------|
| Cash & Equivalents | 62,784.40 | 0.50 | 739.74 |
| Taxable Bonds | 11,771,988.60 | 99.50 | 246,815.70 |
| Total Market Value | \$11,834,773.00 | 100.00 | \$247,555.44 |

Fixed Income Summary





SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 3 of 22
January 1, 2020 to January 31, 2020

INCOME SUMMARY

| | Income Received Current Period |
|------------------------------------|---|
| Taxable Interest | 22,842.36 |
| Total Current Period Income | \$22,842.36 |

SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308Page 4 of 22
January 1, 2020 to January 31, 2020**CASH SUMMARY**

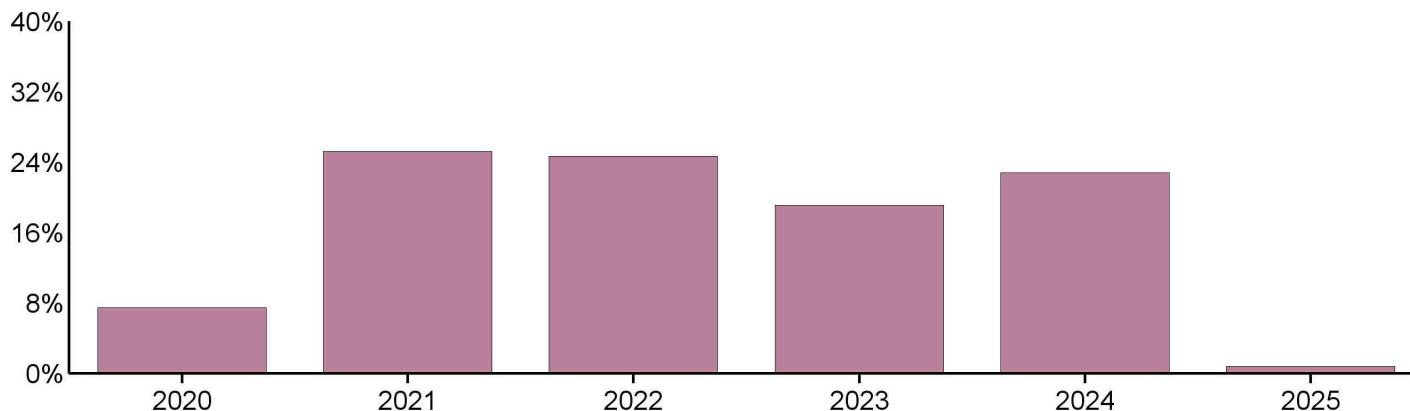
| | Principal Cash | Income Cash | Total Cash |
|----------------------------------|------------------------|-----------------------|---------------|
| Beginning Cash 01/01/2020 | -\$1,146,618.85 | \$1,146,618.85 | \$0.00 |
| Taxable Interest | | 22,842.36 | 22,842.36 |
| Fees and Expenses | -1,282.69 | | -1,282.69 |
| Purchases | -89,712.90 | | -89,712.90 |
| Sales | 93,568.46 | | 93,568.46 |
| Net Money Market Activity | -25,415.23 | | -25,415.23 |
| Ending Cash 01/31/2020 | -\$1,169,461.21 | \$1,169,461.21 | \$0.00 |



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 21 of 22
January 1, 2020 to January 31, 2020

BOND SUMMARY



| | Par Value | Market Value | Percentage of Category |
|--------------------------|------------------------|------------------------|------------------------|
| MATURITY | | | |
| 2020 | 875,000.00 | 875,714.95 | 7.44 |
| 2021 | 2,965,566.57 | 2,969,783.64 | 25.23 |
| 2022 | 2,871,539.75 | 2,903,968.78 | 24.67 |
| 2023 | 2,160,000.00 | 2,245,675.05 | 19.08 |
| 2024 | 2,588,000.00 | 2,685,977.68 | 22.81 |
| 2025 | 90,000.00 | 90,868.50 | 0.77 |
| Total of Category | \$11,550,106.32 | \$11,771,988.60 | 100.00 |

MOODY'S RATING

| | | | |
|-----|--------------|--------------|-------|
| Aaa | 8,683,860.12 | 8,836,571.45 | 75.06 |
| Aa1 | 150,000.00 | 156,970.50 | 1.33 |
| Aa2 | 395,000.00 | 407,101.25 | 3.46 |
| Aa3 | 135,000.00 | 142,743.60 | 1.21 |
| A1 | 620,000.00 | 629,554.50 | 5.35 |
| A2 | 953,000.00 | 984,084.53 | 8.36 |
| A3 | 150,000.00 | 150,529.50 | 1.28 |



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 22 of 22
January 1, 2020 to January 31, 2020



BOND SUMMARY (continued)

| | Par Value | Market Value | Percentage of Category |
|--------------------------|------------------------|------------------------|------------------------|
| Baa1 | 150,000.00 | 149,512.50 | 1.27 |
| N/A | 313,246.20 | 314,920.77 | 2.68 |
| Total of Category | \$11,550,106.32 | \$11,771,988.60 | 100.00 |

S&P RATING

| | | | |
|--------------------------|------------------------|------------------------|---------------|
| AAA | 793,246.20 | 797,978.42 | 6.78 |
| AA+ | 4,570,000.00 | 4,673,294.95 | 39.70 |
| AA | 545,000.00 | 563,065.25 | 4.78 |
| A+ | 475,000.00 | 479,588.85 | 4.07 |
| A | 810,000.00 | 832,411.35 | 7.07 |
| A- | 573,000.00 | 588,460.43 | 5.00 |
| N/A | 3,608,860.12 | 3,655,838.60 | 31.06 |
| NOT RATED | 175,000.00 | 181,350.75 | 1.54 |
| Total of Category | \$11,550,106.32 | \$11,771,988.60 | 100.00 |

BOND SUMMARY MESSAGES

Data contained within this section excluded Mutual Funds, Exchange Traded Funds, and Closed-Ended Funds.



QUESTIONS?

If you have any questions regarding your account or this statement, please contact your Administrator.

CHRISTOPHER LEE STEWART
CN-OH-W5IT
CN-OH-W5IT
425 WALNUT STREET
CINCINNATI OH 45202
Phone 513-632-4194
E-mail christopher.stewart3@usbank.com

Portfolio Manager:
TRADE SERVICES PORTLAND #4

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from February 1, 2020 to February 29, 2020

000001631 04 SP 000638383919535 P
SMALL CITIES ORGANIZED RISK EFFORT
2180 HARVARD STREET, SUITE 460
SACRAMENTO, CA 95815-3329



TABLE OF CONTENTS

| Schedule | Page |
|-----------------------------|-------------|
| Market Value Summary | 1 |
| Asset Summary | 2 |
| Income Summary | 3 |
| Cash Summary | 4 |
| Asset Detail | 5 |
| Transaction Detail | 15 |
| Sale/Maturity Summary | 19 |
| Bond Summary | 22 |

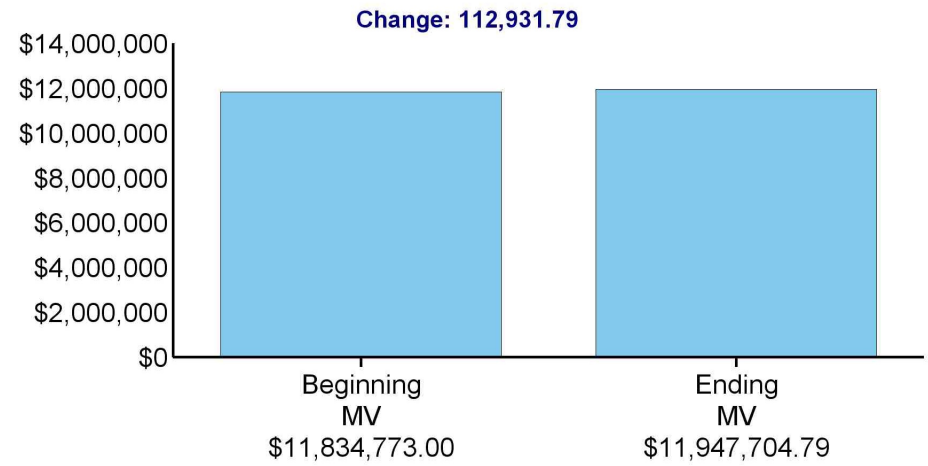


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 1 of 23
February 1, 2020 to February 29, 2020

MARKET VALUE SUMMARY

| | Current Period 02/01/20 to 02/29/20 |
|-------------------------------|--|
| Beginning Market Value | \$11,834,773.00 |
| Taxable Interest | 13,722.16 |
| Fees and Expenses | -1,288.38 |
| Long Term Gains/Losses | -928.89 |
| Short Term Gains/Losses | 5,837.55 |
| Change in Investment Value | 95,589.35 |
| Ending Market Value | \$11,947,704.79 |





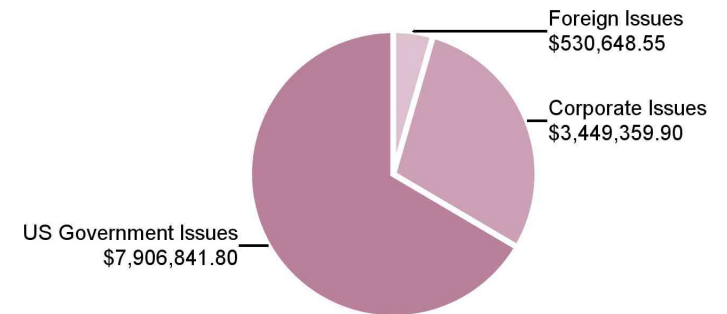
SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 2 of 23
February 1, 2020 to February 29, 2020

ASSET SUMMARY

| Assets | Current Period Market Value | % of Total | Estimated Annual Income |
|---------------------------|------------------------------------|-------------------|--------------------------------|
| Cash & Equivalents | 60,854.54 | 0.50 | 719.20 |
| Taxable Bonds | 11,886,850.25 | 99.50 | 246,020.53 |
| Total Market Value | \$11,947,704.79 | 100.00 | \$246,739.73 |

Fixed Income Summary





SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 3 of 23
February 1, 2020 to February 29, 2020

INCOME SUMMARY

| | Income Received Current Period |
|------------------------------------|---|
| Taxable Interest | 13,722.16 |
| Total Current Period Income | \$13,722.16 |



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 4 of 23
February 1, 2020 to February 29, 2020

CASH SUMMARY

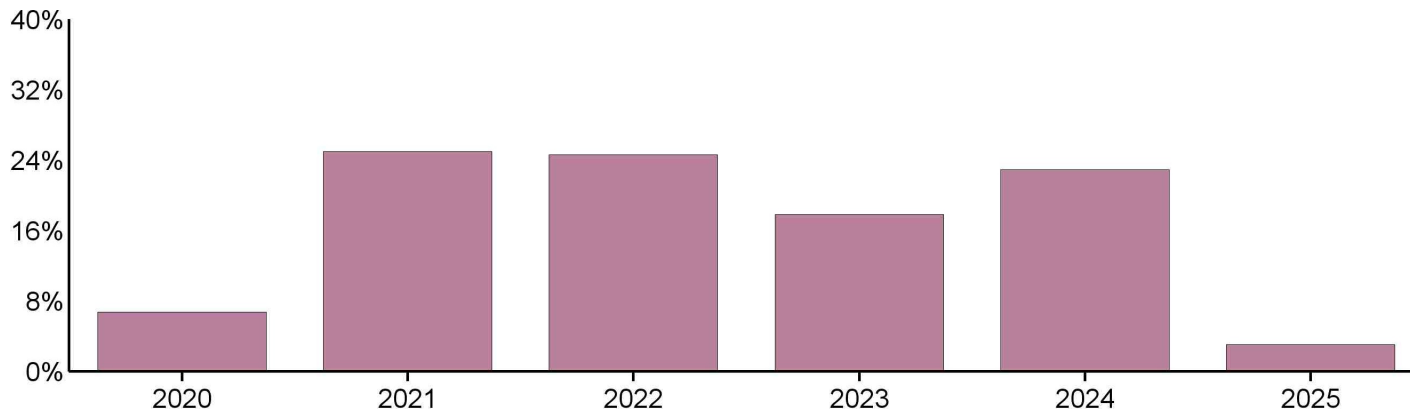
| | Principal Cash | Income Cash | Total Cash |
|----------------------------------|------------------------|-----------------------|---------------|
| Beginning Cash 02/01/2020 | -\$1,169,461.21 | \$1,169,461.21 | \$0.00 |
| Taxable Interest | | 13,722.16 | 13,722.16 |
| Fees and Expenses | -1,288.38 | | -1,288.38 |
| Purchases | -259,799.80 | | -259,799.80 |
| Sales | 245,436.16 | | 245,436.16 |
| Net Money Market Activity | 1,929.86 | | 1,929.86 |
| Ending Cash 02/29/2020 | -\$1,183,183.37 | \$1,183,183.37 | \$0.00 |



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 22 of 23
February 1, 2020 to February 29, 2020

BOND SUMMARY



| | Par Value | Market Value | Percentage of Category |
|--------------------------|------------------------|------------------------|------------------------|
| MATURITY | | | |
| 2020 | 800,000.00 | 801,474.50 | 6.75 |
| 2021 | 2,947,232.69 | 2,963,649.19 | 24.94 |
| 2022 | 2,868,656.87 | 2,922,884.59 | 24.59 |
| 2023 | 2,010,000.00 | 2,116,952.10 | 17.80 |
| 2024 | 2,588,000.00 | 2,723,547.87 | 22.91 |
| 2025 | 350,000.00 | 358,342.00 | 3.01 |
| Total of Category | \$11,563,889.56 | \$11,886,850.25 | 100.00 |

MOODY'S RATING

| | | | |
|-----|--------------|--------------|-------|
| Aaa | 8,945,943.75 | 9,187,670.29 | 77.29 |
| Aa1 | 150,000.00 | 158,355.00 | 1.33 |
| Aa2 | 395,000.00 | 409,080.95 | 3.44 |
| Aa3 | 135,000.00 | 144,013.95 | 1.21 |
| A1 | 620,000.00 | 631,541.90 | 5.31 |
| A2 | 953,000.00 | 989,752.62 | 8.33 |
| A3 | 150,000.00 | 150,562.50 | 1.27 |



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 23 of 23
February 1, 2020 to February 29, 2020

BOND SUMMARY (continued)

| | Par Value | Market Value | Percentage of Category |
|--------------------------|------------------------|------------------------|------------------------|
| N/A | 214,945.81 | 215,873.04 | 1.82 |
| Total of Category | \$11,563,889.56 | \$11,886,850.25 | 100.00 |

| S&P RATING | | | |
|--------------------------|------------------------|------------------------|---------------|
| AAA | 784,945.81 | 792,776.29 | 6.67 |
| AA+ | 4,495,000.00 | 4,640,279.75 | 39.04 |
| AA | 395,000.00 | 409,080.95 | 3.44 |
| AA- | 150,000.00 | 156,550.50 | 1.32 |
| A+ | 475,000.00 | 481,090.80 | 4.05 |
| A | 810,000.00 | 837,556.95 | 7.04 |
| A- | 423,000.00 | 440,672.72 | 3.71 |
| N/A | 3,855,943.75 | 3,944,819.29 | 33.19 |
| NOT RATED | 175,000.00 | 184,023.00 | 1.54 |
| Total of Category | \$11,563,889.56 | \$11,886,850.25 | 100.00 |

BOND SUMMARY MESSAGES

Data contained within this section excluded Mutual Funds, Exchange Traded Funds, and Closed-Ended Funds.

**Small Cities Organized Risk Effort
Transactions by Account
As of March 20, 2020**

| Type | Date | Num | Name | Memo | Class | Split | Debit | Credit | Balance |
|---------------------------------------|------------|-----|---------------------------------------|---------------------|----------------|------------------------------------|--------------------------|--------------------------|--------------------------|
| 100 - CASH IN BANK | | | | | | | | | 488,709.42 |
| 100-01 - Mechanics Bank - Main | | | | | | | | | 488,709.42 |
| Transfer | 01/02/2020 | | | Funds Transfer | | 106-02 - Trust - WC - MB 7379 | | 24,421.06 | 464,288.36 |
| General Journal | 01/03/2020 | | York Insurance Services Group, Inc-CA | Multiple | | 1072 - Bill.com Money Out Clearing | | 16,997.49 | 447,290.87 |
| General Journal | 01/07/2020 | | DKF Solutions Group, LLC | 14895 | | 1072 - Bill.com Money Out Clearing | | 8,750.00 | 438,540.87 |
| General Journal | 01/09/2020 | | Gibbons & Conley | 19Dec630 | | 1072 - Bill.com Money Out Clearing | | 185.00 | 438,355.87 |
| Deposit | 01/10/2020 | | | Deposit | | -SPLIT- | 125,749.98 | | 564,105.85 |
| Transfer | 01/16/2020 | | | Funds Transfer | | 106-02 - Trust - WC - MB 7379 | | 19,221.36 | 544,884.49 |
| Deposit | 01/17/2020 | | | Deposit | | -SPLIT- | 241,146.52 | | 786,031.01 |
| General Journal | 01/21/2020 | | York Insurance Services Group, Inc-CA | Multiple | | 1072 - Bill.com Money Out Clearing | | 16,997.49 | 769,033.52 |
| Deposit | 01/24/2020 | | | Deposit | | -SPLIT- | 123,145.62 | | 892,179.14 |
| Transfer | 01/31/2020 | | | Funds Transfer | | 106-01 - Trust - Liab - MB 7380 | | 53,486.95 | 838,692.19 |
| Deposit | 01/31/2020 | | | Interest | ADMINISTRATIVE | Mechanics Bank | 5.27 | | 838,697.46 |
| General Journal | 02/04/2020 | | Department of Industrial Relations | OSIP 66821 | | 1072 - Bill.com Money Out Clearing | | 32,360.00 | 806,337.46 |
| General Journal | 02/04/2020 | | Gilbert Associates, Inc. | 328223 | | 1072 - Bill.com Money Out Clearing | | 14,685.26 | 791,652.20 |
| Transfer | 02/04/2020 | | | Funds Transfer | | 106-02 - Trust - WC - MB 7379 | | 18,803.24 | 772,848.96 |
| General Journal | 02/06/2020 | | DKF Solutions Group, LLC | 14952 | | 1072 - Bill.com Money Out Clearing | | 8,750.00 | 764,098.96 |
| Deposit | 02/07/2020 | | | Deposit | | -SPLIT- | 102,265.85 | | 866,364.81 |
| General Journal | 02/12/2020 | | City of Colfax | Colfax DAP FY 19-20 | | 1072 - Bill.com Money Out Clearing | | 22,146.00 | 844,218.81 |
| General Journal | 02/12/2020 | | City of Crescent City | Cres DAP Div | | 1072 - Bill.com Money Out Clearing | | 12,187.00 | 832,031.81 |
| General Journal | 02/12/2020 | | City of Dorris | DOR DAP Div | | 1072 - Bill.com Money Out Clearing | | 897.00 | 831,134.81 |
| General Journal | 02/12/2020 | | City of Etna | ETNA DAP Div | | 1072 - Bill.com Money Out Clearing | | 6,947.00 | 824,187.81 |
| General Journal | 02/12/2020 | | City of Lone | lone DAP Div | | 1072 - Bill.com Money Out Clearing | | 758.00 | 823,429.81 |
| General Journal | 02/12/2020 | | City of Live Oak | LO DAP Div | | 1072 - Bill.com Money Out Clearing | | 46,805.00 | 776,624.81 |
| General Journal | 02/12/2020 | | City of Montague | MON DAP Div | | 1072 - Bill.com Money Out Clearing | | 5,000.00 | 771,624.81 |
| General Journal | 02/12/2020 | | City of Mt. Shasta | MIS DAP Div | | 1072 - Bill.com Money Out Clearing | | 2,149.00 | 769,475.81 |
| General Journal | 02/12/2020 | | City of Portola | GF 419375417001 | | 1072 - Bill.com Money Out Clearing | | 960.81 | 768,515.00 |
| General Journal | 02/12/2020 | | City of Rio Dell | Rio DAP Div | | 1072 - Bill.com Money Out Clearing | | 21,961.00 | 746,554.00 |
| General Journal | 02/12/2020 | | City of Shasta Lake | Shal DAP Div | | 1072 - Bill.com Money Out Clearing | | 89,474.00 | 657,080.00 |
| General Journal | 02/12/2020 | | City of Susanville | SUS DAP Div | | 1072 - Bill.com Money Out Clearing | | 76,200.00 | 580,880.00 |
| General Journal | 02/12/2020 | | City of Tulelake | TUL DAP Div | | 1072 - Bill.com Money Out Clearing | | 6,441.00 | 574,439.00 |
| General Journal | 02/12/2020 | | City of Williams | WILL DAP Div | | 1072 - Bill.com Money Out Clearing | | 4,141.00 | 570,298.00 |
| General Journal | 02/12/2020 | | City of Yreka | YRE DAP Div | | 1072 - Bill.com Money Out Clearing | | 70,665.00 | 499,633.00 |
| General Journal | 02/12/2020 | | Fort Jones, Town of | FJ DAP Div | | 1072 - Bill.com Money Out Clearing | | 6,345.00 | 493,288.00 |
| General Journal | 02/12/2020 | | Loyalton, City of | LOY DAP Div | | 1072 - Bill.com Money Out Clearing | | 5,511.00 | 487,777.00 |
| General Journal | 02/12/2020 | | Town of Loomis | LOO DAP Div | | 1072 - Bill.com Money Out Clearing | | 21,097.00 | 466,680.00 |
| General Journal | 02/14/2020 | | City of Portola | BOD Reimb Portola | | 1072 - Bill.com Money Out Clearing | | 298.65 | 466,381.35 |
| General Journal | 02/14/2020 | | Gibbons & Conley | 19 Dec. 671 | | 1072 - Bill.com Money Out Clearing | | 322.50 | 466,058.85 |
| General Journal | 02/14/2020 | | Kyle Knopp | 1/31/2020 | | 1072 - Bill.com Money Out Clearing | | 276.80 | 465,782.05 |
| Transfer | 02/18/2020 | | | Funds Transfer | | 106-01 - Trust - Liab - MB 7380 | | 5,184.87 | 460,597.18 |
| Transfer | 02/18/2020 | | | Funds Transfer | | 106-02 - Trust - WC - MB 7379 | | 12,813.92 | 447,783.26 |
| General Journal | 02/19/2020 | | North Bay Associates | 11/25/2019, | | 1072 - Bill.com Money Out Clearing | | 7,600.00 | 440,183.26 |
| General Journal | 02/19/2020 | | York Insurance Services Group, Inc-CA | Multiple | | 1072 - Bill.com Money Out Clearing | | 16,997.49 | 423,185.77 |
| Check | 02/19/2020 | | | Service Charge | ADMINISTRATIVE | 601 - Checking Account Bank Fees | | 25.00 | 423,160.77 |
| Deposit | 02/21/2020 | | | Deposit | | -SPLIT- | 1,857.98 | | 425,018.75 |
| General Journal | 02/26/2020 | | JLZ LAWCX | LAWCX EFT | Workers' Comp | -SPLIT- | 12,391.03 | | 437,409.78 |
| General Journal | 02/28/2020 | | Aaron Palmer | BOD 1-31-20 | | 1072 - Bill.com Money Out Clearing | | 113.85 | 437,295.93 |
| General Journal | 02/28/2020 | | City of Live Oak | BOD 1-31-20a | | 1072 - Bill.com Money Out Clearing | | 108.90 | 437,187.03 |
| Deposit | 02/29/2020 | | | Interest | ADMINISTRATIVE | Mechanics Bank | 4.46 | | 437,191.49 |
| General Journal | 03/02/2020 | | DKF Solutions Group, LLC | 14998 | | 1072 - Bill.com Money Out Clearing | | 8,750.00 | 428,441.49 |
| Deposit | 03/06/2020 | | | Deposit | | -SPLIT- | 33,421.17 | | 461,862.66 |
| General Journal | 03/06/2020 | | CAJPA | 2/18/2020 | | 1072 - Bill.com Money Out Clearing | | 4,750.00 | 457,112.66 |
| General Journal | 03/06/2020 | | Champion Awards | 46998 | | 1072 - Bill.com Money Out Clearing | | 43.73 | 457,068.93 |
| General Journal | 03/12/2020 | | Gibbons & Conley | 20 Feb. 704 | | 1072 - Bill.com Money Out Clearing | | 311.60 | 456,757.33 |
| General Journal | 03/12/2020 | | Gilbert Associates, Inc. | 329202 | | 1072 - Bill.com Money Out Clearing | | 14,675.00 | 442,082.33 |
| General Journal | 03/13/2020 | | Crowe Horwath LLP | 745-2308792 | | 1072 - Bill.com Money Out Clearing | | 3,100.00 | 438,982.33 |
| General Journal | 03/19/2020 | | York Insurance Services Group, Inc-CA | Multiple | | 1072 - Bill.com Money Out Clearing | | 16,997.49 | 421,984.84 |
| Total 100-01 - Mechanics Bank - Main | | | | | | | <u>639,987.88</u> | <u>706,712.46</u> | <u>421,984.84</u> |
| Total 100 - CASH IN BANK | | | | | | | <u>639,987.88</u> | <u>706,712.46</u> | <u>421,984.84</u> |
| TOTAL | | | | | | | <u>639,987.88</u> | <u>706,712.46</u> | <u>421,984.84</u> |



Small Cities Organized Risk Effort - Account #590

MONTHLY ACCOUNT STATEMENT

JANUARY 1, 2020 THROUGH JANUARY 31, 2020

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact operations@chandlerasset.com

Custodian

US Bank
Christopher Isles
(503) 464-3685

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.



PORTFOLIO CHARACTERISTICS

| | |
|---------------------------|----------|
| Average Modified Duration | 2.38 |
| Average Coupon | 2.13% |
| Average Purchase YTM | 2.17% |
| Average Market YTM | 1.49% |
| Average S&P/Moody Rating | AA/Aa1 |
| Average Final Maturity | 2.64 yrs |
| Average Life | 2.49 yrs |

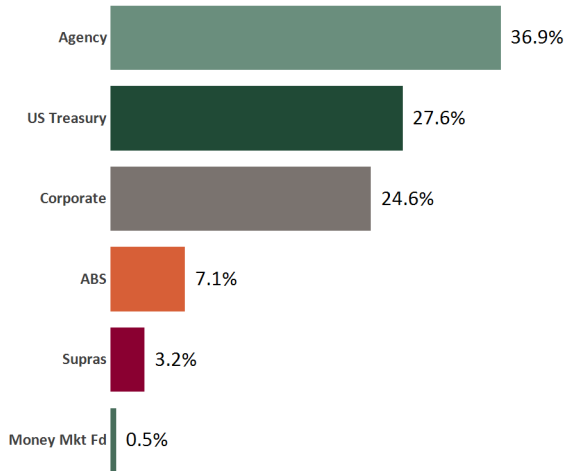
ACCOUNT SUMMARY

| | Beg. Values as of 12/31/19 | End Values as of 1/31/20 |
|---------------------------|-------------------------------|-----------------------------|
| Market Value | 11,740,168 | 11,834,776 |
| Accrued Interest | 55,629 | 53,588 |
| Total Market Value | 11,795,797 | 11,888,364 |
| Income Earned | 21,029 | 21,142 |
| Cont/WD | | -1,283 |
| Par | 11,591,185 | 11,612,891 |
| Book Value | 11,595,558 | 11,617,488 |
| Cost Value | 11,573,490 | 11,595,955 |

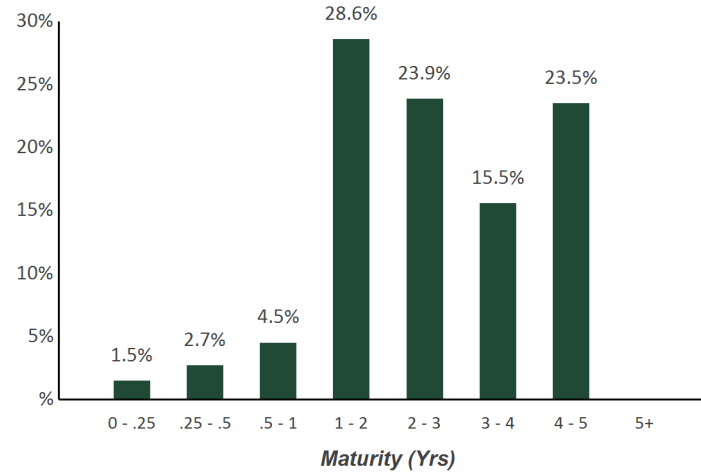
TOP ISSUERS

| | |
|---------------------------------|--------------|
| Government of United States | 27.6% |
| Federal National Mortgage Assoc | 15.9% |
| Federal Home Loan Bank | 15.8% |
| Federal Home Loan Mortgage Corp | 3.9% |
| Honda ABS | 2.5% |
| John Deere ABS | 2.2% |
| Intl Bank Recon and Development | 1.7% |
| Nissan ABS | 1.5% |
| Total | 71.2% |

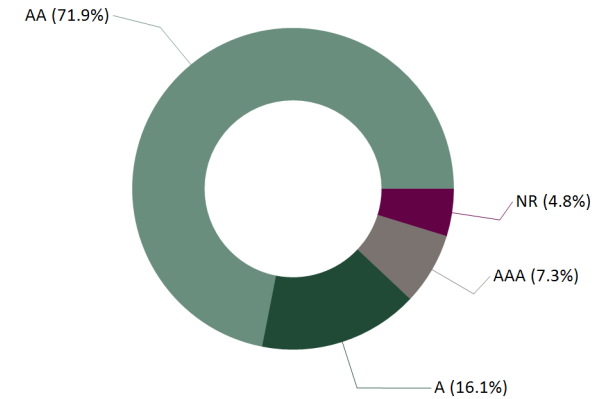
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

| TOTAL RATE OF RETURN | Annualized | | | | | | | | | |
|--|------------|-------|-------|-------|-------|-------|-------|-------|-----------|--|
| | 1M | 3M | YTD | 1YR | 2YRS | 3YRS | 5YRS | 10YRS | 3/31/2006 | |
| Small Cities Organized Risk Effort | 0.80% | 0.95% | 0.80% | 4.90% | 3.71% | 2.58% | 1.88% | 1.89% | 3.03% | |
| ICE BAML 1-5 Yr US Treasury/Agency Index | 0.86% | 0.90% | 0.86% | 4.75% | 3.58% | 2.35% | 1.65% | 1.70% | 2.79% | |
| ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx | 0.86% | 0.94% | 0.86% | 4.91% | 3.67% | 2.47% | 1.77% | 1.86% | 2.87% | |

Statement of Compliance

As of January 31, 2020



Small Cities Organized Risk Effort

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy.

| Category | Standard | Comment |
|----------------------------------|--|----------|
| U.S. Treasury Issues | No limitations | Complies |
| Government Agencies | No limitations | Complies |
| Municipal Securities | "A-" rated by a NRSRO; 20% maximum; 5% per issuer | Complies |
| Supranationals | Issued by IBRD, IFC or IADB only; "AA" rated or higher by a NRSRO; 30% maximum; 10% per issuer | Complies |
| Negotiable CDs | "A" or better by a NRSRO; 30% maximum; 5% per issuer | Complies |
| Banker's Acceptances | A-1 rated or equivalent by a NRSRO; 30% maximum; 5% per issuer; 180 days max maturity | Complies |
| Commercial Paper | A-1 rated or equivalent by a NRSRO; 25% maximum; 5% per issuer; 270 days max maturity; Issuing Corp must be organized and operating within U.S., having total assets in excess of \$500 million. | Complies |
| Medium Term Notes | "A-" or better by a NRSRO; 30% maximum; 5% per issuer | Complies |
| Asset-Backed Securities | AAA rated or equivalent by a NRSRO; 20% maximum with Mort. Pass-Throughs; 5% per issuer | Complies |
| Mortgage Pass-Through Securities | AAA rated or equivalent by a NRSRO; 20% maximum with Asset Backs; 5% per issuer | Complies |
| Money Market Funds | AAA/Aaa rated by two NRSROs; 20% maximum; 10 per fund | Complies |
| Repurchase Agreements | 5% per issuer; 1 year max maturity; Not used by investment adviser | Complies |
| LAIF | Not used by investment adviser | Complies |
| Max Per Issuer | 5% per issuer (except US Government, Agencies, Supranationals, and LAIF) | Complies |
| Maximum maturity | 5 years | Complies |



| BOOK VALUE RECONCILIATION | | |
|----------------------------------|--------------|------------------------|
| BEGINNING BOOK VALUE | | \$11,595,557.90 |
| Acquisition | | |
| + Security Purchases | \$89,712.90 | |
| + Money Market Fund Purchases | \$116,410.82 | |
| + Money Market Contributions | \$0.00 | |
| + Security Contributions | \$0.00 | |
| + Security Transfers | \$0.00 | |
| Total Acquisitions | | \$206,123.72 |
| Dispositions | | |
| - Security Sales | \$74,859.38 | |
| - Money Market Fund Sales | \$89,712.90 | |
| - MMF Withdrawals | \$1,282.69 | |
| - Security Withdrawals | \$0.00 | |
| - Security Transfers | \$0.00 | |
| - Other Dispositions | \$0.00 | |
| - Maturities | \$0.00 | |
| - Calls | \$0.00 | |
| - Principal Paydowns | \$18,709.08 | |
| Total Dispositions | | \$184,564.05 |
| Amortization/Accretion | | |
| +/- Net Accretion | \$339.65 | |
| | | \$339.65 |
| Gain/Loss on Dispositions | | |
| +/- Realized Gain/Loss | \$31.19 | |
| | | \$31.19 |
| ENDING BOOK VALUE | | \$11,617,488.41 |

| CASH TRANSACTION SUMMARY | | |
|--------------------------------|---------------------|--------------------|
| BEGINNING BALANCE | | \$37,369.17 |
| Acquisition | | |
| Contributions | \$0.00 | |
| Security Sale Proceeds | \$74,859.38 | |
| Accrued Interest Received | \$198.32 | |
| Interest Received | \$22,499.34 | |
| Dividend Received | \$144.70 | |
| Principal on Maturities | \$0.00 | |
| Interest on Maturities | \$0.00 | |
| Calls/Redemption (Principal) | \$0.00 | |
| Interest from Calls/Redemption | \$0.00 | |
| Principal Paydown | \$18,709.08 | |
| Total Acquisitions | \$116,410.82 | |
| Dispositions | | |
| Withdrawals | \$1,282.69 | |
| Security Purchase | \$89,712.90 | |
| Accrued Interest Paid | \$0.00 | |
| Total Dispositions | \$90,995.59 | |
| ENDING BOOK VALUE | | \$62,784.40 |



Small Cities Organized Risk Effort - Account #590

MONTHLY ACCOUNT STATEMENT

FEBRUARY 1, 2020 THROUGH FEBRUARY 29, 2020

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact operations@chandlerasset.com

Custodian

US Bank
Christopher Isles
(503) 464-3685

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.



PORTFOLIO CHARACTERISTICS

| | |
|---------------------------|----------|
| Average Modified Duration | 2.38 |
| Average Coupon | 2.12% |
| Average Purchase YTM | 2.15% |
| Average Market YTM | 1.12% |
| Average S&P/Moody Rating | AA/Aa1 |
| Average Final Maturity | 2.63 yrs |
| Average Life | 2.48 yrs |

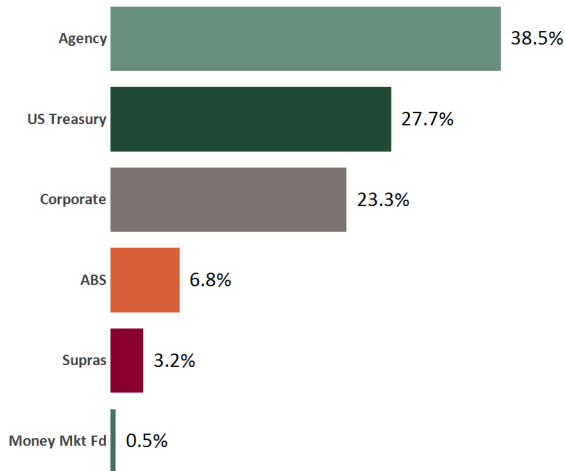
ACCOUNT SUMMARY

| | Beg. Values as of 1/31/20 | End Values as of 2/29/20 |
|---------------------------|------------------------------|-----------------------------|
| Market Value | 11,834,776 | 11,950,512 |
| Accrued Interest | 53,588 | 57,352 |
| Total Market Value | 11,888,364 | 12,007,863 |
| Income Earned | 21,142 | 20,525 |
| Cont/WD | | -1,288 |
| Par | 11,612,891 | 11,627,557 |
| Book Value | 11,617,488 | 11,637,274 |
| Cost Value | 11,595,955 | 11,616,110 |

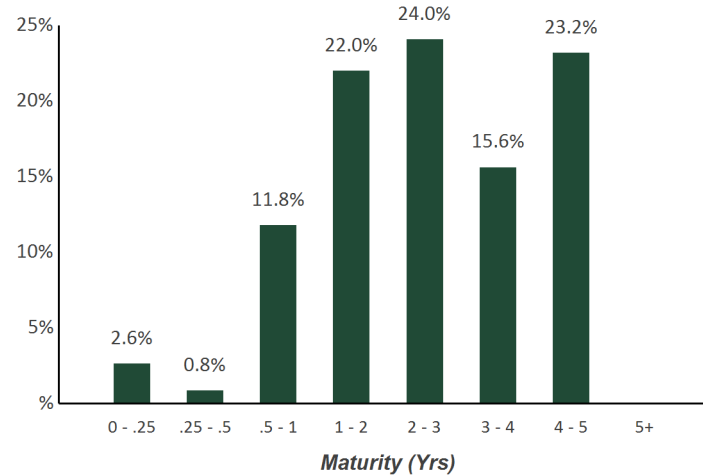
TOP ISSUERS

| | |
|---------------------------------|--------------|
| Government of United States | 27.7% |
| Federal National Mortgage Assoc | 15.9% |
| Federal Home Loan Bank | 15.2% |
| Federal Home Loan Mortgage Corp | 6.1% |
| Honda ABS | 2.4% |
| John Deere ABS | 2.1% |
| Intl Bank Recon and Development | 1.7% |
| Nissan ABS | 1.5% |
| Total | 72.5% |

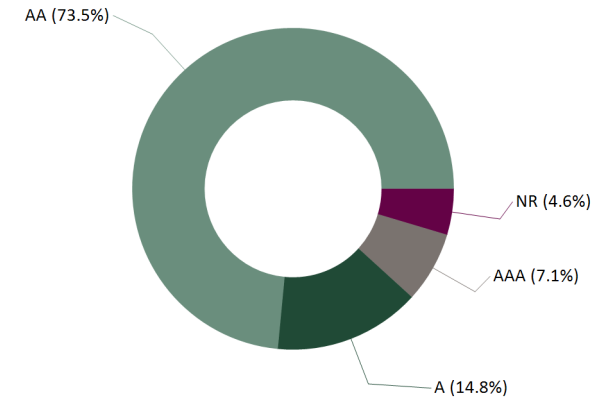
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

| TOTAL RATE OF RETURN | 1M | 3M | YTD | 1YR | Annualized | | | | |
|--|-------|-------|-------|-------|------------|-------|-------|-------|-----------|
| | | | | | 2YRS | 3YRS | 5YRS | 10YRS | 3/31/2006 |
| Small Cities Organized Risk Effort | 1.02% | 2.01% | 1.82% | 5.83% | 4.32% | 2.86% | 2.16% | 1.96% | 3.09% |
| ICE BAML 1-5 Yr US Treasury/Agency Index | 1.16% | 2.18% | 2.03% | 5.92% | 4.24% | 2.69% | 1.99% | 1.78% | 2.86% |
| ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx | 1.11% | 2.15% | 1.98% | 6.00% | 4.33% | 2.79% | 2.09% | 1.94% | 2.93% |

Statement of Compliance

As of February 29, 2020



Small Cities Organized Risk Effort

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy.

| Category | Standard | Comment |
|----------------------------------|--|----------|
| U.S. Treasury Issues | No limitations | Complies |
| Government Agencies | No limitations | Complies |
| Municipal Securities | "A-" rated by a NRSRO; 20% maximum; 5% per issuer | Complies |
| Supranationals | Issued by IBRD, IFC or IADB only; "AA" rated or higher by a NRSRO; 30% maximum; 10% per issuer | Complies |
| Negotiable CDs | "A" or better by a NRSRO; 30% maximum; 5% per issuer | Complies |
| Banker's Acceptances | A-1 rated or equivalent by a NRSRO; 30% maximum; 5% per issuer; 180 days max maturity | Complies |
| Commercial Paper | A-1 rated or equivalent by a NRSRO; 25% maximum; 5% per issuer; 270 days max maturity; Issuing Corp must be organized and operating within U.S., having total assets in excess of \$500 million. | Complies |
| Medium Term Notes | "A-" or better by a NRSRO; 30% maximum; 5% per issuer | Complies |
| Asset-Backed Securities | AAA rated or equivalent by a NRSRO; 20% maximum with Mort. Pass-Throughs; 5% per issuer | Complies |
| Mortgage Pass-Through Securities | AAA rated or equivalent by a NRSRO; 20% maximum with Asset Backs; 5% per issuer | Complies |
| Money Market Funds | AAA/Aaa rated by two NRSROs; 20% maximum; 10 per fund | Complies |
| Repurchase Agreements | 5% per issuer; 1 year max maturity; Not used by investment adviser | Complies |
| LAIF | Not used by investment adviser | Complies |
| Max Per Issuer | 5% per issuer (except US Government, Agencies, Supranationals, and LAIF) | Complies |
| Maximum maturity | 5 years | Complies |



| BOOK VALUE RECONCILIATION | | |
|----------------------------------|--------------|------------------------|
| BEGINNING BOOK VALUE | | \$11,617,488.41 |
| Acquisition | | |
| + Security Purchases | \$259,799.80 | |
| + Money Market Fund Purchases | \$186,697.53 | |
| + Money Market Contributions | \$0.00 | |
| + Security Contributions | \$0.00 | |
| + Security Transfers | \$0.00 | |
| Total Acquisitions | | \$446,497.33 |
| Dispositions | | |
| - Security Sales | \$224,219.40 | |
| - Money Market Fund Sales | \$184,526.51 | |
| - MMF Withdrawals | \$1,288.38 | |
| - Security Withdrawals | \$0.00 | |
| - Security Transfers | \$0.00 | |
| - Other Dispositions | \$0.00 | |
| - Maturities | \$0.00 | |
| - Calls | \$0.00 | |
| - Principal Paydowns | \$21,216.76 | |
| Total Dispositions | | \$431,251.05 |
| Amortization/Accretion | | |
| +/- Net Accretion | \$227.18 | |
| | | \$227.18 |
| Gain/Loss on Dispositions | | |
| +/- Realized Gain/Loss | \$4,312.53 | |
| | | \$4,312.53 |
| ENDING BOOK VALUE | | \$11,637,274.40 |

| CASH TRANSACTION SUMMARY | | |
|--------------------------------|---------------------|--------------------|
| BEGINNING BALANCE | | \$62,784.40 |
| Acquisition | | |
| Contributions | \$0.00 | |
| Security Sale Proceeds | \$224,219.40 | |
| Accrued Interest Received | \$629.42 | |
| Interest Received | \$15,860.26 | |
| Dividend Received | \$44.98 | |
| Principal on Maturities | \$0.00 | |
| Interest on Maturities | \$0.00 | |
| Calls/Redemption (Principal) | \$0.00 | |
| Interest from Calls/Redemption | \$0.00 | |
| Principal Paydown | \$21,216.76 | |
| Total Acquisitions | \$261,970.82 | |
| Dispositions | | |
| Withdrawals | \$1,288.38 | |
| Security Purchase | \$259,799.80 | |
| Accrued Interest Paid | \$0.00 | |
| Total Dispositions | \$261,088.18 | |
| ENDING BOOK VALUE | | \$63,667.04 |

SCORE – TargetSolutions Utilization Report Summary

| | This Year | Last Year |
|--|----------------------|----------------------|
| | 1/1/2020 – 2/29/2020 | 1/1/2019 - 2/28/2019 |
| Active Entities | 6 | 9 |
| # of Potential Active Entities | 20 | 20 |
| % Entities Active | 30.0% | 45.0% |
| # of Licenses | n/a | n/a |
| Total Active/Offline Users | 597 | 486 |
| Registered Users | 395 | 324 |
| % Users Active | 66.2% | 66.7% |
| Users Completing One or More Course | 25 | 47 |
| Courses Completed - Total | 50 | 185 |
| Users Completing One or More Custom Activities | 2 | 16 |
| Custom Activities Completed - Total | 4 | 42 |

| Member Organization | Total Active and Offline Employees | Registered Users | Courses Completed-Total | Users Completing One or More Courses | Custom Activities Completed-Total | Users Completing One or More Custom Activity |
|--|------------------------------------|------------------|-------------------------|--------------------------------------|-----------------------------------|--|
| City of Biggs | 11 | 6 | 0 | 0 | 0 | 0 |
| City of Colfax | 17 | 13 | 0 | 0 | 0 | 0 |
| City of Dunsmuir | 34 | 26 | 0 | 0 | 0 | 0 |
| City of Isleton | 4 | 2 | 0 | 0 | 4 | 2 |
| City of Live Oak | 36 | 16 | 0 | 0 | 0 | 0 |
| City of Loyalton | 1 | 1 | 0 | 0 | 0 | 0 |
| City of Montague | 35 | 27 | 0 | 0 | 0 | 0 |
| City of Portola | 30 | 9 | 0 | 0 | 0 | 0 |
| City of Rio Dell | 17 | 9 | 0 | 0 | 0 | 0 |
| City of Susanville | 27 | 17 | 0 | 0 | 0 | 0 |
| City of Tulelake | 16 | 2 | 0 | 0 | 0 | 0 |
| City of Yreka | 52 | 43 | 0 | 0 | 0 | 0 |
| Fort Jones Volunteer Fire Department | 25 | 22 | 0 | 0 | 0 | 0 |
| SCORE - Small Cities Organized Risk Effort | 7 | 7 | 0 | 0 | 0 | 0 |
| Town of Fort Jones | 15 | 7 | 0 | 0 | 0 | 0 |
| City of Mount Shasta | 100 | 77 | 1 | 1 | 0 | 0 |
| Town of Loomis | 28 | 25 | 2 | 2 | 0 | 0 |
| Weed City Fire | 34 | 21 | 3 | 2 | 0 | 0 |
| City of Etna | 39 | 31 | 19 | 4 | 0 | 0 |
| City of Shasta Lake | 34 | 18 | 10 | 4 | 0 | 0 |
| City of Weed | 35 | 16 | 15 | 12 | 0 | 0 |
| TOTAL | 597 | 395 | 50 | 25 | 4 | 2 |



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|--|--|---|
| Tentative Dates | Activity | Completed by |
| JULY 2020 | | |
| 07/01/2020 | Send Program Invoices from ERMA, LAWCX, & CJPRMA to Gilbert Associates for payment | ALL |
| 07/01/2020 | Prepare all signature items for Board President – Policies, MOCs, Summaries of Coverage, etc. Follow up with President of the Board regarding items needing signatures | AS/BD |
| 07/03/2020 | Send Members Binders for all coverages including: WC, GL, Property, Crime, etc via email | |
| 07/03/2020 | Update SCORE Website to include coverage information | AS |
| 07/09/2020 | Begin Agenda for October Board of Directors Meeting 10/22/20 - 10/23/20 (it will be presented as a DRAFT at Aug Teleconference Meeting) | AS |
| 07/12/2020 | Request Proposal for either WC or LIAB Claims audit (then alternate WC every even year, Liab every odd year) | AS |
| 07/15/2020 | Follow up with ACIP members regarding premium payments | AS |
| 07/20/2020 | Follow up on payments for ERMA, LAWCX, PEPIP, CJPRMA, etc | AS |
| 07/22/2020 | Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature | AS |
| 07/23/2020 | Request Consent Calendar items from vendors for August Board of Directors Meeting | AS |
| 07/27/2020 | Prepare Draft October Training and Board of Directors Agenda for inclusion in the 8/28/2020 Agenda | AS |
| 07/27/2020 | Request RSVP by 08/20/2020 to members for Aug BOD Meeting on 08/28/2020 – Teleconference | AS, BD |
| 07/31/2020 | DE9 due to EDD by today | |
| AUGUST 2020 | | |
| 08/03/2020 | Send request to members for DE9 Reports for Q2 of 2020 | AS, BD |
| 08/05/2020 | Continue work on Agenda for October Training Day for 8/28/2020 Agenda | AS |
| 08/05/2020 | LAWCX sends renewal apps to members in Workers' Compensation | AS/BD |
| 08/07/2020 | Follow up with members to ensure they complete the LAWCX application on RiskConsole Website (Payroll Audit) due 09/15/2020 | AS/BD |
| 08/20/2020 | Confirm Attendance for BOD Meeting (ensure quorum) | AS |
| 08/21/2020 | Post BOD Meeting Agenda on SCORE Website and email to members | AS |
| 08/21/2020 | Collect Q2 2020 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2020 | BD/AS |
| 08/21/2020 | Begin Public Self/Insurers Report with the State of California (OSIP) | AS |
| 08/28/2020 | August Board of Directors Meeting – Teleconference | AS |



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| Tentative Dates | Activity | Completed by |
| Mtg | Begin Selecting topics for Training Day Agenda | AS/BD |
| Mtg | Conflict of Interest Code Revision/Approval (every even year) | AS/BD |
| Mtg | ACI Quarterly Utilization Reports: April 1, 2020 – June 30, 2020 | AS |
| Mtg | Quarterly Financials as of June 30 , 2020 | GB |
| Mtg | Select & Reserve October Training Day and Board meeting location | AS |
| Mtg | Draft October Training Day Agenda | AS |
| Mtg | Remind members about LAWCX application due 09/15/2020 | BD |
| Mtg | Select Training Material and Potential Trainer to present at Training Day Meeting in November 2020 | AS/BD |
| 08/31/2020 | Submit Fiscal Year Financial Information to Auditor–SW and Gilbert as needed | AS |
| 08/31/2020 | Debrief from 08/28/2020 BOD meeting—determine action steps | AS |
| 08/31/2020 | LAWCX Actual payroll Audit by class code –receive from members and post to LAWCX website with DE9’s for all members | AS |
| SEPTEMBER 2020 | | |
| 09/08/2020 | Finalize and email August Board Meeting draft minutes – due today | AS |
| 09/08/2020 | Prepare Annual Report for members – ready for October 22, 20 BOD MTG | AS |
| | CAJPA Accreditation (2017 and every 3 years after – next up late 2020) | AS |
| 09/08/2020 | Retrieve Loss Run data from SW and determine if loss trends exist that can be addressed through training | AS |
| 09/09/2020 | Request Consent Calendar Items from Service Providers | GB |
| 09/09/2020 | Develop Loss Analysis charts showing frequency and severity of claims by department and cause of loss to present at Training Day | AS |
| 09/10/2020 | Reminder email RSVP by 10/12/2020 to members for October BOD Meeting on 10/22/2020-10/23/2020 in Anderson, California | BD/AS |
| 09/10/2020 | Financial Audit - review status and determine if ready for BOD | BD/AS |
| 09/15/2020-09/18/2020 | 2019 CAJPA Fall Conference and Training Seminar – South Lake Tahoe | BD/AS |
| 09/15/2020 | Final reminder email to all members to complete LAWCX application on RiskConsole Website (Payroll Audit) due 09/15/2020 | AS |
| 09/15/2020 | LAWCX application deadline is today | BD |
| 09/16/2020 | Work with Board Members on finalizing October Training Day reservations and scheduling | AS |
| 09/16/2020 | Confirm Attendance for BOD Meeting (ensure quorum, catering and hotel accommodations) | AS |
| 09/16/2020 | OSIP Public Self Insurer's Annual Report for JPA & Members – due 10/01/20 | As |

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| Tentative Dates | Activity | Completed by |
| 09/19/2020 | Request RSVP from members by today for October BOD Meeting on 10/22/2020-10/23/2020 in Anderson, California | BD/AS |
| 09/28/2020 | Biennial Notice for JPA & Members-deadline 10/01/2020 | AS/SW |
| OCTOBER 2020 | | |
| 10/01/2020 | Annual Report of Financial Transactions Report -deadline 10/01/2020 | GS, AS/SW |
| 10/01/2020 | Biennial Notice for JPA & Members-deadline 10/01/2020 | AS/SW |
| 10/07/2020 | Follow up with Action Plan from Long Range Planning Meeting-debrief | AS |
| 10/07/2020 | Draft Program Manuals – when complete notify members via email when posted to the website | AS |
| 10/07/2020 | Begin working on CSAC Pollution Renewal (currently 3 year policy 7/1/2018 – 7/1/2021) – may request additional application from members | AS |
| 10/07/2020 | Follow up with Action Plan from Long Range Planning Meeting-debrief | AS |
| 10/15/2020 | Receive ACI Quarterly Utilization Reports | AS |
| 10/15/2020 | Finalize and October Training Day and Board Meeting Draft Minutes for inclusion in the January 2020 Agenda | AS |
| 10/15/2020 | File Controllers Report with the State of California (filed with Controller) | GB |
| 10/19/2020 | Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature and for November Agenda | AS |
| 10/21/2020 | Annual Recertification Profile Report for RRE ID# 36464 (Medicare) – receive email and respond | AS |
| 10/21/2020 | Prepare FY 21/22 Marketing Plan & Renewal Timeline - submit for approval | AS |
| 10/22/2020-10/23/2020 | Training Day and Board of Directors Meeting – Anderson, CA | BD |
| Mtg | Present Loss Analysis Data to Board for review | BD |
| Mtg | Investment Policy - submit for approval (annually) | BD |
| Mtg | Annual Survey Members – Vendor Performance – Announce & Send after | AS |
| Mtg | List PARMA Conference on Board/Training Day agenda | |
| 10/30/2020 | Completed Program Manual sent to Members and posted to the website | AS |
| 10/31/2020 | Send request to members for DE9 Reports for Q3 of 2020 | AS,BD |
| 10/31/2020 | DE9 due to EDD by today | |
| NOVEMBER 2020 | | |
| 11/09/2020 | Collect Q3 2021 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2021 | AS |
| 11/12/2020 | Property (location schedules), Liability & WC Programs (estimated payroll) - request renewal specifications for the next fiscal year, if needed | AS, BD |



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| Tentative Dates | Activity | Completed by |
| 11/18/2020 | Follow up with LAWCX regarding their W.C. Claims Audit | AS/GB |
| 11/23/2020 | Set up new year Budget file | AS |
| DECEMBER 2020 | | |
| 12/03/2020 | Request Agenda items for vendors to be included in the January 2021 Board of Directors Meeting including Excess Pool Partners | AS, BD |
| 12/10/2020 | Submit Audited Financials to County of Sacramento and State of California | AS, GB |
| 12/14/2020 | Mail out Christmas Cards to Board Members | AS |
| 12/14/2020 | Prepare Statement of Facts – Roster of Public Agencies to be filed with the State and County – DUE 1/1/2021 | AS |
| 12/16/2020 | Prepare 2021/22 Service Calendar – Prepare for January 2021 Board mtg. | BD |
| 12/16/2020 | Begin preparing agenda for January Board meeting | AS |
| JANUARY 2021 | | |
| 01/01/2021 | Statement of Facts – Roster of Public Agencies to be filed with the State and County – due today | AS |
| 01/04/2021 | Form 700s – FPCC will email BOD Representatives and Alternates to complete online – deadline 04/1/2020 | BD/AS |
| 01/04/2021 | Request RSVP by 01/24/2021 to members for January BOD Meeting on 01/29/2021 in Anderson, California | AS |
| 01/04/2021 | Determine WCIRB Class Code Rates - taken from WCIRB.com for member payroll allocations by class code | AS |
| 01/06/2021 | Request Electronic Loss Runs from SW for Liability and Workers' Compensation and ask to separate 4850. Deadline 01/15/2021 for receipt from SW | AS, SW |
| 01/06/2021 | Begin working with Gilbert on next year's dividend calculations | AS, GB |
| 01/06/2021 | Review to do list from prior Board of Directors Meeting | AS |
| 01/15/2021 | Continue working on preliminary FY 2021/22 Budget – put loss data & payroll into the Budget Spreadsheet | BD, AS |
| 01/19/2021 | Request Audit of WC and Liability Programs (then alternate WC every even year, Liab every odd year) | AS |
| 01/20/2021 | Property Program – <u>Upon notification</u> send out Renewal items & Property Schedules/Vehicle Schedules to members and request update—deadline March 2, 2021 Update Oasys with member updates to property schedule as they come in | AS |
| 01/21/2021 | Submit Loss Runs, Payroll data and any options requested to Actuary for studies in Liability/ WC | AS |

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| Tentative Dates | Activity | Completed by |
| 01/21/2021 | Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature | AS |
| 01/21/2021 | Send Loss Runs to Gilbert Associates for review | AS |
| 01/21/2021 | Follow up with Gilbert Associates for dividend return calculations | GB |
| 01/21/2021 | Develop recommendation for dividend release for the Board | AS, GB |
| 01/22/2021 | Submit Incurred Loss Valued as of 12/31/2020 OR "No Known Loss" letter to send to ERMA | AS |
| 01/22/2021 | Confirm Attendance for BOD Meeting on 01/29/2021 in Anderson, California (ensure quorum, catering and hotel accommodations) | AS, BD |
| 01/22/2021 | Post January BOD Meeting Agenda on SCORE Website & Email to members | AS |
| 01/25/2021 | Send out renewal items for ACIP Crime program | AS |
| 01/25/2021 | Reminder to member that Property Schedules need to be reviewed and returned – deadline March 2, 2021 | AS/BD |
| 01/26/2021 | Property (PEPIP) Policy Notebooks – when available prepare and send via email to Members and post to the website | AS |
| 01/27/2021 | Obtain Draft Quarterly Financials from Gilbert Associates–deadline 03/18/2021 | GB |
| 01/28/2021 | Reminder to member that Property Schedules need to be submitted – deadline March 2, 2021 | AS |
| 01/29/2021 | Board of Directors Meeting – in Anderson, California | BD/AS |
| Mtg | 2021/22 Service Calendar - submit for approval | BD |
| Mtg | 2021/22 Meeting Dates Calendar - submit for approval | BD |
| Mtg | Present Marketing Plan & Renewal Timeline: submit for approval | BD |
| Mtg | Survey Member interest in joining ERMA | BD |
| Mtg | Present Claims Administration Audit agreement to Board (<i>even years ONLY</i>) | BD |
| Mtg | Present the Long Range Planning derived Action Plan to Board of Directors (every other year, after LRP Meeting) | AS |
| Mtg | Dividend and Assessment Analysis | BD |
| Mtg | Loss Control Grant Fund Program Update | AS |
| Mtg | Service Provider Performance Evaluations – Submit responses for review | BD |
| 01/31/2021 | DE9 due to EDD by today | |
| FEBRUARY 2021 | | |
| 02/01/2021 | Submit 2020 Calendar Year Payroll (for all members) to ERMA in Excel format – deadline 02/01/2021 | AS |
| 02/01/2021-02/03/2021 | PARMA Annual Risk Management Conference – Anaheim, California | BD/AS |



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| 02/03/2021 | Debrief of 01/29/2021 BOD meeting – determine action steps | AS |
| 02/03/2021 | Prepare January BOD Meeting Draft Minutes for inclusion in March Agenda | AS |
| 02/03/2021 | Review Loss Runs for Common Loss Trends | AS |
| 02/03/2021 | Send request to members for DE9 Reports for Q4 of 2020 | AS |
| 02/04/2021 | Collect Q4 2020 DE9 from members and submit 2020 CY Payroll to: ERMA (all members) in Excel format – deadline 02/01/2021 CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2021 | AS |
| 02/05/2021 | Collect APIP Renewal information from Members and Submit to Alliant Underwriting | AS, BD |
| 02/08/2021 | Reminder to member that Property Schedules need to be submitted – deadline March 2, 2021 | AS |
| 02/08/2021 | Receive Dividend Calculations and Info from CJPRMA | AS, BD |
| 02/08/2021 | PA to meet to discuss updates to Administrative Costs for Budget | AS |
| 02/10/2021 | Request consent calendar items for March Agenda | AS |
| 02/12/2021 | Crime Program – prepare and send applications to Members | AS, BD |
| 02/12/2021 | Submit CSAC Pollution Program Renewal Applications to Members – Confirm ACE policy (currently 3 year policy 7/1/2018 – 7/1/2021) | AS, BD |
| 02/15/2021 | Reminder to member that Property Schedules need to be reviewed and returned – deadline March 2, 2021 | AS/BD |
| 02/15/2021 | Collect drafts of WC & Liability Actuarial Studies for March 2021 BOD meeting and send to Gilbert Associates for EX mods and credibility | AS, Actuary |
| 02/19/2021 | Request RSVP by 03/19/2021 to members for March Board Meeting on 03/26/2021 in Anderson, California | AS, BD |
| 02/22/2021 | Reminder – Form 700s to Board and Alternate Members – due 04/01/2021 | AS, BD |
| 02/22/2021 | Reminder to member that Property Schedules need to be submitted – deadline March 2, 2021 (next week) | AS |
| MARCH 2021 | | |
| 03/02/2021 | Claims Audit – if any findings, request response from SW and include in agenda packet. | AS, SW |
| 03/02/2021 | Reminder Property Schedules need to be submitted – deadline TODAY | AS |
| 03/08/2021- 03/12/2021 | Continue working on Draft Budget and Member allocations for next Fiscal Year (Review and incorporate LAWCX, ERMA, CJPRMA & PEPID draft members into budget) | AS |
| 03/19/2021 | Confirm Attendance for BOD Meeting | AS |
| 03/19/2021 | Post BOD Meeting Agenda on SCORE Website & send out to all members | AS |



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| 03/26/2021 | Board of Directors Meeting – Anderson, California | BD |
| Mtg | 4 th Quarter Investment Reports (as of 12/31) - submit for review | BD |
| Mtg | 4 th Quarter Financials (as of 12/31) - submit for review | BD |
| Mtg | Review and approve actuarial studies | BD |
| Mtg | Preliminary FY 2021/22 Budget - submit for review | BD |
| Mtg | Liability & WC Banking & Shared Layer – preliminary deposit calculation for review | BD |
| Mtg | Claims Auditor – Receive audit results for Both Liability and Worker’s Compensation and present to Board for review and approval | BD |
| 03/29/2021 | Debrief from 03/26/2021 BOD Meeting–determine action steps | AS |
| 03/29/2021 | Start March Board of Directors Draft Minutes for inclusion in June Agenda | AS |
| 03/30/2021 | Renewal Certificates List sent to members for review – Deadline 30 days | AS, BD |
| 03/30/2021 | Form 700s - receive from Board Members and Alternates – due 04/01/21 | AS, BD |
| APRIL 2021 | | |
| 04/01/2021 | Form 700s - file with FPPC due today – – due 04/01/2021 (TODAY IS LAST DAY TO SUBMIT) | AS |
| 04/05/2021 | Service Provider contract signing & submission for approval at June Board Mtg | AS |
| 04/05/2021 | Finalize March Board of Directors Draft Minutes for inclusion in June Agenda | AS |
| 04/15/2021 | Alliant begins contact with various contractors regarding renewal terms | AS |
| 04/19/2021 | Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature for inclusion in the June Agenda | AS |
| 04/21/2021 | 1 st Quarter Losses - receive from SW (as of 03/31) | GB |
| 04/23/2021 | Banking Layer and Shared Risk Layer Member Allocation Calculations finalized | AS |
| 04/23/2021 | Update Draft Budget to include updates from the March BOD meeting | AS |
| 04/26/2021 | Crime Renewal Apps received – send to ACIP | AS |
| 04/30/2021 | CJRPM Certificate Renewal List DUE TODAY | AS |
| 04/30/2021 | SCORE Certificate Renewal List Due | AS |
| 04/30/2020 | DE9 due to EDD by today | AS |
| MAY 2021 | | |
| 05/03/2021 | Review Contracts and terms for next FY | AS |
| 05/03/2021 | Annual Certificate Renewal reminder to members – all submitted? | AS, BD |
| 05/03/2021 | Obtain PEPiP Renewal Proposals From Oasys | AS |
| 05/03/2021 | Obtain Quarterly Financials as of 3/31/2021 | AS |
| 05/06/2021 | Send request to members for DE9 Reports for Q1 of 2021 | AS |

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|--|--|---|
| Tentative Dates | Activity | Completed by |
| 05/06/2021 | Obtain Final Actuarial Reports for W.C. and Liability for June BOD Meeting | AS |
| 05/10/2021 | Collect Q1 2020 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2021 | AS |
| 05/17/2021 | Request Agenda Items from Vendors | AS |
| 05/17/2021 | W.C. & Liability Memorandum of Coverage FY 2021/22 – submit for approval | AS |
| 05/25/2021 | Request RSVP by 06/17/2021 to members for June BOD Meeting on 06/25/2021 in Anderson, California, California | AS, BD |
| 05/26/2021 | Property Renewal Status Review | AS |
| 05/28/2021 | Request Employee Count (from all members) for ACI renewal and budget allocations- reminder about payroll by class code to ensure proper allocations | AS, BD |
| JUNE 2021 | | |
| 06/07/2021 | Claims analysis (as of 12/31) | RM |
| 06/17/2021 | Confirm Attendance for BOD Meeting | AS |
| 06/18/2021 | Post BOD Meeting Agenda on SCORE Website & email to all members | AS |
| 06/25/2021 | Board of Directors Meeting – in Anderson, California | BD |
| Mtg | 1 st Quarter Investment Reports (as of 03/31) - submit for approval | BD |
| Mtg | 1 st Quarter Financials (as of 03/31) - submit for approval | BD |
| Mtg | FY 2021/22 Budget - submit final for approval | BD |
| Mtg | Liability and WC FY 2021/22 Banking & Shared Risk Layer Program Deposits - submit final for approval | BD |
| Mtg | Liability Memorandum of Coverage FY 2021/22 - submit for approval | BD |
| Mtg | WC Memorandum of Coverage FY 2021/22 - submit for approval | BD |
| Mtg | Property Program - provide report and allocations on renewal quotes | BD |
| Mtg | Crime Program – provide report and allocations on renewal quotes | AS |
| 06/30/2021 | Send Bind Orders for PEPiP Program – BOD will vote at 6/25/2021 meeting | AS |
| 06/30/2021 | Debrief from 06/25/2021 BOD meeting – determine action steps | AS |
| 06/30/2021 | Generate Certificate Holder Renewal Insurance Certificates for next year | AS |
| 06/30/2021 | Send certificates to Certificate Holders and Members | AS |
| 06/30/2021 | Generate Auto ID Cards for Members – send out | AS |

SCORE Loss Control Grant Fund Member Utilization FY 2019/20 as of 3/20/2020

| Member Entity | TOTAL Grant Fund Allocation | Amount requested during FY 19-20 (or FY 18-19) | Remaining amount available in FY 19-20 | Notes |
|---------------|-----------------------------|--|--|--|
| Biggs * | \$2,547.50 | \$2,724.55 | -\$177.05 | *Request made 5/9/19 for Protective Glass for Customer Counter (total requested \$5,307.94) *NOTE: Amount Requested exceeded amount available - \$2,724.55 will be used from FY 19/20 Loss Control Grant Funds. *NOTE: Amount to be used from FY 19/20 Funds exceeded the amount available by \$177.05. |
| Colfax | \$3,180.66 | | | |
| Dunsmuir | \$6,732.84 | | | *Request made 6/6/19 by Blake Michaelsen to roll over \$1,448.06 into FY 19/20 Loss Control Grant Funds |
| Etna * | \$5,066.68 | | | *Request made 6/12/19 by Sarah Griggs for 3 employee to Transite/Asbestos Pipe Training (\$575) - same letter also requested remaining FY 18/19 Funds be rolled over into FY 19/20 (\$2,170.72) |
| Fort Jones * | \$2,608.20 | \$1,165.95 | \$1,442.25 | *Request made 6/5/19 by Karl Drexler for High Vis. Safety gear (\$1,930) and Ergonomic chairs (1,900) - total requested \$3,830 *NOTE: Amount Requested exceeded amount available - \$1,405.51 will be used from FY 19/20 Loss Control Grant Funds -- **invoices actually totaled to only \$1,165.95. |
| Isleton | \$2,105.18 | | | |
| Live Oak | \$4,927.91 | | | |
| Loomis | \$4,826.01 | \$4,826.01 | | *Request made 8/20/19 by Roger Carroll for Sidewalk repair (\$4,826.01) |
| Loyalton * | \$1,292.59 | | | |
| Montague * | \$2,008.71 | | | |
| Mt. Shasta | \$23,746.17 | | | *Request made 5/21/19 by Muriel Terrell to roll over all unused funds (\$12,471.21) into FY 19/20 Loss Control Grant Funds for Pedestrian Flashing Lights |
| Portola | \$3,095.80 | \$1,277.55 | \$1,818.25 | *Request made 8/2/18 by Melissa Klundby for Street Barricades & reflective cones (\$4,411.66) - this request was updated on 9/19/18 when total invoice submitted was \$3,907.69 *NOTE: Amount Requested exceeded amount available - \$316.74 will be used from FY 19/20 Loss Control Grant Funds *Request made 11/20/19 by Tara Kindall for 10 Ergonomic Chairs (\$1,059.90) - invoices provided totaled \$960.81 per 2/6/20 email from Tara Kindall the request was amended to \$960.81 |
| Rio Dell | \$3,994.18 | | | |
| Shasta Lake | \$11,702.56 | | | |
| Susanville | \$19,639.21 | \$6,323.75 | \$13,315.46 | *Request made 5/1/19 by Deborah Savage to roll over all unused funds from FY 18/19 into FY 19/20 (total to roll over is \$7,265.43) *Request made 10/29/19 by Deborah Savage for Replacement of Flooring at 3 entrances (\$6,323.75) |
| Tulelake* | \$4,366.55 | \$4,500.00 | -\$133.45 | *Request made 6/14/18 by Jenny Coelho requesting to roll all FY 18/19 Loss Control Funds into FY 19/20 for purchase of Ergonomic furniture - total requested \$4,500 *NOTE: Amount Requested exceeded amount available - \$2,364.23 will be used from FY 19/20 Loss Control Grant Funds *NOTE: Amount to be used from FY 19/20 Funds exceeded the amount available by \$133.45 |
| Weed | \$10,831.46 | | | |
| Yreka | \$12,819.01 | \$7,447.28 | \$5,371.73 | *Request made by Renee Hoisington for purchase of 2 Floor Jacks (\$20,257) *NOTE: Amount requested exceeded amount available - \$7,447.28 will be used from FY 19/20 Loss Control Grant Funds |
| Total: | \$125,491.22 | | | |

* Mini-Cities



Small Cities Organized Risk Effort
Board of Directors Meeting
March 27, 2020

Agenda Item G.1.A.

LIABILITY ACTUARIAL REVIEW

ACTION ITEM

ISSUE: Bickmore Actuarial has prepared a *draft* of their annual actuarial review of SCORE's Liability Program, based on 12/31/19 loss data. The review estimates the ultimate cost of claims and expenses for the Banking and Shared Risk Layers for the FY 20/21 Program Year. This review also estimates the outstanding liabilities for the Banking and Shared Risk layers as of 6/30/20.

The program has seen adverse loss development from last year, particularly in the Shared Layer, resulting in an overall increase in reserves and the combined rates.

Rates for FY 20/21 at the 75% Confidence Level (CL), \$500,000 SIR, discounted at 1.5%, are as follows:

- **Combined rates increased 4.5%**, from \$3.33 last year to \$3.48 this year. *Banking Layer rates are down 9.7%, but the Shared Layer rates are increasing by 8.3%*

Please note these rates are **for the current \$500,000 SIR**. Funding for an **expected \$750,000 SIR** will be presented later in the agenda with the funding options for FY 20/21.

Outstanding Liabilities at the Expected Confidence Level as of 6/30/20, discounted at 1.5%, are:

- Total Outstanding **Liabilities have increased \$654,000 (63%)**, from \$1,023,000 to \$1,677,000, largely due to the increased case reserves for one claim. Banking Layer liabilities increased \$13,000 (4.9%), from \$264,000 to \$277,000, while *Shared Layer liabilities increased \$641,000 (84%), from \$759,000 to \$1,400,000.*

Even with the increase in liabilities it's important to note the program is very well funded, with an estimated Net Position of \$5.2M and **\$4.5M in assets above liabilities at the 90% CL.**

RECOMMENDATION: Accept and request a final report.

FISCAL IMPACT: Increase overall of 4.5% in the rate at the \$500,000 SIR.

BACKGROUND: SCORE has Actuarial Studies done annually for accreditation and budget purposes. The studies determine funding for the upcoming fiscal year and outstanding liabilities as of June 30. The SCORE **Board approved a move to the 75% CL for FY 19/20.**

ATTACHMENTS: Draft Actuarial Review of the Self-Insured Liability Program, *without Exhibits or Appendices*, dated March 17, 2020.



Bickmore

Actuarial

Actuarial Review of the Self-Insured Liability Program

Outstanding Liabilities as of June 30, 2020
Forecast for Program Years 2020-21

Presented to
Small Cities Organized Risk Effort

March 17, 2020

Tuesday, March 17, 2020

Mr. Marcus Beverly
Pool Administrator
Small Cities Organized Risk Effort
c/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Liability Program

Dear Mr. Beverly:

As requested, we have completed our review of the Small Cities Organized Risk Effort's (SCORE's) self-insured liability program.

Assuming an SIR of \$500,000 per occurrence and a 1.5% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2020-21 program year to be \$260,000 for the banking layer and \$435,000 for the shared layer for a total of \$695,000. For budgeting purposes, these costs translate to rates of \$0.978, \$1.636 and \$2.614 per \$100 of rated payroll for the banking layer, shared layer, and in total respectively.

These amounts include allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but exclude unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of SCORE's claims.

Assuming a 1.5% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2020 to be \$277,000 for the banking layer and \$1,400,000 for the shared layer for a total of \$1,677,000. Given estimated program assets of \$6,712,000 as of June 30, 2020, the program is expected to be funded above the 90% confidence level on a combined basis.

These amounts include allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income.

These estimates are the minimum liabilities to be booked by SCORE at June 30, 2020 for its liability program for each layer, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires SCORE to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on SCORE's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

Our conclusions regarding SCORE's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2020 are summarized in the following tables.

Small Cities Organized Risk Effort
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2020
1.5% Discount Rate
Banking Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|-----------------------------|------------------|------------------------------------|-------------------|------------------|-----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$247,000 | \$281,000 | \$296,000 | \$314,000 | \$336,000 | \$365,000 |
| ULAE | 38,000 | 43,000 | 46,000 | 48,000 | 52,000 | 56,000 |
| Investment Income Offset | <u>(8,000)</u> | <u>(8,000)</u> | <u>(10,000)</u> | <u>(10,000)</u> | <u>(12,000)</u> | <u>(12,000)</u> |
| Discounted Loss and LAE | \$277,000 | \$316,000 | \$332,000 | \$352,000 | \$376,000 | \$409,000 |

Shared Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|-----------------------------|--------------------|------------------------------------|-------------------|------------------|-----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$1,257,000 | \$1,460,000 | \$1,559,000 | \$1,673,000 | \$1,817,000 | \$2,009,000 |
| ULAE | 179,000 | 208,000 | 222,000 | 238,000 | 259,000 | 286,000 |
| Investment Income Offset | <u>(36,000)</u> | <u>(42,000)</u> | <u>(45,000)</u> | <u>(48,000)</u> | <u>(52,000)</u> | <u>(58,000)</u> |
| Discounted Loss and LAE | \$1,400,000 | \$1,626,000 | \$1,736,000 | \$1,863,000 | \$2,024,000 | \$2,237,000 |

Combined

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|-----------------------------|--------------------|------------------------------------|-------------------|------------------|-----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$1,504,000 | \$1,742,000 | \$1,854,000 | \$1,987,000 | \$2,152,000 | \$2,373,000 |
| ULAE | 217,000 | 251,000 | 268,000 | 287,000 | 311,000 | 342,000 |
| Investment Income Offset | <u>(44,000)</u> | <u>(51,000)</u> | <u>(54,000)</u> | <u>(59,000)</u> | <u>(63,000)</u> | <u>(69,000)</u> |
| Discounted Loss and LAE | \$1,677,000 | \$1,942,000 | \$2,068,000 | \$2,215,000 | \$2,400,000 | \$2,646,000 |
| Assets | \$6,712,000 | \$6,712,000 | \$6,712,000 | \$6,712,000 | \$6,712,000 | \$6,712,000 |
| Surplus or (Deficit) | \$5,035,000 | \$4,770,000 | \$4,644,000 | \$4,497,000 | \$4,312,000 | \$4,066,000 |

The tables below show our funding recommendations for SCORE for the 2020-21 fiscal year, assuming the current SIR of \$500,000 and discount rate of 1.5%.

Small Cities Organized Risk Effort
Self-Insured Liability Program
Loss and LAE Funding Guidelines for 2020-21

Banking Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------|---------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$268,000 | \$314,000 | \$336,000 | \$362,000 | \$394,000 | \$437,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (8,000) | (9,000) | (10,000) | (11,000) | (12,000) | (13,000) |
| Discounted Loss and LAE | \$260,000 | \$305,000 | \$326,000 | \$351,000 | \$382,000 | \$424,000 |
| Rate per \$100 of Rated Payroll | \$0.978 | \$1.147 | \$1.226 | \$1.320 | \$1.437 | \$1.595 |

Shared Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------|---------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$447,000 | \$554,000 | \$617,000 | \$692,000 | \$785,000 | \$911,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (12,000) | (15,000) | (17,000) | (19,000) | (21,000) | (24,000) |
| Discounted Loss and LAE | \$435,000 | \$539,000 | \$600,000 | \$673,000 | \$764,000 | \$887,000 |
| Rate per \$100 of Rated Payroll | \$1.636 | \$2.027 | \$2.256 | \$2.531 | \$2.873 | \$3.336 |

Combined Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------|---------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$715,000 | \$869,000 | \$953,000 | \$1,053,000 | \$1,179,000 | \$1,348,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (20,000) | (25,000) | (27,000) | (29,000) | (33,000) | (37,000) |
| Discounted Loss and LAE | \$695,000 | \$844,000 | \$926,000 | \$1,024,000 | \$1,146,000 | \$1,311,000 |
| Rate per \$100 of Rated Payroll | \$2.614 | \$3.174 | \$3.482 | \$3.851 | \$4.310 | \$4.930 |

* Rated Payroll is 2019 DE-9 Payroll x 1.03.

The tables below show our funding recommendations for SCORE for the 2020-21 fiscal year, assuming an SIR of \$750,000 and discount rate of 1.5%.

Small Cities Organized Risk Effort
Self-Insured Liability Program
Loss and LAE Funding Guidelines for 2020-21

Banking Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$268,000 | \$314,000 | \$336,000 | \$362,000 | \$394,000 | \$437,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (8,000) | (9,000) | (10,000) | (11,000) | (12,000) | (13,000) |
| Discounted Loss and LAE | \$260,000 | \$305,000 | \$326,000 | \$351,000 | \$382,000 | \$424,000 |
| Rate per \$100 of Rated Payroll | \$0.978 | \$1.147 | \$1.226 | \$1.320 | \$1.437 | \$1.595 |

Shared Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$497,000 | \$612,000 | \$689,000 | \$782,000 | \$897,000 | \$1,054,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (14,000) | (17,000) | (19,000) | (22,000) | (25,000) | (30,000) |
| Discounted Loss and LAE | \$483,000 | \$595,000 | \$670,000 | \$760,000 | \$872,000 | \$1,024,000 |
| Rate per \$100 of Rated Payroll | \$1.816 | \$2.238 | \$2.520 | \$2.858 | \$3.279 | \$3.851 |

Combined Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$765,000 | \$926,000 | \$1,026,000 | \$1,144,000 | \$1,291,000 | \$1,491,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (22,000) | (26,000) | (30,000) | (33,000) | (37,000) | (43,000) |
| Discounted Loss and LAE | \$743,000 | \$900,000 | \$996,000 | \$1,111,000 | \$1,254,000 | \$1,448,000 |
| Rate per \$100 of Rated Payroll | \$2.794 | \$3.385 | \$3.746 | \$4.178 | \$4.716 | \$5.445 |

* Rated Payroll is 2019 DE-9 Payroll x 1.03.

The tables below show our funding recommendations for SCORE for the 2020-21 fiscal year, assuming an SIR of \$1,000,000 and discount rate of 1.5%.

Small Cities Organized Risk Effort
Self-Insured Liability Program
Loss and LAE Funding Guidelines for 2020-21

Banking Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|----------------|------------------------------------|-------------------|------------------|-----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$268,000 | \$314,000 | \$336,000 | \$362,000 | \$394,000 | \$437,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | <u>(8,000)</u> | <u>(9,000)</u> | <u>(10,000)</u> | <u>(11,000)</u> | <u>(12,000)</u> | <u>(13,000)</u> |
| Discounted Loss and LAE | \$260,000 | \$305,000 | \$326,000 | \$351,000 | \$382,000 | \$424,000 |
| Rate per \$100 of Rated Payroll | \$0.978 | \$1.147 | \$1.226 | \$1.320 | \$1.437 | \$1.595 |

Shared Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------------|------------------------------------|-------------------|------------------|-----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$528,000 | \$637,000 | \$727,000 | \$834,000 | \$969,000 | \$1,151,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | <u>(16,000)</u> | <u>(19,000)</u> | <u>(22,000)</u> | <u>(25,000)</u> | <u>(29,000)</u> | <u>(35,000)</u> |
| Discounted Loss and LAE | \$512,000 | \$618,000 | \$705,000 | \$809,000 | \$940,000 | \$1,116,000 |
| Rate per \$100 of Rated Payroll | \$1.925 | \$2.324 | \$2.651 | \$3.042 | \$3.535 | \$4.197 |

Combined Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------------|------------------------------------|-------------------|------------------|-----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$796,000 | \$951,000 | \$1,063,000 | \$1,196,000 | \$1,364,000 | \$1,588,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | <u>(24,000)</u> | <u>(28,000)</u> | <u>(32,000)</u> | <u>(36,000)</u> | <u>(42,000)</u> | <u>(48,000)</u> |
| Discounted Loss and LAE | \$772,000 | \$923,000 | \$1,031,000 | \$1,160,000 | \$1,322,000 | \$1,540,000 |
| Rate per \$100 of Rated Payroll | \$2.903 | \$3.471 | \$3.877 | \$4.362 | \$4.972 | \$5.791 |

* Rated Payroll is 2019 DE-9 Payroll x 1.03.

DRAFT

The funding recommendations shown in the tables above do not include any recognition of the existing funding margin at June 30, 2020. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for SCORE's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to the Small Cities Organized Risk Effort in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Mike Harrington, FCAS, MAAA
President and Principal, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

James Kim, ACAS, MAAA
Senior Analyst, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Eric Small
Consulting Actuary, Bickmore Actuarial

TABLE OF CONTENTS

| | |
|--|----|
| I. BACKGROUND | 9 |
| II. CONCLUSIONS AND RECOMMENDATIONS | 10 |
| A. LIABILITY FOR OUTSTANDING CLAIMS | 10 |
| B. PROGRAM FUNDING: GOALS AND OBJECTIVES | 15 |
| C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM | 17 |
| D. COMPARISON WITH PREVIOUS RESULTS | 25 |
| E. DATA PROVIDED FOR THE ANALYSIS | 30 |
| III. ASSUMPTIONS AND LIMITATIONS | 31 |
| IV. GLOSSARY OF ACTUARIAL TERMS | 33 |
| V. EXHIBITS | |
| BANKING LAYER | 35 |
| SHARED LAYER | 44 |
| TOTAL | 53 |
| VI. APPENDICES | |
| BANKING LAYER | 62 |
| SHARED LAYER | 94 |
| TOTAL | 98 |

I. BACKGROUND

The Small Cities Organized Risk Effort began its self-insured liability program on July 1, 1983. Its current self-insured retention is \$500,000, and excess coverage is provided by the California Joint Powers Risk Management Authority (CJPRMA). SCORE has a banking layer to \$25,000 per occurrence. Each member is directly responsible for its own losses within the banking layer. Losses above \$25,000 are shared up to SCORE's self-insured retention. Claims administration services are provided by Sedgwick. Additional background on the program is shown in Appendix BL-J or SIR-J.

The purpose of this review is to provide a guide to SCORE to determine reasonable funding levels for its self-insurance program according to the funding policy SCORE has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate SCORE's liability for outstanding claims as of June 30, 2020, project ultimate loss costs for 2020-21, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

Graphs 1a, 1b and 1c on the following pages summarize our assessment of SCORE's funding position as of June 30, 2020. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due.

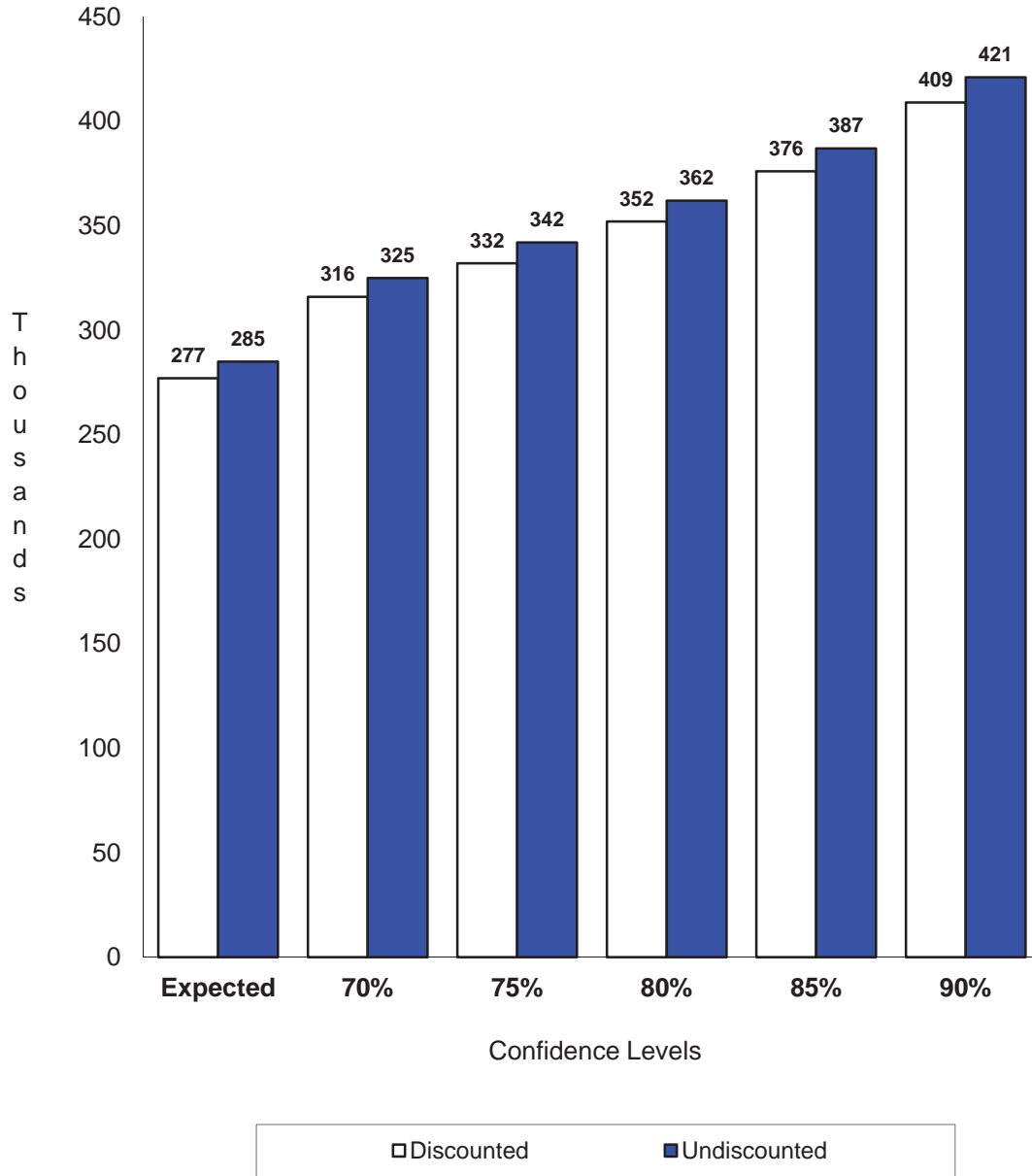
Our best estimate of the full value of SCORE's liability for outstanding claims within its self-insured retention (SIR) as of June 30, 2020, is \$285,000 for the banking layer and \$1,436,000 for the shared layer for a total of \$1,721,000. These amounts include losses, allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graphs 1a, 1b and 1c show the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

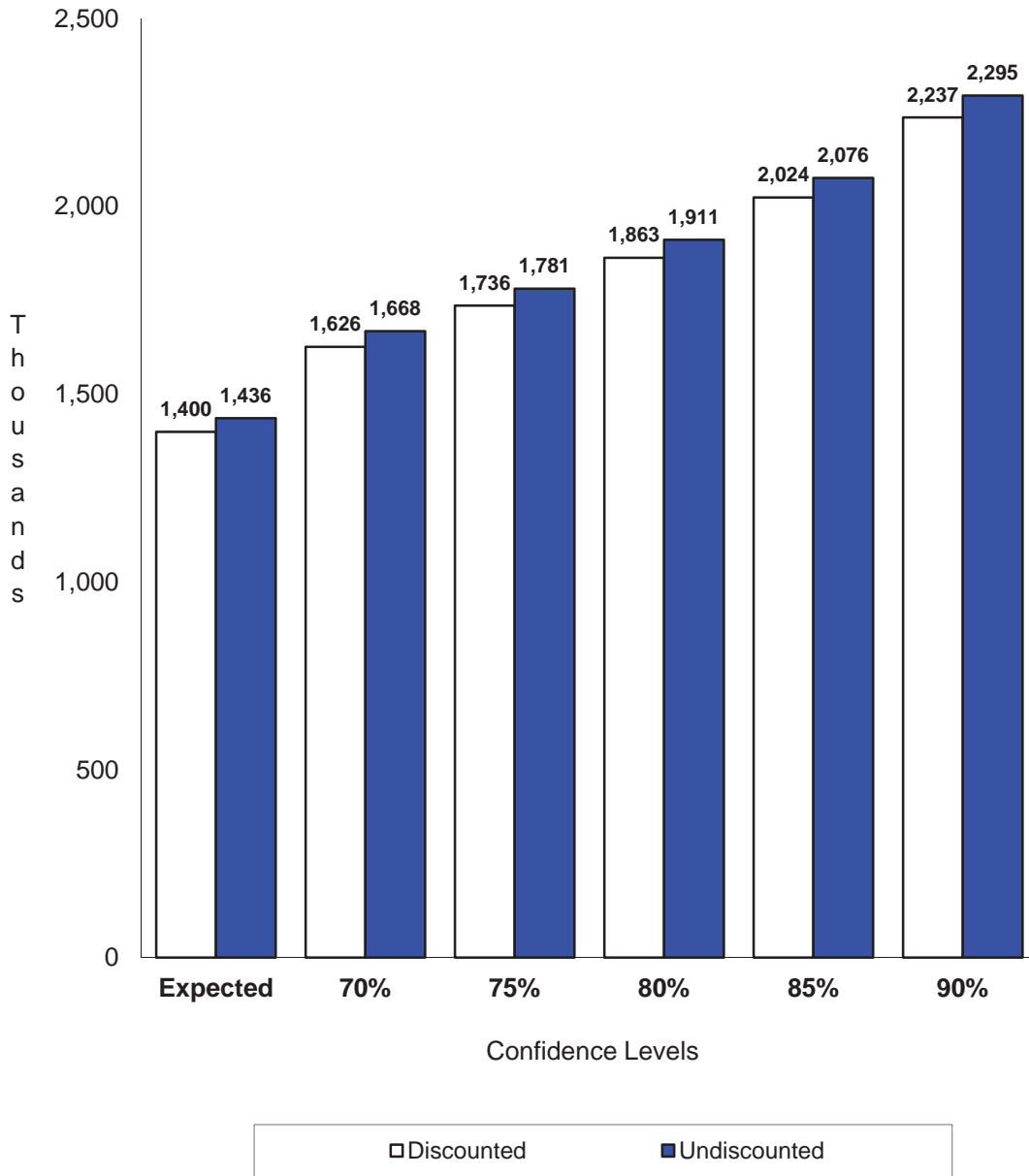
SCORE can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 2.6% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$277,000 for the banking layer and \$1,400,000 for the shared layer for a total of \$1,677,000 as of June 30, 2020.

Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graphs 1a, 1b and 1c show our estimates of SCORE's discounted liability for outstanding claims.

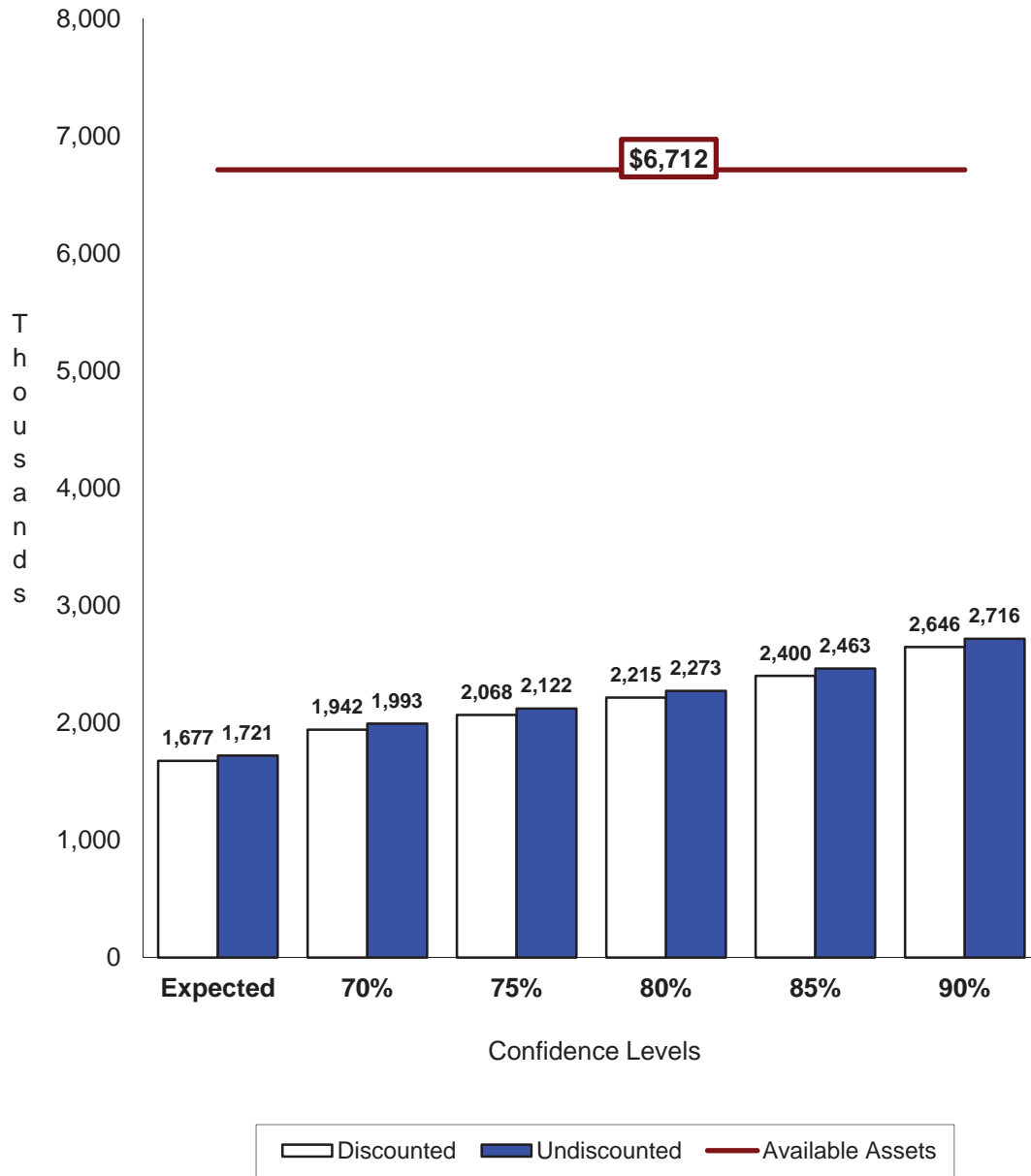
SCORE - Liability
Outstanding Liability (\$000's)
at June 30, 2020
Banking Layer



SCORE - Liability
Outstanding Liability (\$000's)
at June 30, 2020
Shared Layer



SCORE - Liability
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2020
Combined



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2020, before recognition of investment income.

Small Cities Organized Risk Effort
Self-Insured Liability Program – Combined
Estimated Liability for Unpaid Loss and LAE at June 30, 2020

| Year | Case Reserves | IBNR Reserves | Total Outstanding |
|----------------------|------------------|------------------|--------------------|
| Prior | \$0 | \$0 | \$0 |
| 2016-17 | 56,848 | 37,536 | 94,384 |
| 2017-18 | 52,190 | 95,190 | 147,380 |
| 2018-19 | 214,802 | 127,283 | 342,085 |
| 2019-20 | 516,036 | 404,659 | 920,695 |
| Loss and ALAE | \$839,876 | \$664,668 | \$1,504,544 |
| ULAE | | 217,000 | 217,000 |
| Total | \$839,876 | \$881,668 | \$1,721,544 |

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by SCORE.

GASB #10 and #30 do not address asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

We generally recommend maintaining program assets at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting assets will be sufficient to meet claim liabilities, yet the required risk margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required risk margin for the most part, which means that assets are likely sufficient on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, SCORE's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

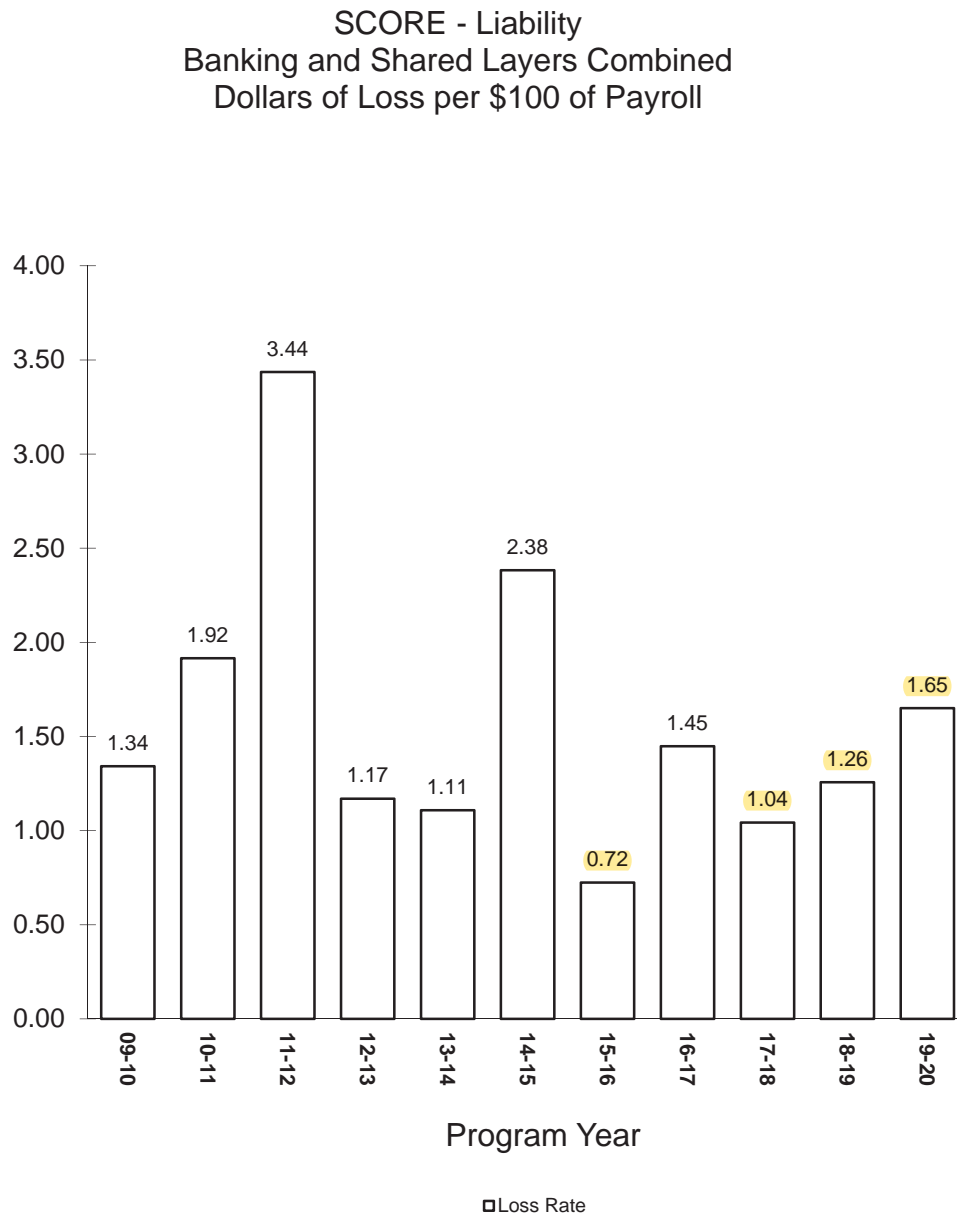
In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce a surplus more slowly than you would accumulate funding to reduce a deficit.

It is estimated that program assets will be \$6,712,000 at June 30, 2020, resulting in the program being funded above the 90% confidence level on a combined basis.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has varied substantially from year to year. We selected a loss rate of \$1.65 per \$100 of payroll for the 2019-20 program year based on the average of the recent years. See Graph 2a below.

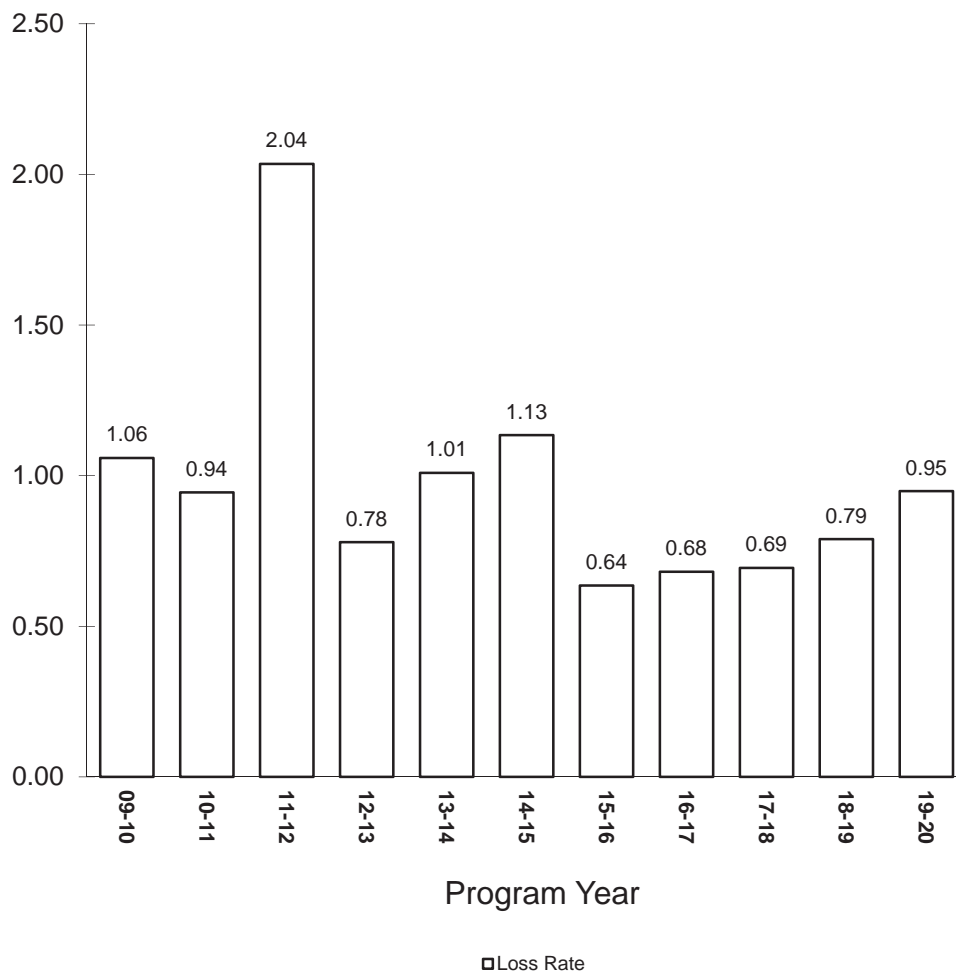
Graph 2a



The banking layer loss rate per \$100 payroll has also varied over the past ten years but has been increasing overall since 2015-16. Our projected 2019-20 loss rate of \$0.95 per \$100 of payroll is based on the average of the recent years and the apparent upward trend. See Graph 2b below.

Graph 2b

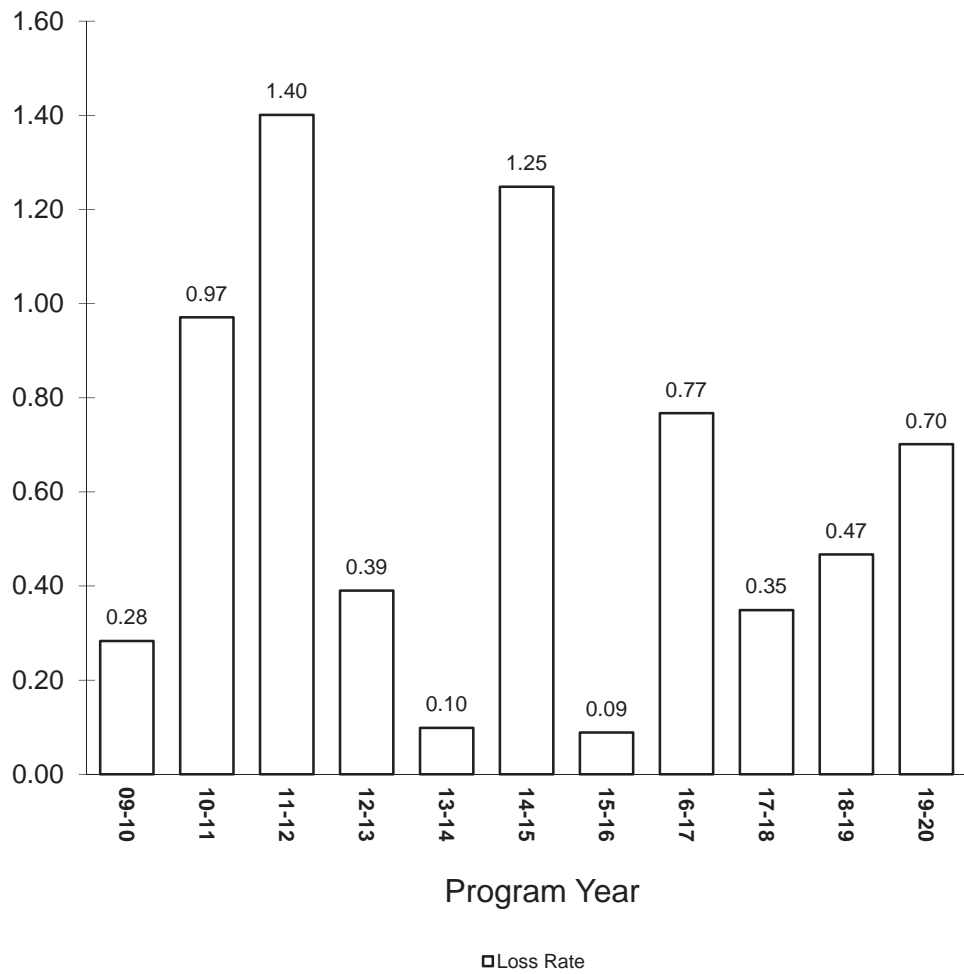
SCORE - Liability
Banking Layer
Dollars of Loss per \$100 of Payroll



The shared layer loss rate has varied over the last ten years, typical for excess layers losses, with no apparent trend. See Graph 2c below.

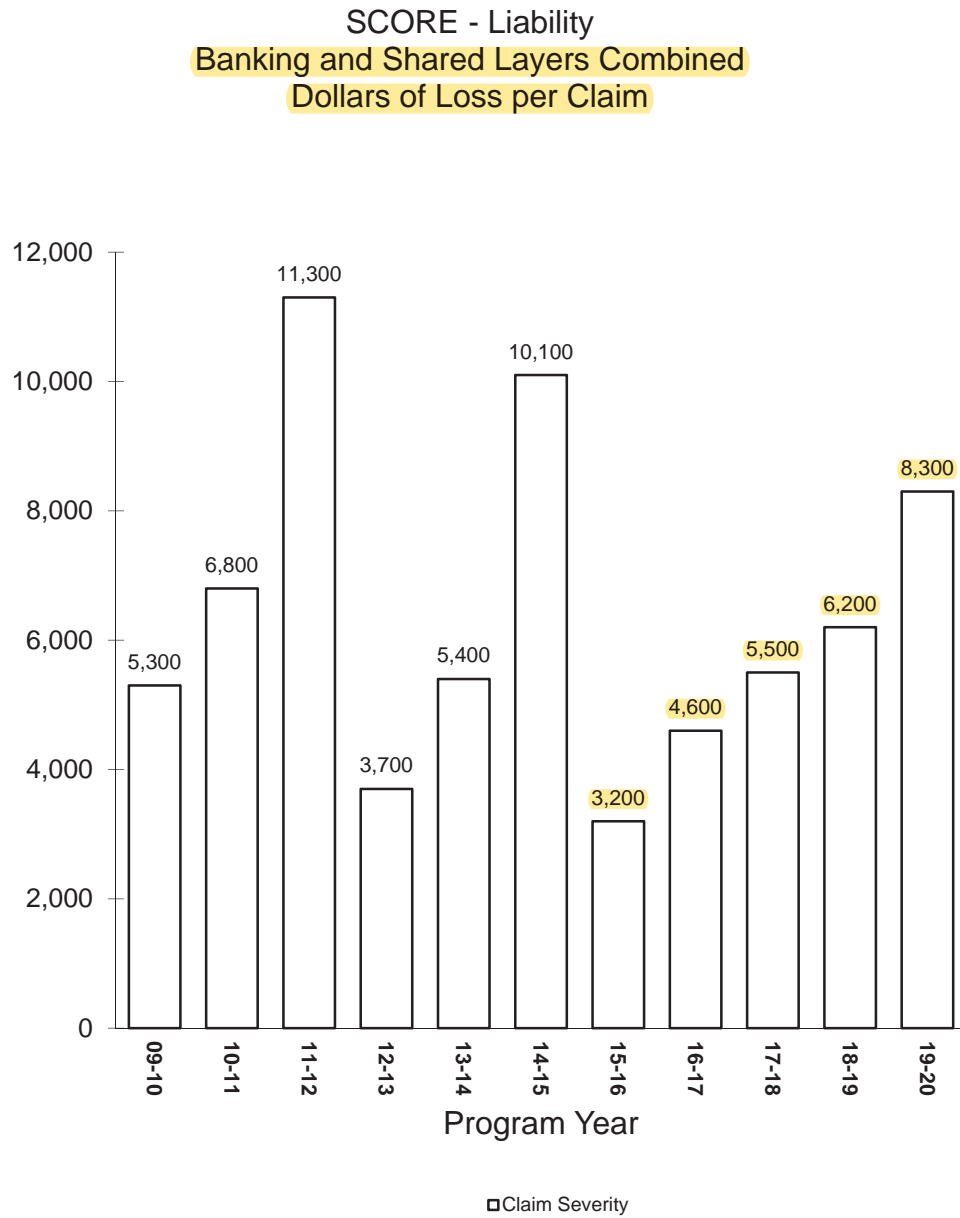
Graph 2c

SCORE - Liability
Shared Layer
Dollars of Loss per \$100 of Payroll



The program's average cost per claim, or severity, has been volatile over the past ten years, with the 2011-12 and 2014-15 years coming in particularly high. Our projected 2019-20 average cost is \$8,300 per claim. See Graph 3a below.

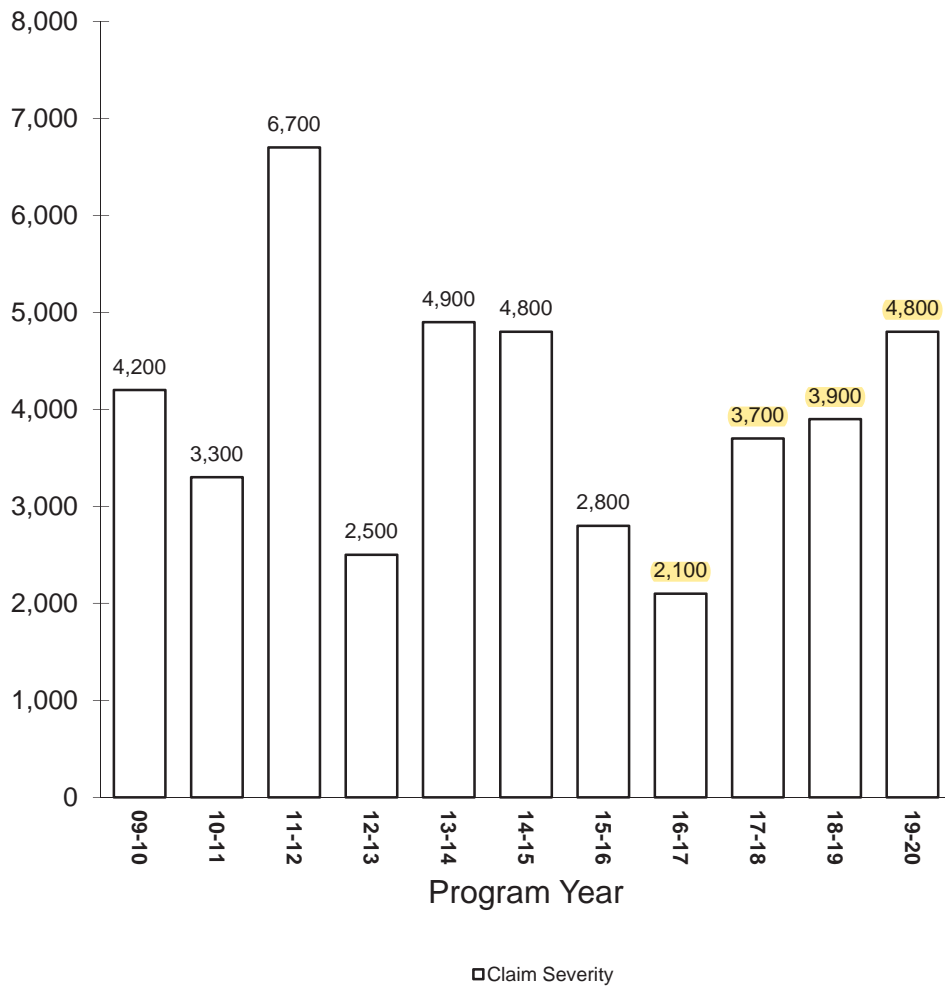
Graph 3a



The banking layer average cost per claim, or severity, has varied over the last ten years. Our projected 2019-20 average cost is \$4,800. See Graph 3b below.

Graph 3b

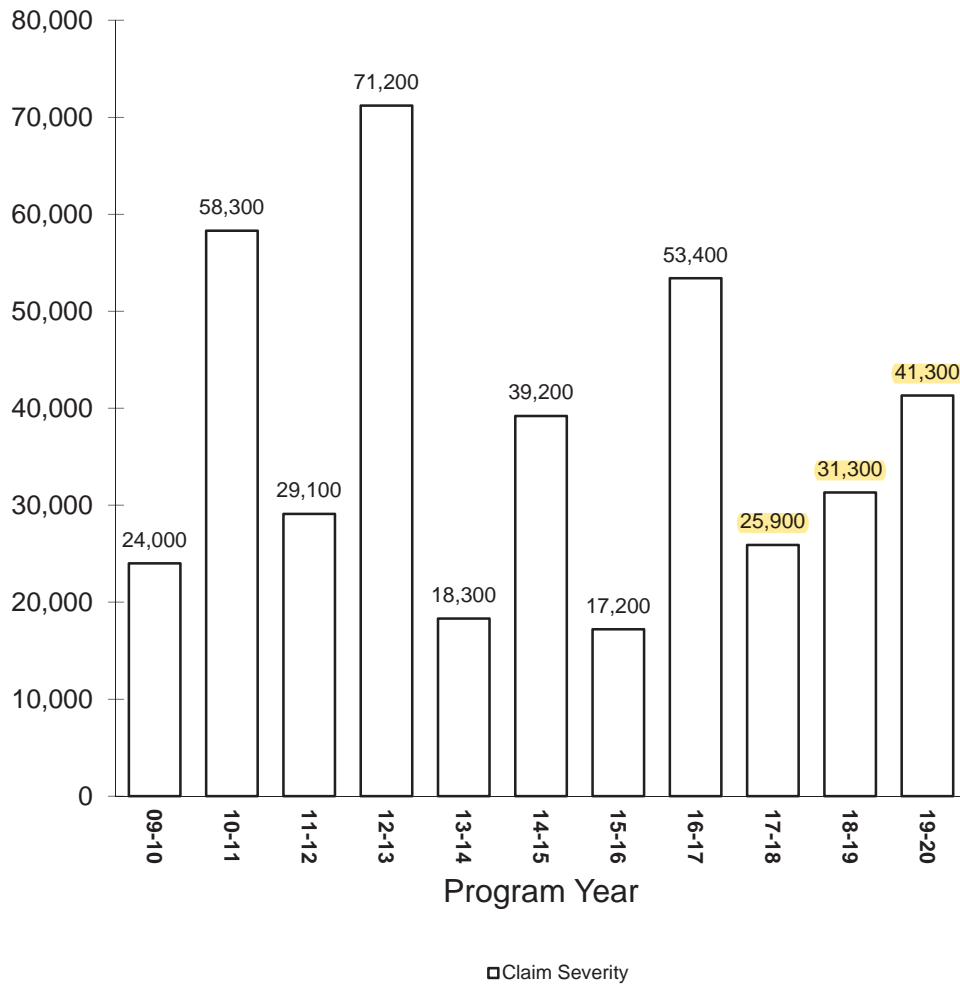
SCORE - Liability
Banking Layer
Dollars of Loss per Claim



The shared layer average cost per claim has been volatile over the period shown below. We project the 2019-20 shared layer severity to be \$41,300 per claim. See Graph 3c below.

Graph 3c

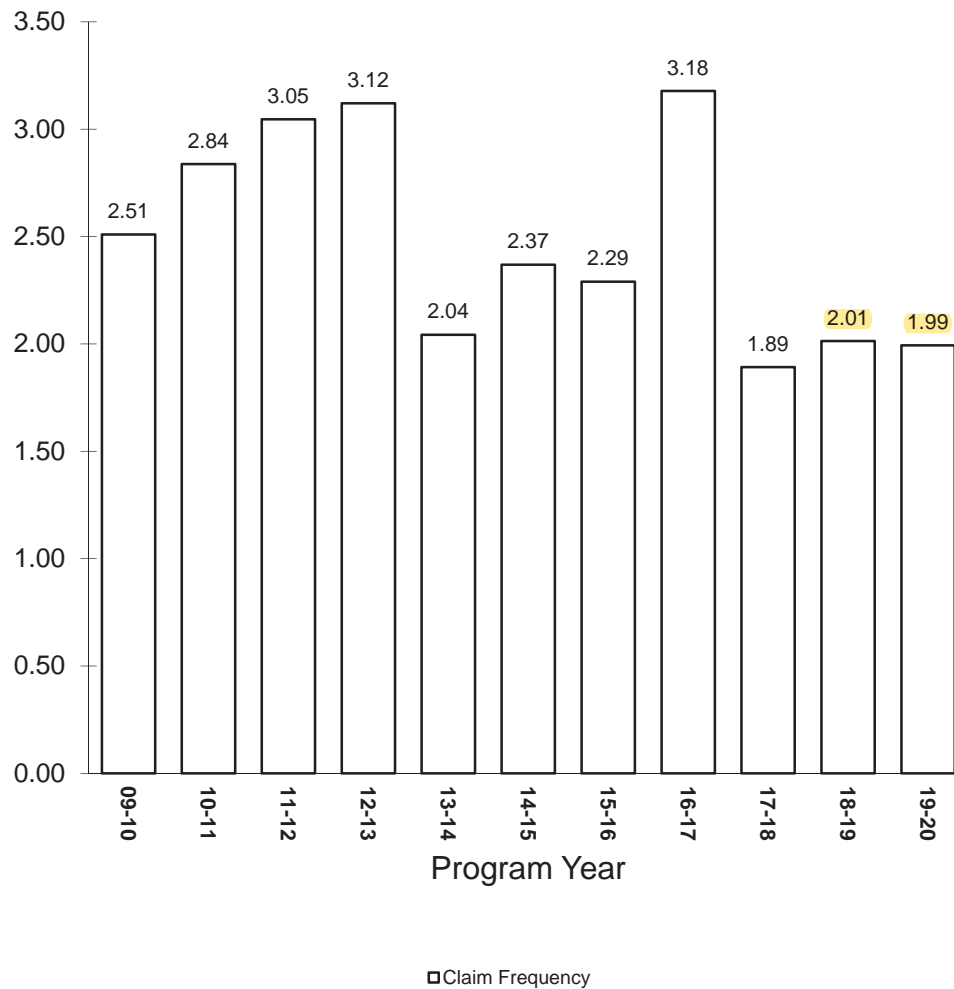
SCORE - Liability
Shared Layer
Dollars of Loss per Claim



The program's frequency of claims per \$1 million payroll had been generally increasing until 2012-13. Since then, the frequency has been relatively flat. The projected 2019-20 frequency is based on the latest six years. See Graph 4a below. (Note that shared and banking layers' frequency is the same as shown below for the program.)

Graph 4a

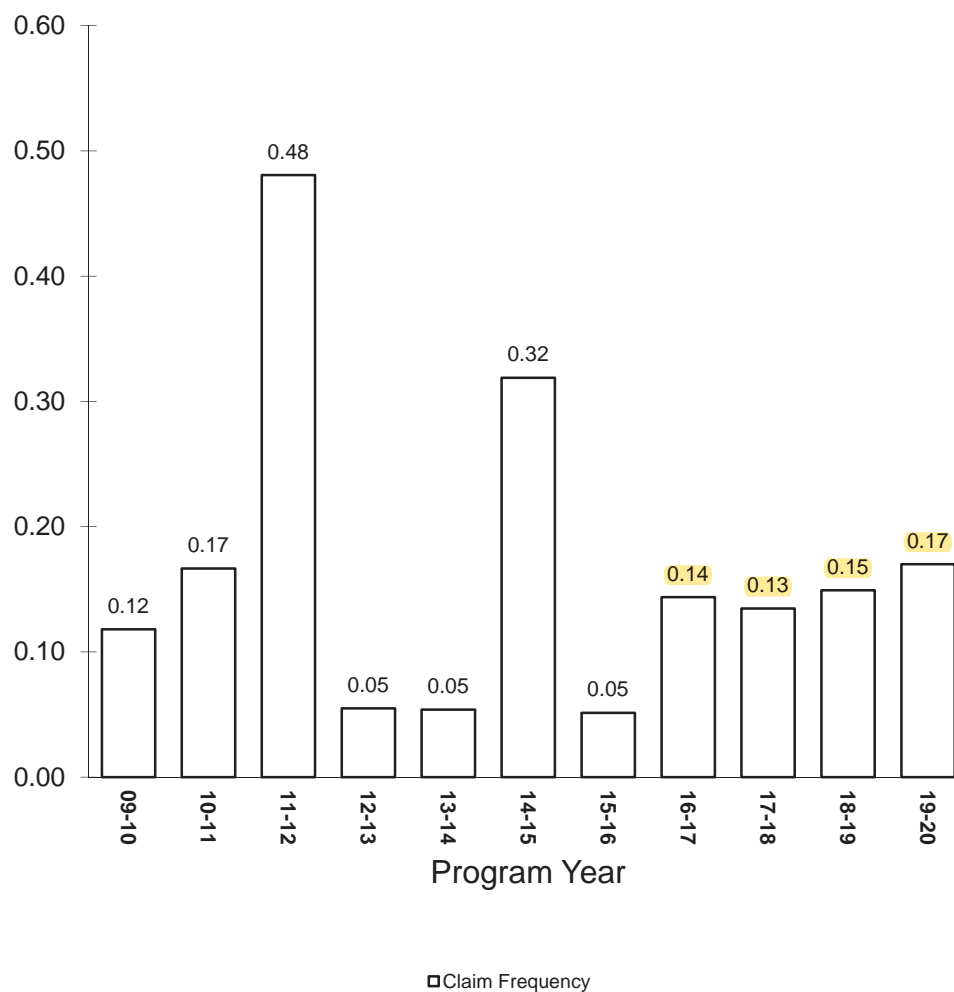
SCORE - Liability
Banking and Shared Layers **Combined**
Number of Claims per \$1 Million of Payroll



The shared layer frequency of claims per \$1 million payroll has been quite volatile, following no discernable pattern. Such volatility is not unexpected since the program receives very few claims per year. Thus even one additional claim can have a significant impact. We project the 2019-20 shared layer frequency to be 0.17 claims per \$1M payroll. See Graph 4b below.

Graph 4b

SCORE - Liability
Shared Layers
Number of Claims per \$1 Million of Payroll



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for the Small Cities Organized Risk Effort was dated March 29, 2019. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the December 31, 2018 evaluation date of the prior report and the December 31, 2019 evaluation date of the current report.

Actual Versus Expected **Incurred** Loss and ALAE Development – Combined

| Accident Year | Expected Incurred Development | Actual Incurred Development | Actual Minus Expected |
|---------------|-------------------------------|-----------------------------|-----------------------|
| Prior | \$0 | \$0 | \$0 |
| 1999-00 | 0 | 0 | 0 |
| 2000-01 | 0 | 0 | 0 |
| 2001-02 | 0 | 0 | 0 |
| 2002-03 | 0 | 0 | 0 |
| 2003-04 | 0 | 0 | 0 |
| 2004-05 | 0 | 0 | 0 |
| 2005-06 | 0 | 0 | 0 |
| 2006-07 | 0 | 0 | 0 |
| 2007-08 | 0 | 0 | 0 |
| 2008-09 | 0 | 0 | 0 |
| 2009-10 | 0 | 0 | 0 |
| 2010-11 | 0 | 0 | 0 |
| 2011-12 | 0 | 0 | 0 |
| 2012-13 | 0 | 0 | 0 |
| 2013-14 | 0 | 0 | 0 |
| 2014-15 | 0 | 0 | 0 |
| 2015-16 | 26,000 | (17,000) | (43,000) |
| 2016-17 | 57,000 | 29,000 | (28,000) |
| 2017-18 | 126,000 | 26,000 | (100,000) |
| 2018-19 | 334,000 | 294,000 | (40,000) |
| 2019-20 | 102,000 | 510,000 | 408,000 |
| Total | \$645,000 | \$842,000 | \$197,000 |

As shown, actual incurred development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$645,000 between the two evaluation dates. However, actual development was approximately \$842,000; or about \$197,000 greater than expected. All program years prior to 2019-20 have developed less than anticipated. However, this favorable development is more than offset by 2019-20 which is emerging unfavorably, largely due to one large claim.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the December 31, 2018 evaluation date of the prior report and the December 31, 2019 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development – Combined

| Accident Year | Expected Paid Development | Actual Paid Development | Actual Minus Expected |
|---------------|---------------------------|-------------------------|-----------------------|
| Prior | \$0 | \$0 | \$0 |
| 1999-00 | 0 | 0 | 0 |
| 2000-01 | 0 | 0 | 0 |
| 2001-02 | 0 | 0 | 0 |
| 2002-03 | 0 | 0 | 0 |
| 2003-04 | 0 | 0 | 0 |
| 2004-05 | 0 | 0 | 0 |
| 2005-06 | 0 | 0 | 0 |
| 2006-07 | 0 | 0 | 0 |
| 2007-08 | 0 | 0 | 0 |
| 2008-09 | 0 | 0 | 0 |
| 2009-10 | 0 | 0 | 0 |
| 2010-11 | 0 | 0 | 0 |
| 2011-12 | 0 | 0 | 0 |
| 2012-13 | 0 | 0 | 0 |
| 2013-14 | 0 | 0 | 0 |
| 2014-15 | 0 | 0 | 0 |
| 2015-16 | 28,000 | 0 | (28,000) |
| 2016-17 | 90,000 | 38,000 | (52,000) |
| 2017-18 | 117,000 | 7,000 | (110,000) |
| 2018-19 | 184,000 | 100,000 | (84,000) |
| 2019-20 | 35,000 | 10,000 | (25,000) |
| Total | \$454,000 | \$155,000 | (\$299,000) |

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$454,000 between the two evaluation dates. However, actual development was approximately \$155,000; or about \$299,000 less than expected. All program years developed less than anticipated.

In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year since our prior report.

Change in Ultimate Loss and ALAE – Combined

| Accident Year | Prior Report | Current Report | Change In Ultimate |
|---------------|--------------|----------------|--------------------|
| 1998-99 | \$224,000 | \$224,000 | \$0 |
| 1999-00 | 999,000 | 999,000 | 0 |
| 2000-01 | 502,000 | 502,000 | 0 |
| 2001-02 | 744,000 | 744,000 | 0 |
| 2002-03 | 1,215,000 | 1,215,000 | 0 |
| 2003-04 | 775,000 | 775,000 | 0 |
| 2004-05 | 370,000 | 370,000 | 0 |
| 2005-06 | 645,000 | 645,000 | 0 |
| 2006-07 | 836,000 | 836,000 | 0 |
| 2007-08 | 755,000 | 755,000 | 0 |
| 2008-09 | 272,000 | 272,000 | 0 |
| 2009-10 | 353,000 | 353,000 | 0 |
| 2010-11 | 545,000 | 545,000 | 0 |
| 2011-12 | 764,000 | 764,000 | 0 |
| 2012-13 | 625,000 | 625,000 | 0 |
| 2013-14 | 217,000 | 217,000 | 0 |
| 2014-15 | 513,000 | 513,000 | 0 |
| 2015-16 | 207,000 | 149,000 | (58,000) |
| 2016-17 | 393,000 | 369,000 | (24,000) |
| 2017-18 | 443,000 | 356,000 | (87,000) |
| 2018-19 | 593,000 | 545,000 | (48,000) |
| 2019-20 | 632,000 | 1,109,000 | 477,000 |
| Total | \$12,622,000 | \$12,882,000 | \$260,000 |

As shown, overall we have increased our estimated ultimate losses by \$260,000 since our prior report. The changes in our estimates of ultimate losses take into account both the incurred and paid development listed on the previous two pages.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2019 to be \$1,023,000 at the discounted, expected level. Our current estimate as of June 30, 2020, is \$1,677,000, an increase in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE – Combined

| | Prior Report at June 30, 2019 | Current Report at June 30, 2020 | Change |
|---|-------------------------------------|---------------------------------------|------------------|
| (A) Case Reserves: | \$264,000 | \$839,000 | \$575,000 |
| (B) IBNR Reserves: | 633,000 | 665,000 | 32,000 |
| (C) Claims Administration (ULAE): | 153,000 | 217,000 | 64,000 |
| (D) Total Reserves: | \$1,050,000 | \$1,721,000 | \$671,000 |
| (E) Offset for Investment Income: | (27,000) | (44,000) | (17,000) |
| (F) Total Outstanding Claim Liabilities: | \$1,023,000 | \$1,677,000 | \$654,000 |

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2019 and June 30, 2020 as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by one large claim during the 2019-20 accident year, resulting in a \$607,000 increase in total claim reserves. Reserves for future claims administration expenses have increased, resulting in a \$671,000 increase in total claim reserves. The offset for investment income is expected to be greater. The net change due to the above factors is an overall increase of \$654,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, our funding estimate for the 2019-20 year was \$614,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. Our current estimate for the 2020-21 year is \$695,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and ALAE – Combined

| | Prior Report 2019-20 SIR = \$500,000 | Current Report 2020-21 SIR = \$500,000 | Change |
|--|---|---|----------------|
| (A) Ultimate Loss and ALAE: | \$632,000 | \$715,000 | \$83,000 |
| (B) Ultimate Claims Administration (ULAE): | 0 | 0 | 0 |
| (C) Total Claim Costs: | \$632,000 | \$715,000 | \$83,000 |
| (D) Offset for Investment Income: | (18,000) | (20,000) | (2,000) |
| (E) Total Recommended Funding: | \$614,000 | \$695,000 | \$81,000 |
| (F) Funding per \$100 of Payroll: | \$2.475 | \$2.614 | \$0.139 |

As you can see, our funding recommendations at the discounted, expected level have increased between 2019-20 and 2020-21, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$83,000, driven by an increase in the projected payroll. This increase in loss estimate leads to a larger offset for investment income. The net change due to the above factors is an overall increase of \$81,000 in our annual funding estimate for loss and ALAE.

E. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for 2019-20 and 2020-21 (See Appendix BL-J or SIR-J).
- We estimated the June 30, 2020 asset balance by beginning with the June 30, 2019 asset balance, and adjusting for anticipated revenue and expense for 2019-20 (see Appendix SIR-K).
- We received loss data evaluated as of December 31, 2019 (See Appendix BL-L or SIR-L). We also utilized the data from SCORE's most recent actuarial study for our assessment of loss development.
- We have assumed that SCORE's payroll for 2020-21 will be \$27,902,778, based upon information provided by SCORE (See Appendix BL-M or SIR-M).
- We have calculated funding rates using 2019 DE-9 payroll of \$25,816,700 increased by 3%, or \$26,591,201, since that is used as the rating base for the 2020-21 premiums.

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by SCORE. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California public entity liability programs.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for similar liability programs in the aggregate form a reasonable basis of comparison to the patterns from the Small Cities Organized Risk Effort's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of other California public entities with self-insured liability programs in the aggregate.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of liability claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- We have assumed that the loss rate trend associated with claim costs increases at 0.5% per year. We have assumed that claim severity increases at 2.0% per year, and that claim frequency decreases at 1.5% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.

- We have assumed that assets held for investment will generate an average annual return of 1.5% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions and other expenses associated with the program based upon information provided by SCORE.
- Our funding recommendations do not include provisions for catastrophic events not in SCORE's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than SCORE's excess coverage.
- SCORE's assets available for the program are estimated to be \$6,712,000 as of June 30, 2020 for use in this report. This is shown in further detail in Appendix SIR-J.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Benefit Level Factor - Factor used to adjust historical losses to the current level of liability benefits.

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million of payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

Loss Rate - Ultimate losses per \$100 of payroll.

Non-Claims Related Expenses – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)



WORKERS' COMPENSATION - ACTUARIAL REVIEW

ACTION ITEM

ISSUE: Bickmore Risk Services has prepared a *draft* of their annual Workers' Compensation Program actuarial review, based on 12/31/19 loss data. The review estimates the ultimate cost of claims and expenses for the banking and shared risk layers for FY 20/21. This review also estimates the outstanding liabilities for the banking and shared risk layers as of 6/30/20. *Overall losses have developed favorably since last year, but recent years are up a bit, offset by favorable older years in the Shared Layer.*

Funding Rates at the current 80% Confidence Level (CL), discounted at 1.5%, are as follows:

- *Combined Rates have increased 7.7%, from \$6.26 to \$6.74. Banking Layer rates are increasing 7.3%, from \$1.78 to \$1.91, and Shared Layer rates are increasing from \$4.50 to \$4.83.*

Outstanding Liabilities at the Expected Confidence Level, discounted at 1.5%, are:

- *Combined liabilities have increased \$62,000, or 1.3%, from \$4,487,000 to \$4,549,000.*

RECOMMENDATION: Accept and request a final report after review at meeting.

FISCAL IMPACT: TBD. Rate increase of 7.7% will be included in overall funding.

BACKGROUND: SCORE has Actuarial Studies done annually for accreditation and budget purposes. The studies determine funding for the upcoming fiscal year and outstanding liabilities as of June 30.

ATTACHMENTS: Draft Actuarial Review of the Self-Insured Workers' Compensation Program, *without Exhibits or Appendices*, dated March 17, 2020.



Bickmore

Actuarial

Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of June 30, 2020
Forecast for Program Years 2020-21*

Presented to
Small Cities Organized Risk Effort

March 17, 2020

Tuesday, March 17, 2020

Mr. Marcus Beverly
Pool Administrator
Small Cities Organized Risk Effort
c/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Mr. Beverly:

As requested, we have completed our review of the Small Cities Organized Risk Effort's self-insured workers' compensation program.

Assuming an SIR of \$250,000 per occurrence and a 1.5% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2020-21 program year to be \$374,000 for the banking layer and \$909,000 for the shared layer, for a total of \$1,283,000. For budgeting purposes, these costs translate to rates of \$1.427, \$3.469 and \$4.897 per \$100 of rated payroll for the banking layer, shared layer, and in total respectively.

These forecast amounts include allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but exclude unallocated loss adjustment expenses (ULAE) and 4850 SC (Salary Continuation) benefits. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of SCORE's claims.

Assuming a 1.5% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2020 to be \$408,000 for the banking layer and \$4,141,000 for the shared layer, for a total of \$4,549,000. Given estimated program assets of \$7,203,000 as of June 30, 2020, the program is expected to be funded above the 90% confidence level on a combined basis.

These outstanding amounts include allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income, but exclude 4850 SC benefits.

These estimates are the minimum liabilities to be booked by SCORE at June 30, 2020 for its liability program for each layer, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires SCORE to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on SCORE's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863, and recent WCAB court decisions based upon information provided by the WCIRB.

The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

Our conclusions regarding SCORE's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2020 are summarized in the following tables.

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2020
1.5% Discount Rate / Net of 4850 SC

Banking Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|-----------------------------|-----------------|------------------------------------|-------------------|------------------|-----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$390,000 | \$441,000 | \$464,000 | \$489,000 | \$521,000 | \$564,000 |
| ULAE | 28,000 | 32,000 | 33,000 | 35,000 | 37,000 | 40,000 |
| Investment Income Offset | <u>(10,000)</u> | <u>(11,000)</u> | <u>(12,000)</u> | <u>(12,000)</u> | <u>(13,000)</u> | <u>(14,000)</u> |
| Discounted Loss and LAE | \$408,000 | \$462,000 | \$485,000 | \$512,000 | \$545,000 | \$590,000 |

Shared layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|-----------------------------|------------------|------------------------------------|-------------------|------------------|------------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$4,255,000 | \$4,733,000 | \$4,933,000 | \$5,162,000 | \$5,451,000 | \$5,830,000 |
| ULAE | 328,000 | 365,000 | 380,000 | 398,000 | 420,000 | 450,000 |
| Investment Income Offset | <u>(442,000)</u> | <u>(492,000)</u> | <u>(512,000)</u> | <u>(536,000)</u> | <u>(566,000)</u> | <u>(606,000)</u> |
| Discounted Loss and LAE | \$4,141,000 | \$4,606,000 | \$4,801,000 | \$5,024,000 | \$5,305,000 | \$5,674,000 |

Combined

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|-----------------------------|------------------|------------------------------------|-------------------|------------------|------------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$4,645,000 | \$5,175,000 | \$5,397,000 | \$5,653,000 | \$5,973,000 | \$6,396,000 |
| ULAE | 356,000 | 397,000 | 414,000 | 433,000 | 458,000 | 490,000 |
| Investment Income Offset | <u>(452,000)</u> | <u>(504,000)</u> | <u>(525,000)</u> | <u>(550,000)</u> | <u>(581,000)</u> | <u>(622,000)</u> |
| Discounted Loss and LAE | \$4,549,000 | \$5,068,000 | \$5,286,000 | \$5,536,000 | \$5,850,000 | \$6,264,000 |
| Assets | \$7,203,000 | \$7,203,000 | \$7,203,000 | \$7,203,000 | \$7,203,000 | \$7,203,000 |
| Surplus or (Deficit) | \$2,654,000 | \$2,135,000 | \$1,917,000 | \$1,667,000 | \$1,353,000 | \$939,000 |

The tables below show our funding recommendations for SCORE for the 2020-21 fiscal year, assuming the current SIR of \$250,000 and discount rate of 1.5%, net of 4850 SC.

**Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2020-21**

Banking Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$381,000 | \$445,000 | \$475,000 | \$510,000 | \$553,000 | \$612,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (7,000) | (8,000) | (9,000) | (9,000) | (10,000) | (11,000) |
| Discounted Loss and LAE | \$374,000 | \$437,000 | \$466,000 | \$501,000 | \$543,000 | \$601,000 |
| Rate per \$100 of Rated Payroll | \$1.427 | \$1.668 | \$1.779 | \$1.912 | \$2.073 | \$2.294 |

Shared layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-------------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$1,010,000 | \$1,211,000 | \$1,301,000 | \$1,407,000 | \$1,538,000 | \$1,714,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (101,000) | (121,000) | (130,000) | (141,000) | (154,000) | (171,000) |
| Discounted Loss and LAE | \$909,000 | \$1,090,000 | \$1,171,000 | \$1,266,000 | \$1,384,000 | \$1,543,000 |
| Rate per \$100 of Rated Payroll | \$3.469 | \$4.160 | \$4.469 | \$4.832 | \$5.282 | \$5.889 |

Combined Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-------------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$1,391,000 | \$1,655,000 | \$1,775,000 | \$1,915,000 | \$2,089,000 | \$2,324,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (108,000) | (128,000) | (138,000) | (148,000) | (162,000) | (180,000) |
| Discounted Loss and LAE | \$1,283,000 | \$1,527,000 | \$1,637,000 | \$1,767,000 | \$1,927,000 | \$2,144,000 |
| Rate per \$100 of Rated Payroll | \$4.897 | \$5.828 | \$6.248 | \$6.744 | \$7.355 | \$8.183 |

* Rated Payroll is 2019 DE-9 Payroll x 1.03.

The tables below show our funding recommendations for SCORE for the 2020-21 fiscal year, assuming an SIR of \$500,000 and discount rate of 1.5%, net of 4850 SC.

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2020-21

Banking Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$381,000 | \$445,000 | \$475,000 | \$510,000 | \$553,000 | \$612,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (7,000) | (8,000) | (9,000) | (9,000) | (10,000) | (11,000) |
| Discounted Loss and LAE | \$374,000 | \$437,000 | \$466,000 | \$501,000 | \$543,000 | \$601,000 |
| Rate per \$100 of Rated Payroll | \$1.427 | \$1.668 | \$1.779 | \$1.912 | \$2.073 | \$2.294 |

Shared layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-------------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$1,357,000 | \$1,647,000 | \$1,780,000 | \$1,938,000 | \$2,132,000 | \$2,396,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (154,000) | (187,000) | (202,000) | (220,000) | (242,000) | (272,000) |
| Discounted Loss and LAE | \$1,203,000 | \$1,460,000 | \$1,578,000 | \$1,718,000 | \$1,890,000 | \$2,124,000 |
| Rate per \$100 of Rated Payroll | \$4.592 | \$5.572 | \$6.023 | \$6.557 | \$7.214 | \$8.107 |

Combined Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-------------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$1,738,000 | \$2,091,000 | \$2,252,000 | \$2,445,000 | \$2,682,000 | \$3,003,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (161,000) | (194,000) | (208,000) | (226,000) | (249,000) | (278,000) |
| Discounted Loss and LAE | \$1,577,000 | \$1,897,000 | \$2,044,000 | \$2,219,000 | \$2,433,000 | \$2,725,000 |
| Rate per \$100 of Rated Payroll | \$6.019 | \$7.240 | \$7.801 | \$8.469 | \$9.286 | \$10.401 |

* Rated Payroll is 2019 DE-9 Payroll x 1.03.

The tables below show our funding recommendations for SCORE for the 2020-21 fiscal year, assuming an SIR of \$1,000,000 and discount rate of 1.5%, net of 4850 SC.

**Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2020-21**

Banking Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-----------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$381,000 | \$445,000 | \$475,000 | \$510,000 | \$553,000 | \$612,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (7,000) | (8,000) | (9,000) | (9,000) | (10,000) | (11,000) |
| Discounted Loss and LAE | \$374,000 | \$437,000 | \$466,000 | \$501,000 | \$543,000 | \$601,000 |
| Rate per \$100 of Rated Payroll | \$1.427 | \$1.668 | \$1.779 | \$1.912 | \$2.073 | \$2.294 |

Shared layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-------------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$1,639,000 | \$2,015,000 | \$2,199,000 | \$2,415,000 | \$2,686,000 | \$3,051,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (197,000) | (242,000) | (264,000) | (290,000) | (323,000) | (367,000) |
| Discounted Loss and LAE | \$1,442,000 | \$1,773,000 | \$1,935,000 | \$2,125,000 | \$2,363,000 | \$2,684,000 |
| Rate per \$100 of Rated Payroll | \$5.504 | \$6.767 | \$7.385 | \$8.111 | \$9.019 | \$10.244 |

Combined Layer

| | Expected | Marginally Acceptable 70% CL | Recommended Range | | | Conservative 90% CL |
|------------------------------------|-------------|------------------------------------|-------------------|------------------|----------------|------------------------|
| | | | Low 75% CL | Target 80% CL | High 85% CL | |
| Loss and ALAE | \$2,020,000 | \$2,458,000 | \$2,670,000 | \$2,921,000 | \$3,232,000 | \$3,654,000 |
| ULAE | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Income Offset | (204,000) | (248,000) | (269,000) | (295,000) | (326,000) | (369,000) |
| Discounted Loss and LAE | \$1,816,000 | \$2,210,000 | \$2,401,000 | \$2,626,000 | \$2,906,000 | \$3,285,000 |
| Rate per \$100 of Rated Payroll | \$6.931 | \$8.435 | \$9.164 | \$10.023 | \$11.092 | \$12.538 |

* Rated Payroll is 2019 DE-9 Payroll x 1.03.

DRAFT

The funding recommendations shown in the tables above do not include any recognition of the existing funding margin at June 30, 2020. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for SCORE's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to the Small Cities Organized Risk Effort in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Mike Harrington, FCAS, MAAA
President and Principal, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

James Kim, ACAS, MAAA
Senior Analyst, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Eric Small
Consulting Actuary, Bickmore Actuarial

TABLE OF CONTENTS

| | |
|--|----|
| I. BACKGROUND | 9 |
| II. CONCLUSIONS AND RECOMMENDATIONS | 10 |
| A. LIABILITY FOR OUTSTANDING CLAIMS | 10 |
| B. PROGRAM FUNDING: GOALS AND OBJECTIVES | 15 |
| C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM | 17 |
| D. COMPARISON WITH PREVIOUS RESULTS | 25 |
| E. DATA PROVIDED FOR THE ANALYSIS | 30 |
| III. ASSUMPTIONS AND LIMITATIONS | 31 |
| IV. GLOSSARY OF ACTUARIAL TERMS | 33 |
| V. EXHIBITS | |
| BANKING LAYER | 35 |
| SHARED LAYER | 44 |
| TOTAL | 53 |
| VI. APPENDICES | |
| BANKING LAYER | 62 |
| SHARED LAYER | 94 |
| TOTAL | 98 |

I. BACKGROUND

The Small Cities Organized Risk Effort began its self-insured workers' compensation program on July 1, 1993. Its current self-insured retention is \$250,000, and excess coverage is provided by the Local Agency Workers' Compensation Excess (LAWCX) Joint Powers Authority. SCORE has a banking layer to \$25,000 per occurrence. Each member is directly responsible for its own losses within the banking layer. Losses above \$25,000 are shared up to SCORE's self-insured retention. Claims administration services are provided by Sedgwick. Additional background on the program is given in Appendix BL-J or SIR-J.

Please note that the estimates contained in this report exclude costs for 4850 SC (salary continuation).

The purpose of this review is to provide a guide to SCORE to determine reasonable funding levels for its self-insurance program according to the funding policy SCORE has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate SCORE's liability for outstanding claims as of June 30, 2020, project ultimate loss costs for 2020-21, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

Graphs 1a, 1b and 1c on the following pages summarize our assessment of SCORE's funding position as of June 30, 2020. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due.

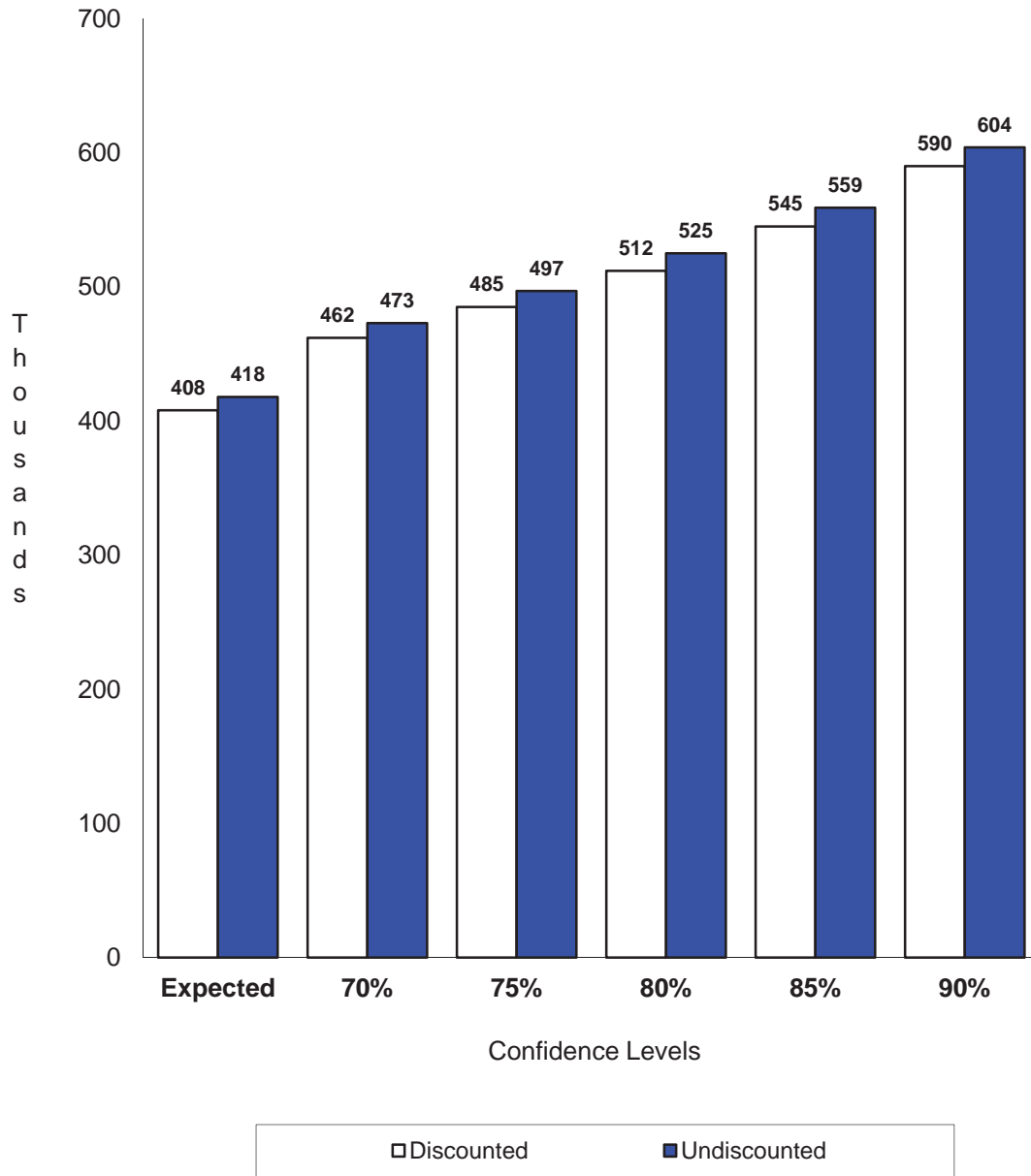
Our best estimate of the full value of SCORE's liability for outstanding claims within its self-insured retention (SIR) as of June 30, 2020 is \$418,000 for the banking layer and \$4,583,000 for the shared layer, for a total of \$5,001,000. This amount includes losses, allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE), but excludes 4850 SC benefits. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graphs 1a, 1b and 1c show the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

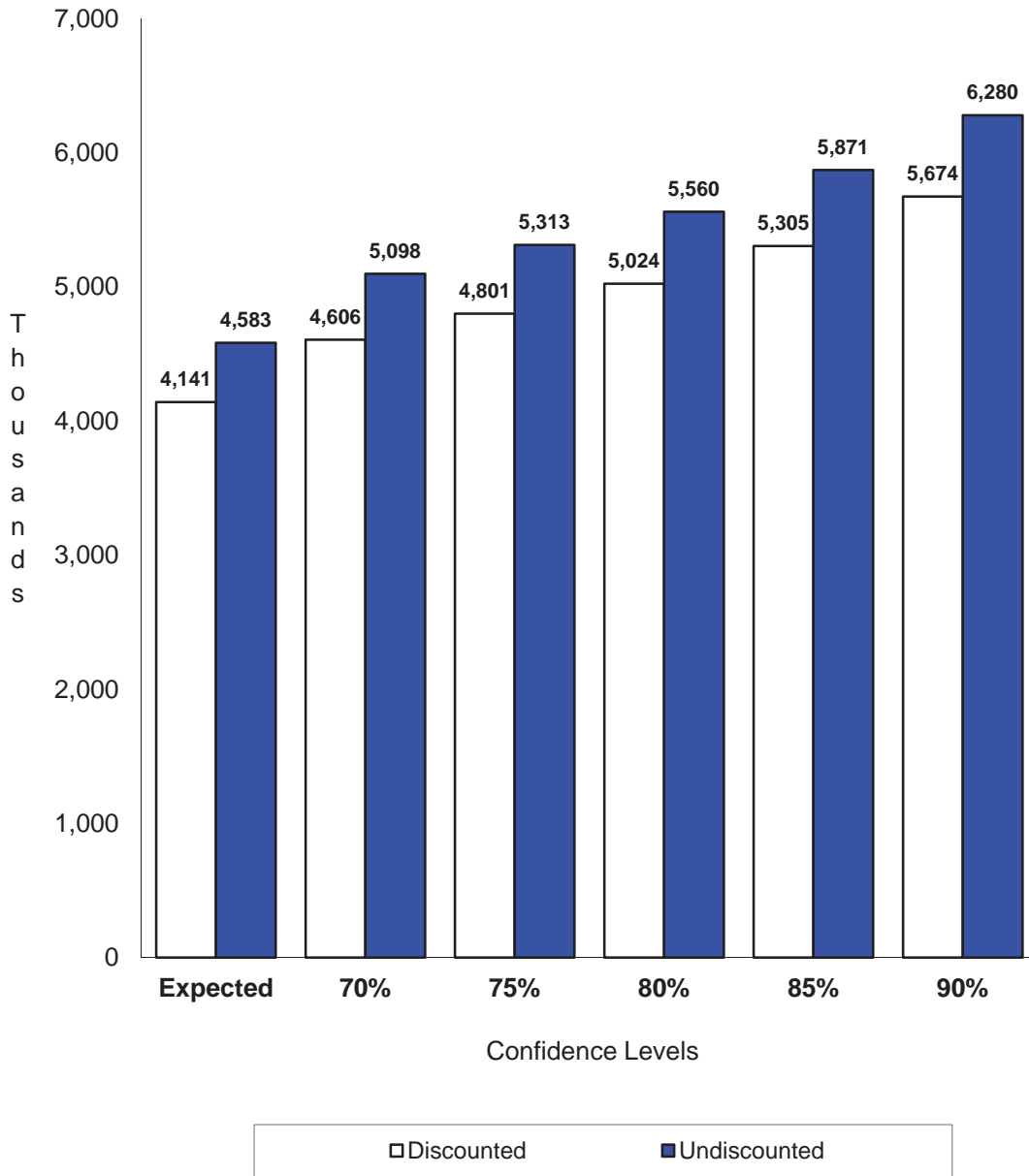
SCORE can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 9.0% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$408,000 for the banking layer and \$4,141,000 for the shared layer for a total of \$4,549,000 as of June 30, 2020.

Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graphs 1a, 1b and 1c show our estimates of SCORE's discounted liability for outstanding claims.

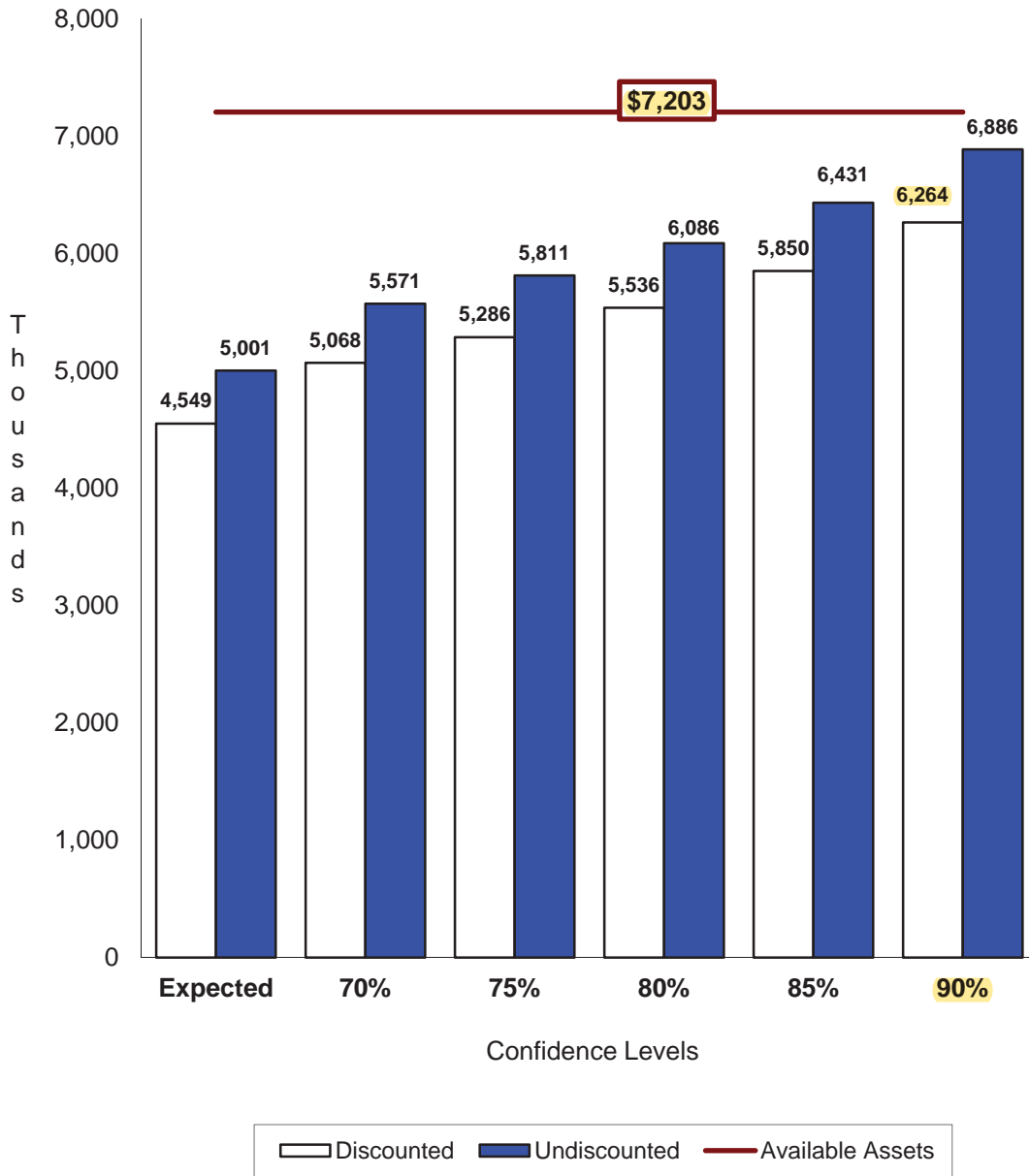
SCORE - Workers' Compensation
Outstanding Liability (\$000's)
at June 30, 2020
Banking Layer



SCORE - Workers' Compensation
Outstanding Liability (\$000's)
at June 30, 2020
Shared layer



SCORE - Workers' Compensation
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2020
 Combined



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2020, before recognition of investment income.

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program – Combined
Estimated Liability for Unpaid Loss and LAE at June 30, 2020

| Year | Case Reserves | IBNR Reserves | Total Outstanding |
|---------------|---------------|---------------|-------------------|
| Prior | \$55,129 | \$27,674 | \$82,803 |
| 1999-00 | 46,441 | 3,340 | 49,781 |
| 2000-01 | 31,516 | 2,799 | 34,315 |
| 2001-02 | 33,709 | 12,531 | 46,240 |
| 2002-03 | 0 | 0 | 0 |
| 2003-04 | 22,892 | 13,999 | 36,891 |
| 2004-05 | 58,086 | 19,844 | 77,930 |
| 2005-06 | 0 | 0 | 0 |
| 2006-07 | 21,058 | 21,728 | 42,786 |
| 2007-08 | 0 | 0 | 0 |
| 2008-09 | 0 | 0 | 0 |
| 2009-10 | 0 | 0 | 0 |
| 2010-11 | 0 | 0 | 0 |
| 2011-12 | 105,150 | 74,623 | 179,773 |
| 2012-13 | 21,301 | 84,379 | 105,680 |
| 2013-14 | 34,974 | 90,844 | 125,818 |
| 2014-15 | 123,919 | 162,810 | 286,729 |
| 2015-16 | 123,668 | 213,738 | 337,406 |
| 2016-17 | 111,327 | 301,932 | 413,259 |
| 2017-18 | 471,226 | 330,533 | 801,759 |
| 2018-19 | 633,285 | 296,322 | 929,607 |
| 2019-20 | 278,388 | 816,279 | 1,094,667 |
| Loss and ALAE | \$2,172,069 | \$2,473,375 | \$4,645,444 |
| ULAE | | 356,000 | 356,000 |
| Total | \$2,172,069 | \$2,829,375 | \$5,001,444 |

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by SCORE.

GASB #10 and #30 do not address asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

We generally recommend maintaining program assets at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting assets will be sufficient to meet claim liabilities, yet the required risk margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required risk margin for the most part, which means that assets are likely sufficient on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, SCORE's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce a surplus more slowly than you would accumulate funding to reduce a deficit.

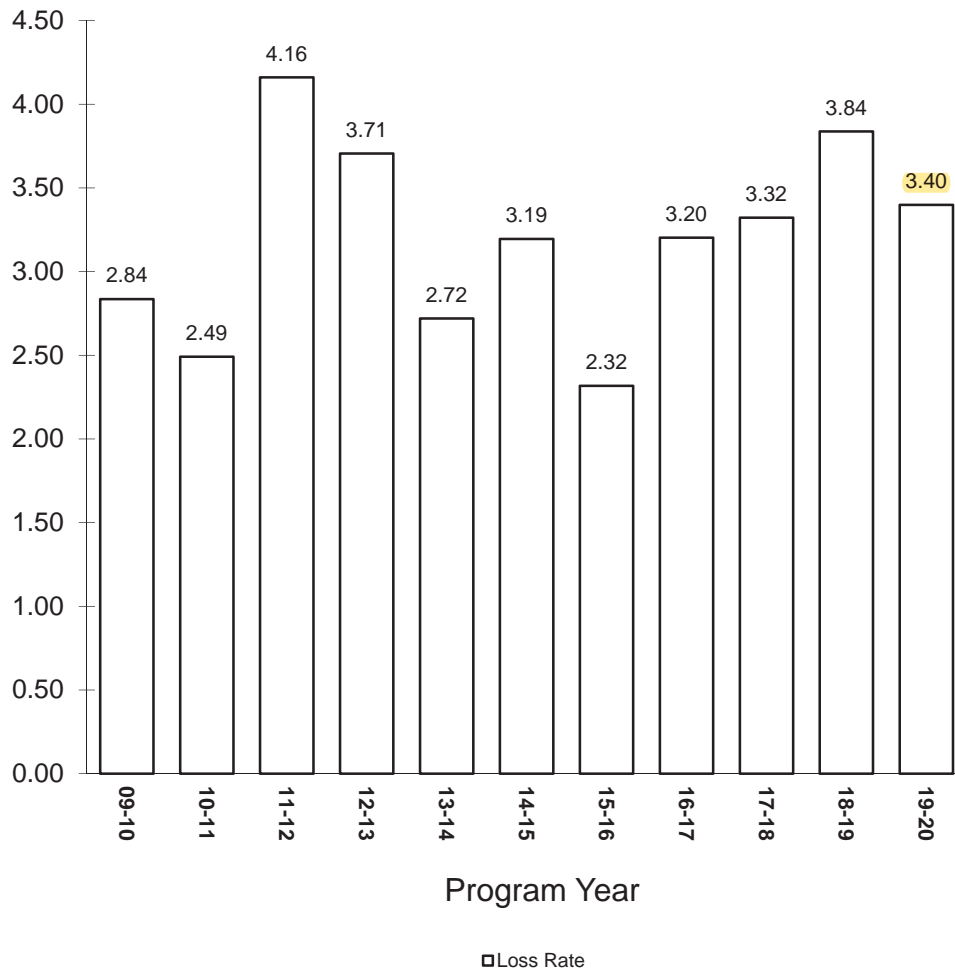
It is estimated that program assets will be \$7,203,000 at June 30, 2020, resulting in the program being funded above the 90% confidence level on a combined basis.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has varied substantially from year to year, but followed a generally increasing trend. We selected a loss rate of \$3.40 per \$100 of payroll for the 2019-20 program year based on the assumption that this trend will continue. See Graph 2a below.

Graph 2a

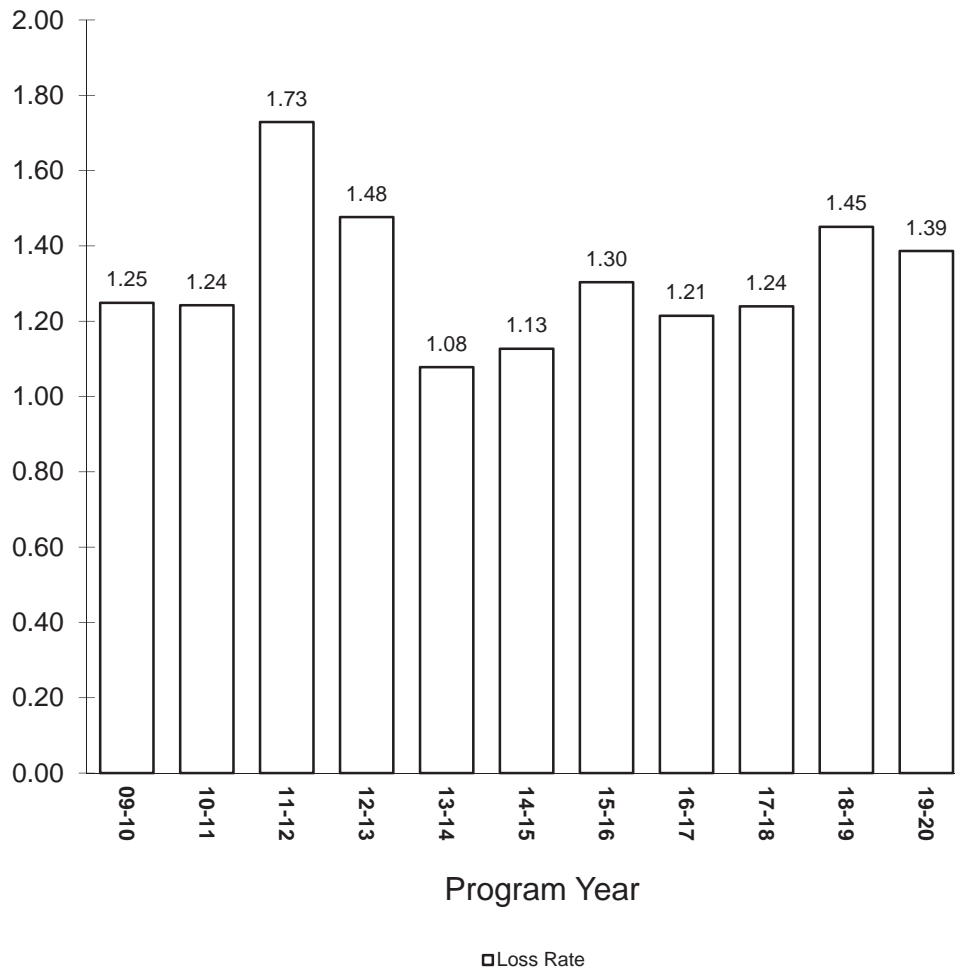
SCORE - Workers' Compensation
Banking and Shared Layers Combined
Dollars of Loss per
\$100 of Payroll



The banking layer loss rate per \$100 payroll has been increasing overall during most recent six years. Our projected 2019-20 loss rate of \$1.39 per \$100 of payroll reflects this trend. See Graph 2b below.

Graph 2b

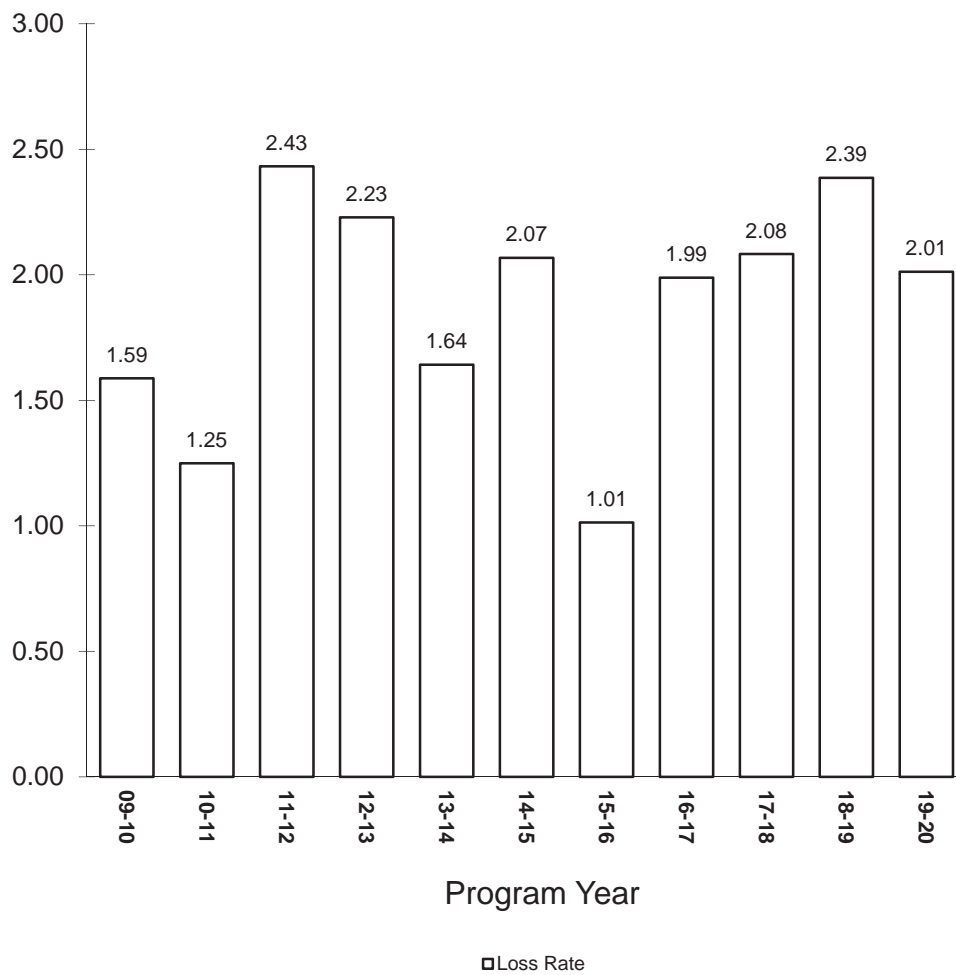
SCORE - Workers' Compensation
Banking Layer
Dollars of Loss per
\$100 of Payroll



The shared layer loss rate has varied over the last ten years, typical for excess layers losses. Overall rates appear to follow an increasing trend in the most recent ten years. We projected 2019-20 loss rate of \$2.01 based on this recent trend. See Graph 2c below.

Graph 2c

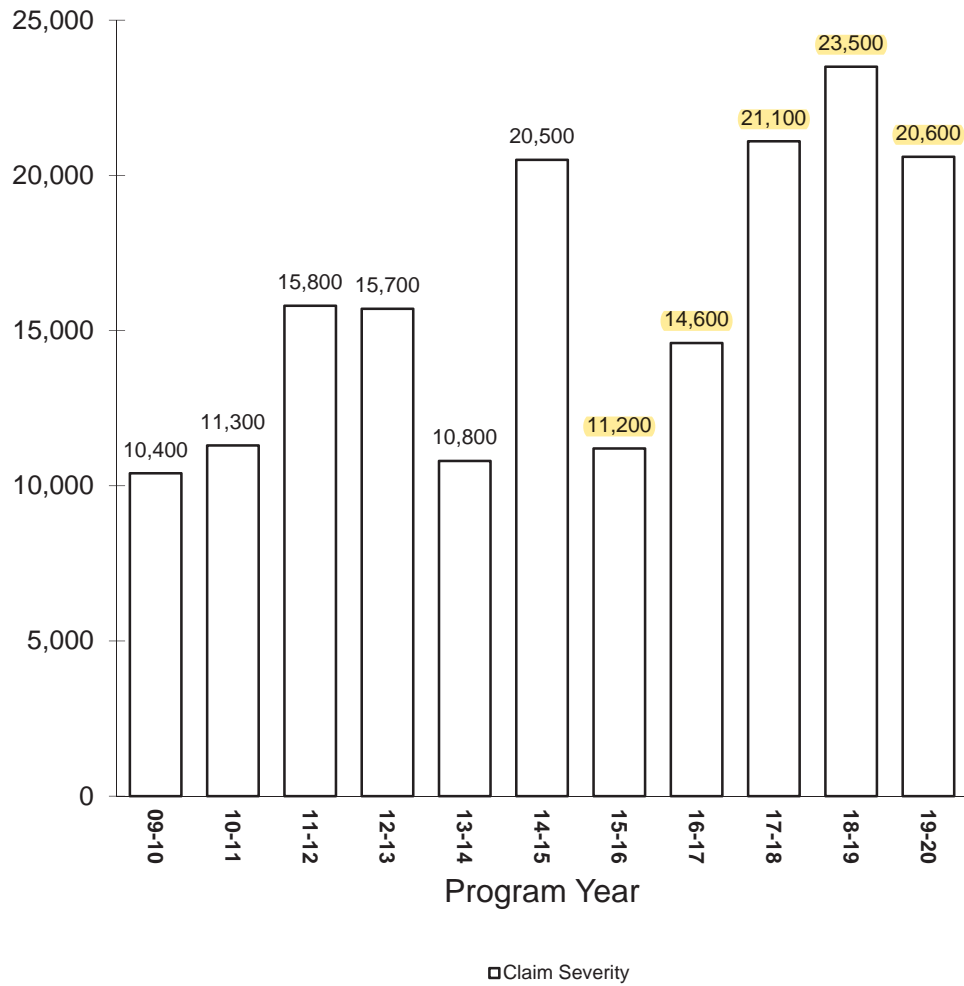
SCORE - Workers' Compensation
Shared Layer
Dollars of Loss per
\$100 of Payroll



The program's average cost per claim has been following a generally increasing trend over the past ten years. Our projected 2019-20 average cost of \$20,600 per claim reflects this trend. See Graph 3a below.

Graph 3a

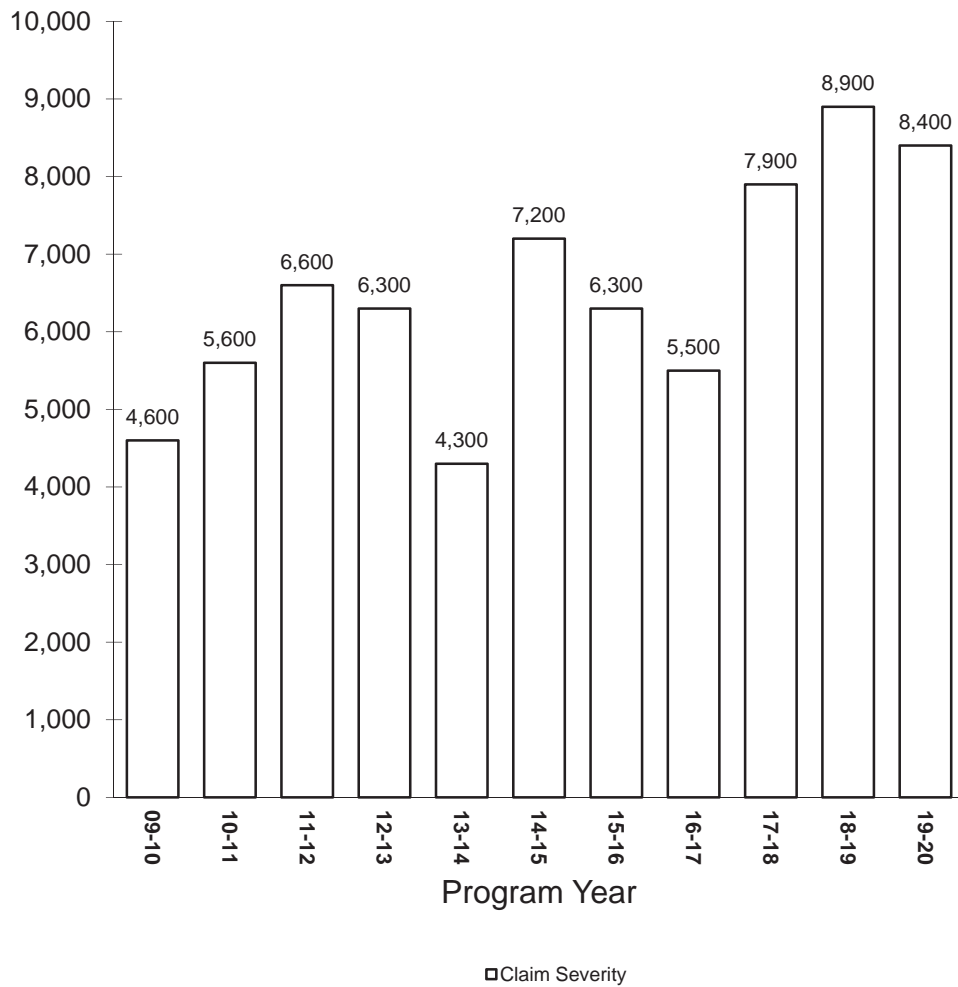
SCORE - Workers' Compensation
Banking and Shared Layers Combined
Dollars of Loss per Claim



The banking layer's average cost per claim has been increasing overall since 2009-10. Our projected 2019-20 average cost is \$8,400. See Graph 3b below.

Graph 3b

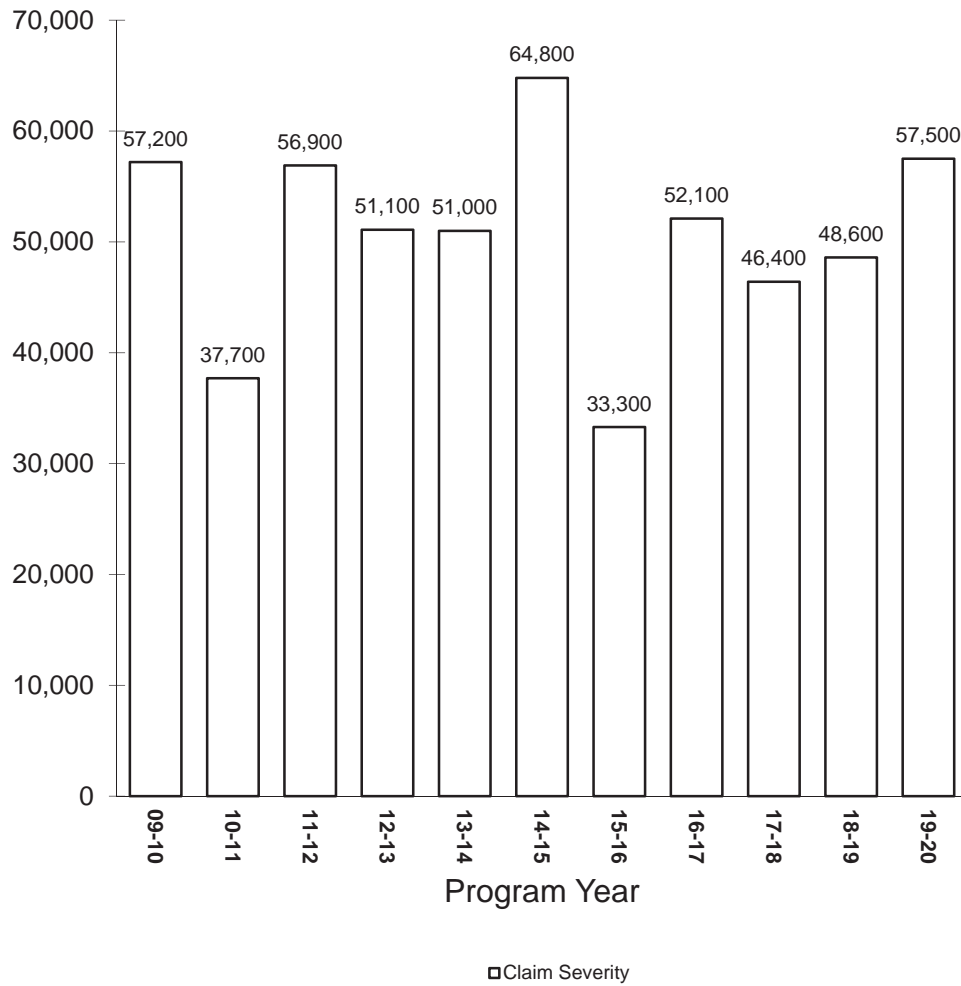
SCORE - Workers' Compensation
Banking Layer
Dollars of Loss per Claim



The shared layer average cost per claim has been volatile over the period shown below. We project the 2019-20 shared layer severity to be \$57,500 per claim. See Graph 3c below.

Graph 3c

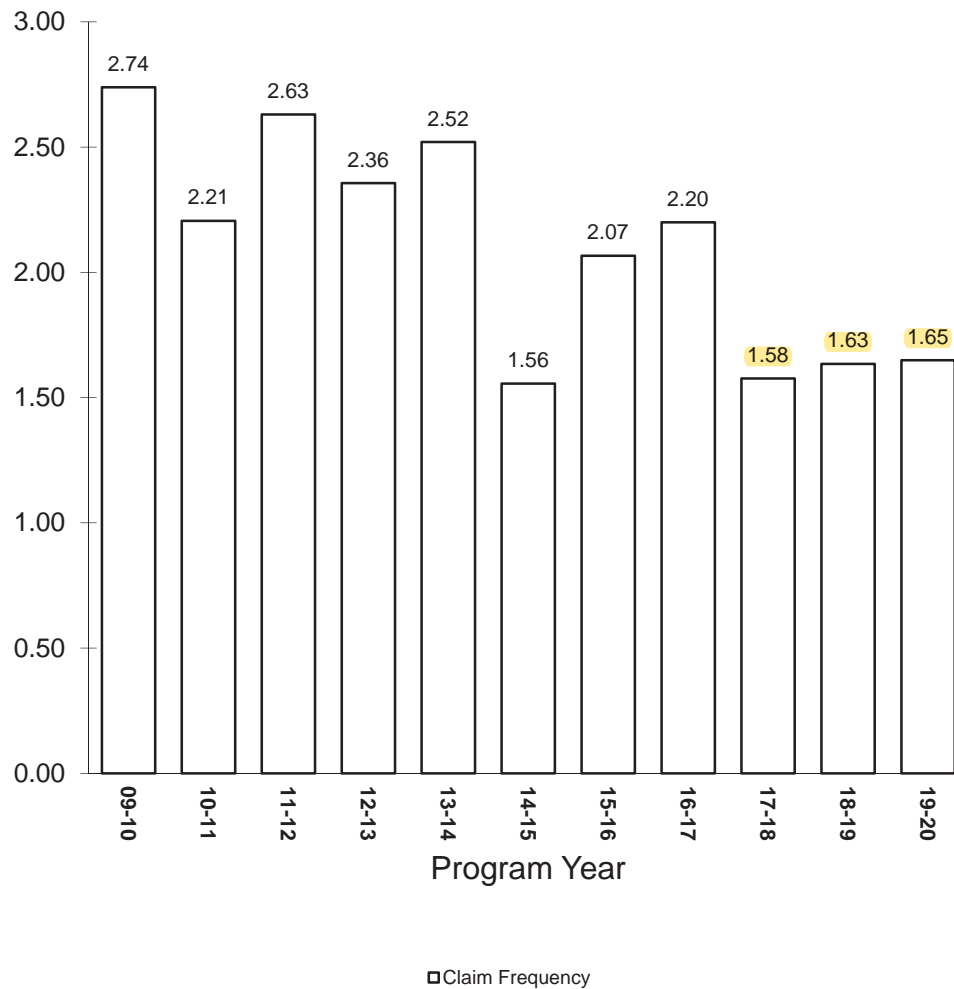
SCORE - Workers' Compensation
Shared Layer
Dollars of Loss per Claim



The program's frequency of claims per \$1 million payroll has been generally trending downward. The projected 2019-20 frequency of 1.65 is based on that decreasing trend. See Graph 4a below. (Note that banking layer frequency is the same as shown below for the program.)

Graph 4a

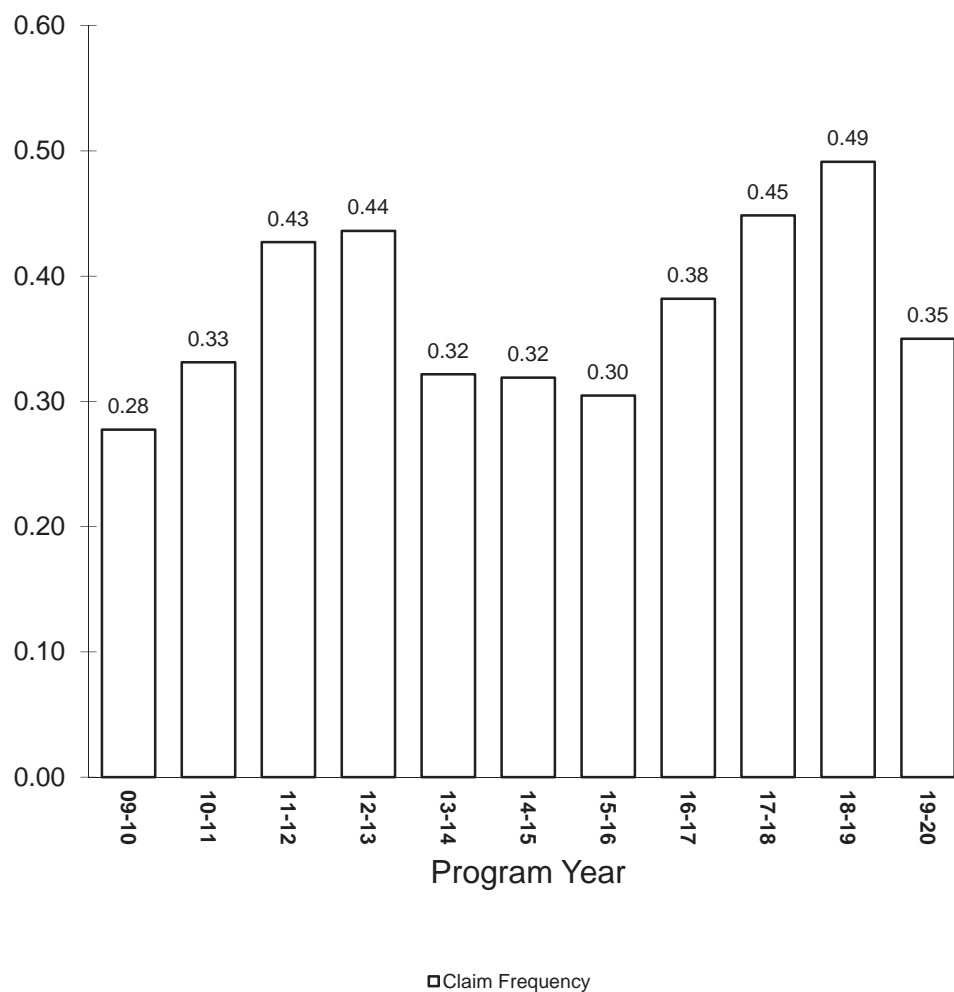
SCORE - Workers' Compensation
Banking and Shared Layers Combined
Number of Claims per
\$1 Million of Payroll



The shared layer frequency of claims per \$1 million payroll has been volatile, following no discernable pattern. Such volatility is not unexpected since the program receives very few claims per year. Thus even one additional claim can have a significant impact. We project the 2019-20 shared layer frequency to be 0.35 claims per \$1M payroll. See Graph 4b below.

Graph 4b

SCORE - Workers' Compensation
Shared Layer
Number of Claims per
\$1 Million of Payroll



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for the Small Cities Organized Risk Effort was dated March 29, 2019. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the December 31, 2018 evaluation date of the prior report and the December 31, 2019 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development – Combined

Net of 4850 SC

| Accident Year | Expected Incurred Development | Actual Incurred Development | Actual Minus Expected |
|---------------|-------------------------------|-----------------------------|-----------------------|
| Prior | \$7,000 | (\$58,000) | (\$65,000) |
| 1999-00 | 1,000 | 0 | (1,000) |
| 2000-01 | 0 | (24,000) | (24,000) |
| 2001-02 | 5,000 | 0 | (5,000) |
| 2002-03 | 5,000 | (17,000) | (22,000) |
| 2003-04 | 3,000 | (24,000) | (27,000) |
| 2004-05 | 5,000 | (12,000) | (17,000) |
| 2005-06 | 0 | 0 | 0 |
| 2006-07 | 5,000 | 0 | (5,000) |
| 2007-08 | 7,000 | 0 | (7,000) |
| 2008-09 | 6,000 | (35,000) | (41,000) |
| 2009-10 | 10,000 | (29,000) | (39,000) |
| 2010-11 | 9,000 | 0 | (9,000) |
| 2011-12 | 13,000 | 49,000 | 36,000 |
| 2012-13 | 12,000 | (45,000) | (57,000) |
| 2013-14 | 62,000 | 52,000 | (10,000) |
| 2014-15 | 29,000 | (54,000) | (83,000) |
| 2015-16 | 45,000 | 87,000 | 42,000 |
| 2016-17 | 66,000 | (156,000) | (222,000) |
| 2017-18 | 107,000 | 289,000 | 182,000 |
| 2018-19 | 359,000 | 575,000 | 216,000 |
| 2019-20 | 235,000 | 230,000 | (5,000) |
| Total | \$991,000 | \$828,000 | (\$163,000) |

As shown, actual incurred development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$991,000 between the two evaluation dates. However, actual development was approximately \$828,000; or about \$163,000 less than expected. Although most accident years have developed lower than expected, this favorable experience is partially offset by greater than expected development for the 2015-16, 2017-18 and 2018-19 accident years.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the December 31, 2018 evaluation date of the prior report and the December 31, 2019 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development – Combined

Net of 4850 SC

| Accident Year | Expected Paid Development | Actual Paid Development | Actual Minus Expected |
|---------------|---------------------------|-------------------------|-----------------------|
| Prior | \$21,000 | \$3,000 | (\$18,000) |
| 1999-00 | 9,000 | 0 | (9,000) |
| 2000-01 | 11,000 | 32,000 | 21,000 |
| 2001-02 | 7,000 | 3,000 | (4,000) |
| 2002-03 | 4,000 | 0 | (4,000) |
| 2003-04 | 9,000 | 23,000 | 14,000 |
| 2004-05 | 10,000 | 1,000 | (9,000) |
| 2005-06 | 0 | 0 | 0 |
| 2006-07 | 6,000 | 2,000 | (4,000) |
| 2007-08 | 6,000 | 5,000 | (1,000) |
| 2008-09 | 9,000 | 0 | (9,000) |
| 2009-10 | 10,000 | 0 | (10,000) |
| 2010-11 | 7,000 | 1,000 | (6,000) |
| 2011-12 | 19,000 | 2,000 | (17,000) |
| 2012-13 | 22,000 | 31,000 | 9,000 |
| 2013-14 | 65,000 | 31,000 | (34,000) |
| 2014-15 | 68,000 | 100,000 | 32,000 |
| 2015-16 | 58,000 | 70,000 | 12,000 |
| 2016-17 | 147,000 | 156,000 | 9,000 |
| 2017-18 | 177,000 | 94,000 | (83,000) |
| 2018-19 | 286,000 | 296,000 | 10,000 |
| 2019-20 | 36,000 | 46,000 | 10,000 |
| Total | \$987,000 | \$896,000 | (\$91,000) |

As shown, actual paid development was also less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$987,000 between the two evaluation dates. However, actual development was approximately \$896,000; or about \$91,000 less than expected. Similar to the incurred loss development, most accident years prior to 2012-13 have developed lower than expected. However, this favorable experience is partially offset by greater than expected development for the six of the eight most recent accident years.

In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year since our prior report.

Change in Ultimate Loss and ALAE – Combined

Net of 4850 SC

| Accident Year | Prior Report | Current Report | Change In Ultimate |
|---------------|--------------|----------------|--------------------|
| Prior | \$4,767,000 | \$4,711,000 | (\$56,000) |
| 1999-00 | 697,000 | 695,000 | (2,000) |
| 2000-01 | 400,000 | 378,000 | (22,000) |
| 2001-02 | 1,159,000 | 1,155,000 | (4,000) |
| 2002-03 | 1,107,000 | 1,067,000 | (40,000) |
| 2003-04 | 755,000 | 730,000 | (25,000) |
| 2004-05 | 994,000 | 977,000 | (17,000) |
| 2005-06 | 320,000 | 320,000 | 0 |
| 2006-07 | 662,000 | 657,000 | (5,000) |
| 2007-08 | 845,000 | 799,000 | (46,000) |
| 2008-09 | 676,000 | 599,000 | (77,000) |
| 2009-10 | 894,000 | 801,000 | (93,000) |
| 2010-11 | 782,000 | 718,000 | (64,000) |
| 2011-12 | 965,000 | 1,005,000 | 40,000 |
| 2012-13 | 951,000 | 916,000 | (35,000) |
| 2013-14 | 678,000 | 691,000 | 13,000 |
| 2014-15 | 975,000 | 926,000 | (49,000) |
| 2015-16 | 593,000 | 654,000 | 61,000 |
| 2016-17 | 1,266,000 | 1,097,000 | (169,000) |
| 2017-18 | 1,089,000 | 1,249,000 | 160,000 |
| 2018-19 | 1,256,000 | 1,383,000 | 127,000 |
| 2019-20 | 1,194,000 | 1,286,000 | 92,000 |
| Total | \$23,025,000 | \$22,814,000 | (\$211,000) |

As shown, overall we have decreased our estimated ultimate losses by \$211,000 since our prior report. The changes in our estimates of ultimate losses take into account both the incurred and paid development listed on the previous two pages.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2019 to be \$4,487,000 at the discounted, expected level. Our current estimate as of June 30, 2020, is \$4,549,000, an increase in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE – Combined

Net of 4850 SC

| | Prior Report at June 30, 2019 | Current Report at June 30, 2020 | Change |
|---|-------------------------------------|---------------------------------------|-----------------|
| (A) Case Reserves: | \$2,213,000 | \$2,172,000 | (\$41,000) |
| (B) IBNR Reserves: | 2,360,000 | 2,473,000 | 113,000 |
| (C) Claims Administration (ULAE): | 347,000 | 356,000 | 9,000 |
| (D) Total Reserves: | \$4,920,000 | \$5,001,000 | \$81,000 |
| (E) Offset for Investment Income: | (433,000) | (452,000) | (19,000) |
| (F) Total Outstanding Claim Liabilities: | \$4,487,000 | \$4,549,000 | \$62,000 |

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2019 and June 30, 2020 as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by the addition of the most recent accident year. The ultimate losses in the most recent years are greater than ultimate losses for older years, resulting in growth in IBNR. Reserves for future claims administration expenses have increased, resulting in an \$81,000 increase in total claim reserves. This increase in reserves leads to a larger offset for investment income. The net change due to the above factors is an overall increase of \$62,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, our funding estimate for the 2019-20 year was \$1,102,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. Our current estimate for the 2020-21 year is \$1,283,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and ALAE – Combined

Net of 4850 SC

| | Prior Report 2019-20 SIR = \$250,000 | Current Report 2020-21 SIR = \$250,000 | Change |
|--|---|---|----------------|
| (A) Ultimate Loss and ALAE: | \$1,194,000 | \$1,391,000 | \$197,000 |
| (B) Ultimate Claims Administration (ULAE): | 0 | 0 | 0 |
| (C) Total Claim Costs: | \$1,194,000 | \$1,391,000 | \$197,000 |
| (D) Offset for Investment Income: | (92,000) | (108,000) | (16,000) |
| (E) Total Recommended Funding: | \$1,102,000 | \$1,283,000 | \$181,000 |
| (F) Funding per \$100 of Payroll: | \$4.505 | \$4.897 | \$0.392 |

As you can see, our funding recommendations at the discounted, expected level have increased between 2019-20 and 2020-21, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$197,000, driven by greater than expected loss experience in the most recent accident years, as previously discussed, coupled with an increase in the projected payroll. This increase in loss estimate leads to a larger offset for investment income. The net change due to the above factors is an overall increase of \$181,000 in our annual funding estimate for loss and ALAE.

E. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$250,000 per occurrence for 2019-20 and 2020-21 (See Appendix BL-J or SIR-J).
- We estimated the June 30, 2020 asset balance by beginning with the June 30, 2019 asset balance, and adjusting for anticipated revenue and expense for 2019-20 (see Appendix SIR-K).
- We received loss data evaluated as of December 31, 2019 (See Appendix BL-L or SIR-L). We also utilized the data from SCORE's most recent actuarial study for our assessment of loss development.
- Please note that the estimates contained in this report do not include costs for 4850 SC (salary continuation), but do include 4850 TD (temporary disability).
- We have assumed that SCORE's payroll for 2020-21 will be \$27,483,783 based upon information provided by SCORE (See Appendix BL-M or SIR-M).
- We have calculated funding rates using 2019 DE-9 payroll of \$25,437,104 increased by 3%, or \$26,200,217, since that is used as the rating base for the 2020-21 premiums.

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by SCORE. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California public entity workers' compensation programs.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for similar workers' compensation programs in the aggregate form a reasonable basis of comparison to the patterns from the Small Cities Organized Risk Effort's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of similar workers' compensation programs.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of workers' compensation claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- The changes in cost levels associated with benefit increases and administrative changes typically take place over a period of several years following their enactment, and these changes are very difficult to forecast in advance. We have based our benefit level factors on those produced by the Workers' Compensation Insurance Rating Bureau of California (WCIRB). See Appendix E for a display of the benefit level cost indices by fiscal year.

- We have assumed that the loss rate trend associated with claim costs remain unchanged from year to year. We have assumed that claim severity increases at 2.0% per year, and that claim frequency decreases at 2.0% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- We have assumed that assets held for investment will generate an average annual return of 1.5% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions and other expenses associated with the program based upon information provided by SCORE.
- Our funding recommendations do not include provisions for catastrophic events not in SCORE's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than SCORE's excess coverage.
- SCORE's assets available for the program are estimated to be \$7,203,000 as of June 30, 2020 for use in this report. This is shown in further detail in Appendix SIR-K.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Benefit Level Factor - Factor used to adjust historical losses to the current level of workers' compensation benefits.

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million of payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

Loss Rate - Ultimate losses per \$100 of payroll.

Non-Claims Related Expenses – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 27, 2020**

Agenda Item G.2.

QUARTERLY FINANCIALS FOR QE DECEMBER 31, 2019

ACTION ITEM

ISSUE: The Board of Directors receives a quarterly report on the financial status of SCORE. Gilbert Associates will present SCORE's Financials for Quarter ending December 31, 2019 to the Board of Directors for their review.

RECOMMENDATION: Receive and file the Quarterly Financials as presented.

FISCAL IMPACT: Unknown.

BACKGROUND: Each quarter the Board of Directors reviews the quarterly financials for accuracy and refers questions for follow-up, or receives and files the report as presented.

ATTACHMENT(S): Quarterly Financial Reports as of 12/31/19

Small Cities Organied Risk Effort
Statement of Net Position
As of December 31, 2019 and December 31, 2018

| | Dec 31, '19 | Dec 31, '18 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Current Assets | | |
| Checking/Savings | | |
| Mechanics Bank - General | \$ 488,709.42 | \$ 2,176,049.90 |
| Mechanics Bank Claims Accounts | | |
| Mechanics Bank - Liability | 40,000.37 | 36,023.16 |
| Mechanics Bank - Workers' Comp | 35,580.64 | 14,307.74 |
| LAIF | 2,704,621.61 | 415,496.50 |
| Petty Cash | | |
| Total Checking/Savings | 3,268,912.04 | 2,641,877.30 |
| Other Current Assets | | |
| Chandler Investments | | |
| Chandler - Investments | 945,672.31 | 1,576,463.83 |
| Chandler - Unrealized Gain (Loss) | 4,577.40 | (8,543.64) |
| US Bank | 37,369.21 | 15,150.44 |
| Total Chandler - Investment Account | 987,618.92 | 1,583,070.63 |
| Due from Members - Adj Premiums | - | - |
| Interest Receivable | 69,639.03 | 55,617.67 |
| Member Accounts Receivable | 192,906.54 | 331,099.85 |
| Claim Recovery Receivable | 513,457.78 | 123,793.54 |
| Prepaid Insurance | 632,599.85 | 544,557.31 |
| Prepaid Administration | 134,486.50 | 143,079.00 |
| Prepaid Expenses | 37,081.46 | 36,892.71 |
| Total Other Current Assets | 2,567,790.08 | 2,818,110.71 |
| Total Current Assets | 5,836,702.12 | 5,459,988.01 |
| Noncurrent Assets | | |
| Chandler Investments | | |
| Chandler - Investments | 10,590,448.57 | 9,760,086.44 |
| Chandler - Unrealized Gain (Loss) | 162,100.91 | (100,848.12) |
| Total Chandler - Investment Account | 10,752,549.48 | 9,659,238.32 |
| TOTAL ASSETS | \$ 16,589,251.60 | \$ 15,119,226.33 |

Small Cities Organied Risk Effort
Statement of Net Position
As of December 31, 2019 and December 31, 2018

| | Dec 31, '19 | Dec 31, '18 |
|---|--------------------|--------------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 63,081.24 | - |
| LAWCX | 12,959.00 | 12,959.00 |
| Deferred Income | 1,002,320.63 | 1,003,668.43 |
| Dividend Payable to Members | 5,835.00 | 5,835.00 |
| Claims Reserves - Current | | |
| Claims Reserves - W/C | 851,458.00 | 835,754.00 |
| Claims Reserves - Liability | 360,690.00 | 203,650.21 |
| Total Claims Payable - Current | 1,212,148.00 | 1,039,404.21 |
| IBNR - Current | | |
| IBNR Reserves - W/C | - | - |
| IBNR Reserves - Liability | - | 145,527.73 |
| Total IBNR | - | 145,527.73 |
| Total Current Liabilities | 2,296,343.87 | 2,207,394.37 |
| Long Term Liabilities | | |
| LAWCX | 103,675.00 | 136,716.37 |
| Claims Reserves - Non-Current | | |
| Claims Reserves - W/C | 1,335,371.95 | 1,447,748.52 |
| Claims Reserves - Liability | 528,739.98 | - |
| Total Claims Payable - Non-Current | 1,864,111.93 | 1,447,748.52 |
| IBNR | | |
| IBNR Reserves - W/C | 2,517,568.38 | 2,298,776.48 |
| IBNR Reserves - Liability | 572,473.25 | 822,607.99 |
| Total IBNR | 3,090,041.63 | 3,121,384.47 |
| ULAE | | |
| ULAE - W/C | 345,000.00 | 343,000.00 |
| ULAE - Liability | 118,000.00 | 69,000.00 |
| Total ULAE | 463,000.00 | 412,000.00 |
| Total Long Term Liabilities | 5,520,828.56 | 5,117,849.36 |
| Total Liabilities | 7,817,172.43 | 7,325,243.73 |
| NET POSITION | | |
| Net Position - Workers' Compensation | | |
| Board Designated - W/C | 1,250,000.00 | 1,250,000.00 |
| Workers' Compensation Banking Layer | 1,100,879.32 | 1,246,139.96 |
| Net Position - Liability | | |
| Board Designated - Liability | 2,500,000.00 | 2,500,000.00 |
| Liability Banking Layer | 1,421,071.01 | 1,277,598.72 |
| Undesignated Net Position | | |

Small Cities Organied Risk Effort
Statement of Net Position
As of December 31, 2019 and December 31, 2018

| | <u>Dec 31, '19</u> | <u>Dec 31, '18</u> |
|---|------------------------|------------------------|
| Unrestricted | 2,234,292.03 | 1,238,904.74 |
| Net Revenues Over (Under) Expenditures | 265,836.81 | 281,339.11 |
| Total Net Position | <u>\$ 8,772,079.17</u> | <u>\$ 7,793,982.53</u> |

Small Cities Organied Risk Effort
Statement of Revenue, Expenses and Changes in Net Position
For the Quarter and Year to Date Ended December 31, 2019 and December 31, 2018

| | <u>Oct '19 - Dec '19</u> | <u>Jul '19 - Dec '19</u> | <u>Jul '18 -Dec '18</u> |
|--|--------------------------|--------------------------|-------------------------|
| Ordinary Revenue | | | |
| Revenue | | | |
| Member Contributions | \$ 1,129,389.02 | \$ 2,275,193.88 | \$ 2,053,005.26 |
| Member Assessment/Refunds | - | - | 1,070.47 |
| Bank/LAIF Interest | 14,030.75 | 25,583.56 | 4,876.04 |
| Managed Portfolio | 61,532.03 | 122,018.39 | 107,194.11 |
| Miscellaneous Income | 1,921.83 | 3,030.83 | 49,477.00 |
| Total Operating Revenue | <u>1,206,873.63</u> | <u>2,425,826.66</u> | <u>2,215,622.88</u> |
| Operating Expenses | | | |
| General and Administrative Expenses | | | |
| Bank Service Charges | 20.00 | 69.52 | 133.84 |
| Accreditation Fee | - | - | - |
| Cash Over/Short | - | - | - |
| Conference | - | - | - |
| Dues & Subscriptions | - | - | - |
| ID Fraud Coverage | 916.68 | 1,833.36 | 1,877.82 |
| Insurance - EE Dishonesty & Bonds | 275.00 | 550.00 | - |
| Meeting Expense | 11,046.52 | 12,775.08 | 11,552.88 |
| Member Conference Reimbursement | 623.64 | 623.64 | 651.93 |
| Miscellaneous Expenses | - | - | - |
| Office Supplies | - | - | - |
| Safety Services | 17,500.00 | 52,500.00 | 52,500.00 |
| Safety Training | 13,156.26 | 26,312.52 | 26,312.50 |
| Treasury Services (Fort Jones) | - | - | - |
| User Funding Assessment (WC) | - | - | 26,561.99 |
| Total Administration | <u>43,538.10</u> | <u>94,664.12</u> | <u>119,590.96</u> |
| Board Meeting/Travel | | | |
| Consulting Services | | | |
| Accounting Services | 14,807.15 | 29,498.26 | 28,325.79 |
| Actuarial Study | - | - | - |
| Administration Costs | 67,118.25 | 134,236.50 | 131,604.00 |
| Appraisal Services | - | - | - |
| Audit Services | | | |
| Claims Audit | - | - | 2,950.00 |
| Audit - Financial | - | 19,000.00 | 19,350.00 |
| Total Audit Services | <u>-</u> | <u>19,000.00</u> | <u>22,300.00</u> |
| Claims Services | | | |
| Claims Management -WC | 25,632.48 | 51,264.96 | 50,757.54 |
| Claims Management - Liability | 25,359.99 | 50,719.98 | 49,725.00 |
| Consulting Services | - | - | - |
| TPA - Annual Fees | - | - | 11,475.00 |
| Total Claims Services | <u>50,992.47</u> | <u>101,984.94</u> | <u>111,957.54</u> |
| Contract Services | | | |
| Investment Fees | 3,841.16 | 7,647.63 | 7,307.76 |
| Legal | 1,370.84 | 1,685.34 | 1,524.88 |
| Total Consulting Services | <u>138,129.87</u> | <u>294,052.67</u> | <u>303,019.97</u> |
| Total General and Administrative Expenses | <u>181,667.97</u> | <u>388,716.79</u> | <u>422,610.93</u> |
| Insurance Expenses | | | |
| Workers' Compensation | 83,275.75 | 166,551.50 | 155,941.00 |
| Combined GL/AL Excess | 53,527.50 | 107,055.00 | 84,897.50 |
| Property Coverage | 152,712.44 | 305,424.88 | 255,328.84 |
| Insurance Premiums | 27,360.25 | 52,416.50 | 47,647.50 |
| Total Insurance Expenses | <u>316,875.94</u> | <u>631,447.88</u> | <u>543,814.84</u> |
| Claims Expenses | | | |
| Claims Payments | | | |
| Claim Payments - WC | 172,148.13 | 420,032.62 | 475,771.29 |
| Claim Payments - Liability | 10,729.78 | 52,043.30 | 100,537.03 |
| Total Claim Payments | <u>182,877.91</u> | <u>472,075.92</u> | <u>576,308.32</u> |
| Changes in Claims Liabilities | | | |
| Change in Reserves | 562,511.63 | 798,947.35 | 402,725.11 |
| Changes in IBNR | (93,211.15) | (182,321.56) | - |
| Changes in ULAE | 53,000.00 | 72,000.00 | - |

Small Cities Organied Risk Effort
Statement of Revenue, Expenses and Changes in Net Position
For the Quarter and Year to Date Ended December 31, 2019 and December 31, 2018

| | <u>Oct '19 - Dec '19</u> | <u>Jul '19 - Dec '19</u> | <u>Jul '18 -Dec '18</u> |
|---|--------------------------|--------------------------|-------------------------|
| Total Change in Claims Liabilities | 522,300.48 | 688,625.79 | 402,725.11 |
| Total Claims Expenses | <u>705,178.39</u> | <u>1,160,701.71</u> | <u>979,033.43</u> |
| Grant Fund Program | 3,713.45 | 17,984.26 | 20,245.54 |
| Dividends | - | - | - |
| General Contingency | - | - | - |
| Total Expenses | <u>1,207,435.75</u> | <u>2,198,850.64</u> | <u>1,965,704.74</u> |
| Net Operating Revenue | (562.12) | 226,976.02 | 249,918.14 |
| Other Revenue (Expense) | | | |
| ERMA Dividend Exp | - | - | (49,477.00) |
| Investment Gain/Loss | (1,744.69) | 38,860.79 | 80,897.97 |
| Net Revenue Over (Under) Expenses | <u>\$ (2,306.81)</u> | <u>\$ 265,836.81</u> | <u>\$ 281,339.11</u> |
| Net Position, Beginning | | <u>\$ 8,506,242.36</u> | <u>\$ 7,512,643.42</u> |
| Net Position Ending | | <u>\$ 8,772,079.17</u> | <u>\$ 7,793,982.53</u> |

Small Cities Organized Risk Effort
Statement of Revenue, Expenses Budget to Actual
For the Year to Date Ended December 31, 2019

| | Jul '19 - Dec '19 | Budget | \$ Over Budget | % of Budget |
|--|---------------------|---------------------|--------------------|---------------|
| Ordinary Revenue | | | | |
| Revenue | | | | |
| Member Contributions | \$ 2,275,193.88 | \$ 2,251,273.00 | \$ 23,920.88 | 101.1% |
| Bank/LAIF Interest | 25,583.56 | - | 25,583.56 | 100.0% |
| Managed Portfolio | 122,018.39 | - | 122,018.39 | 100.0% |
| Member Assessments / Refunds | - | - | - | 0.0% |
| Miscellaneous Income | 3,030.83 | - | 3,030.83 | 100.0% |
| Total Operating Revenue | 2,425,826.66 | 2,251,273.00 | 174,553.66 | 107.8% |
| Operating Expenses | | | | |
| Accreditation Fee | - | 1,187.50 | (1,187.50) | 0.0% |
| Bank Service Charges | 69.52 | 250.00 | (180.48) | 27.8% |
| Conference | - | - | - | 0.0% |
| Contingency Reserve | - | 12,500.00 | (12,500.00) | 0.0% |
| Dues & Subscriptions | - | 1,125.00 | (1,125.00) | 0.0% |
| Insurance | 2,383.36 | 2,326.50 | 56.86 | 102.4% |
| Member Conference Reimbursement | 623.64 | 9,500.00 | (8,876.36) | 6.6% |
| Meeting Expense | 12,775.08 | 15,425.00 | (2,649.92) | 82.8% |
| Miscellaneous Expenses | - | 500.00 | (500.00) | 0.0% |
| Office Supplies | - | - | - | 0.0% |
| Safety Services | 52,500.00 | 52,500.00 | - | 100.0% |
| Safety Training | 26,312.52 | 26,312.50 | 0.02 | 100.0% |
| Treasury Services (Fort Jones) | - | 500.00 | (500.00) | - |
| User Funding Assessment (WC) | - | 15,430.00 | (15,430.00) | 0.0% |
| Total Administration | 94,664.12 | 137,556.50 | (42,892.38) | 68.8% |
| Board Meeting/Travel | - | - | - | 0.0% |
| Consulting Services | | | | |
| Accounting Services | 29,498.26 | 29,360.00 | 138.26 | 100.5% |
| Actuarial Study | - | 5,565.00 | (5,565.00) | 0.0% |
| Administration Costs | 134,236.50 | 134,236.50 | - | 100.0% |
| Appraisal Services | - | - | - | 0.0% |
| Audit Services | - | - | - | - |
| Claims Audit | - | 4,000.00 | (4,000.00) | 0.0% |
| Audit - Financial | 19,000.00 | 11,050.00 | 7,950.00 | 171.9% |
| Total Audit Services | 19,000.00 | 15,050.00 | 3,950.00 | 126.2% |
| Bookkeeping Services | - | - | - | 0.0% |
| Claims Services | - | - | - | - |
| Claims Management -WC | 51,264.96 | 51,265.00 | (0.04) | 100.0% |
| Claims Management - Liability | 50,719.98 | 50,720.00 | (0.02) | 100.0% |
| TPA - Annual Fees | - | 12,750.00 | (12,750.00) | 0.0% |
| Total Claims Services | 101,984.94 | 114,735.00 | (12,750.06) | 88.9% |
| Contract Services | - | - | - | 0.0% |
| Investment Fees | 7,647.63 | 7,250.00 | 397.63 | 105.5% |
| Legal | 1,685.34 | 3,500.00 | (1,814.66) | 48.2% |
| Total Consulting Services | 294,052.67 | 309,696.50 | (15,643.83) | 94.9% |
| Total General and Administrative Expenses | 388,716.79 | 447,253.00 | (58,536.21) | 86.9% |
| Insurance Expenses | | | | |
| Workers' Compensation | 166,551.50 | - | - | - |
| Combined GL/AL Excess | 107,055.00 | - | - | - |

Small Cities Organied Risk Effort
Statement of Revenue, Expenses Budget to Actual
For the Year to Date Ended December 31, 2019

| | <u>Jul '19 - Dec '19</u> | <u>Budget</u> | <u>\$ Over Budget</u> | <u>% of Budget</u> |
|---|--------------------------|------------------------|--------------------------|--------------------|
| Property Coverage | 305,424.88 | | | |
| Insurance Premiums | 52,416.50 | | | |
| Total Insurance Expenses | 631,447.88 | 553,717.80 | 77,730.09 | 114.0% |
| Claims Expenses | | | | |
| Claims Payments | | | | |
| Claim Payments - WC | 420,032.62 | | 420,032.62 | 100.0% |
| Claim Payments - Liability | 52,043.30 | | 52,043.30 | 100.0% |
| Total Claim Payments | 472,075.92 | - | 472,075.92 | 100.0% |
| Changes in Claims Liabilities | | | | |
| Change in Reserves | 798,947.35 | - | 798,947.35 | 100.0% |
| Changes in IBNR | (182,321.56) | - | - | 100.0% |
| Changes in ULAE | 72,000.00 | - | - | 100.0% |
| Total Change in Claims Liabilities | 688,625.79 | - | 798,947.35 | 100.0% |
| Change in IBNR | - | - | - | 0.0% |
| Change in ULAE | - | - | - | 0.0% |
| Total Claims Expenses | 1,160,701.71 | - | 1,271,023.27 | 100.0% |
| Grant Fund Program | 17,984.26 | - | 17,984.26 | 100.0% |
| Dividends | - | - | - | 0.0% |
| General Contingency | | | | |
| Total Expenses | 2,198,850.64 | 1,000,970.80 | 1,308,201.41 | 219.7% |
| Net Operating Revenue | 226,976.02 | 1,250,302.21 | (1,133,647.75) | |
| Other Revenue (Expense) | | | | |
| ERMA Dividend Exp | - | - | - | 0.0% |
| Investment Gain/Loss | 38,860.79 | - | 38,860.79 | 100.0% |
| Revenue Over (Under) Expenses | \$ 265,836.81 | \$ 1,250,302.21 | \$ (1,094,786.96) | |

Small Cities Organized Risk Effort
 Combining Statement of Revenues, Expenses, and Changes in Net Position
 For The Year To Date Ended December 31, 2019

| REVENUES: | Liability | Workers' Compensation | EPLI, EAP, & Property (Other Programs) | Total |
|----------------------------|------------------|--------------------------|--|------------------|
| Contributions | 788,901 | 1,128,449 | 357,844 | 2,275,194 |
| Other Income | 3,031 | | | 3,031 |
| Member Assessments | - | - | - | - |
| Other Income | - | - | - | - |
| Investment Income | 76,612 | 70,990 | - | 147,602 |
| Miscellaneous Income | - | - | - | - |
| Total Revenues | <u>868,544</u> | <u>1,199,439</u> | <u>357,844</u> | <u>2,425,827</u> |
| EXPENSES: | | | | |
| Operating | | | | |
| Claims Expense | 572,341 | 588,361 | - | 1,160,702 |
| Excess Insurance | 107,055 | 166,552 | 357,841 | 631,448 |
| Program Administration | 54,507 | 79,730 | - | 134,237 |
| Claims Administration | 50,720 | 51,265 | - | 101,985 |
| Retro Dividends | - | - | - | - |
| General and Administrative | 80,837 | 89,092 | 550 | 170,480 |
| Total operating expenses | <u>865,460</u> | <u>974,999</u> | <u>358,391</u> | <u>2,198,851</u> |
| Operating Income (Loss) | 3,084 | 224,440 | (548) | 226,976 |
| Nonoperating Income (Loss) | | | | |
| ERMA Dividend Exp | - | | | - |
| Member Dividends | - | - | | - |
| Investment income | 20,171 | 18,690 | - | 38,861 |
| Net Income (Loss) | <u>23,254</u> | <u>243,130</u> | <u>(548)</u> | <u>265,837</u> |
| Beginning Net Position | 5,956,193 | 2,469,797 | 80,252 | 8,506,242 |
| Ending Net Position | <u>5,979,447</u> | <u>2,712,927</u> | <u>79,704</u> | <u>8,772,079</u> |

Small Cities Organized Risk Effort
Combining Statement of Net Position
As Of December 31, 2019

| ASSETS | <u>Liability</u> | <u>Workers' Compensation</u> | <u>Other Programs</u> | <u>Total</u> |
|--------------------------------------|------------------|----------------------------------|-----------------------|-------------------|
| Current Assets | | | | |
| Cash & Equivalents | 1,716,885 | 1,571,856 | 17,540 | 3,306,281 |
| Accrued Interest | 36,146 | 33,115 | 378 | 69,639 |
| Contributions Receivable | 192,907 | - | - | 192,907 |
| Investments | 493,224 | 451,866 | 5,159 | 950,250 |
| Other Receivable | 31,192 | 482,265 | - | 513,458 |
| Prepaid Assets | 176,619 | 268,306 | 359,243 | 804,168 |
| Total Current Assets | <u>2,646,973</u> | <u>2,807,408</u> | <u>382,321</u> | <u>5,836,702</u> |
| Noncurrent Assets | | | | |
| Investments | 5,581,076 | 5,113,095 | 58,378 | 10,752,549 |
| Total Noncurrent Assets | <u>5,581,076</u> | <u>5,113,095</u> | <u>58,378</u> | <u>10,752,549</u> |
| Total Assets | <u>8,228,049</u> | <u>7,920,503</u> | <u>440,699</u> | <u>16,589,251</u> |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 18,294 | 54,593 | 3,154 | 76,040 |
| Dividend Payable | 5,835 | - | - | 5,835 |
| Deferred Revenue | 644,480 | - | 357,841 | 1,002,321 |
| Claims Reserves | 889,430 | 2,186,830 | - | 3,076,260 |
| Total Current Liabilities | <u>1,558,038</u> | <u>2,241,423</u> | <u>360,995</u> | <u>4,160,456</u> |
| Noncurrent Liabilities | | | | |
| LAWCX | - | 103,675 | - | 103,675 |
| Unpaid Claims and Claims Adjustments | 690,473 | 2,862,568 | - | 3,553,042 |
| Total Noncurrent Liabilities | <u>690,473</u> | <u>2,966,243</u> | <u>-</u> | <u>3,656,717</u> |
| Total Liabilities | <u>2,248,512</u> | <u>5,207,666</u> | <u>360,995</u> | <u>7,817,172</u> |
| NET POSITION | <u>5,979,447</u> | <u>2,712,927</u> | <u>79,704</u> | <u>8,772,079</u> |

Small Cities Organized Risk Effort
 Supplemental Schedule
Liability Banking Layer Equity by Member
 July 1, 2019 through December 31, 2019

| | Biggs | Colfax | Crescent City | Dorris | Dunsmuir | Etna |
|---|---------------------|---------------------|---------------|---------------------|---------------------|---------------------|
| Member Contributions | | | | | | |
| Banking Layer Liability Contributions | 3,053.00 | 4,028.50 | - | - | 8,607.50 | 3,497.00 |
| Shared Layer Distributions to Banking | | | | | | |
| Total Member Contributions | <u>3,053.00</u> | <u>4,028.50</u> | <u>-</u> | <u>-</u> | <u>8,607.50</u> | <u>3,497.00</u> |
| Total Contributions | <u>3,053.00</u> | <u>4,028.50</u> | <u>-</u> | <u>-</u> | <u>8,607.50</u> | <u>3,497.00</u> |
| Claims Cost | | | | | | |
| Banking Layer Incurred Expense | 10.00 | 9.00 | - | - | (802.98) | 9.00 |
| Total Claims Cost | <u>10.00</u> | <u>9.00</u> | <u>-</u> | <u>-</u> | <u>(802.98)</u> | <u>9.00</u> |
| Net Contributions over Expenses | <u>3,043.00</u> | <u>4,019.50</u> | <u>-</u> | <u>-</u> | <u>9,410.48</u> | <u>3,488.00</u> |
| Beginning Banking Layer Equity: July 1, 2019 | 14,647.15 | 45,384.66 | - | 12,500.00 | 32,269.16 | 31,664.25 |
| Prior Year Assessments | | | | | | |
| Current Year Assessments | | | | | | |
| Distributions (from)/to Banking Layer | | | | | | |
| Shared Layer Offset | | | | | | |
| Transfers from/(to) WC Banking Layer | | | | | | |
| Ending Banking Layer Equity: December 31, 2019 | <u>\$ 17,690.15</u> | <u>\$ 49,404.16</u> | <u>\$ -</u> | <u>\$ 12,500.00</u> | <u>\$ 41,679.64</u> | <u>\$ 35,152.25</u> |

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2019 through December 31, 2019

| | Fort Jones | Ione | Isleton | Live Oak | Loomis | Loyalton |
|---|--------------------|-------------|---------------------|----------------------|---------------------|---------------------|
| Member Contributions | | | | | | |
| Banking Layer Liability Contributions | 2,990.50 | - | 2,172.50 | 6,855.50 | 7,313.00 | 693.00 |
| Shared Layer Distributions to Banking | | | | | | |
| Total Member Contributions | <u>2,990.50</u> | <u>-</u> | <u>2,172.50</u> | <u>6,855.50</u> | <u>7,313.00</u> | <u>693.00</u> |
| Total Contributions | <u>2,990.50</u> | <u>-</u> | <u>2,172.50</u> | <u>6,855.50</u> | <u>7,313.00</u> | <u>693.00</u> |
| Claims Cost | | | | | | |
| Banking Layer Incurred Expense | 24,998.00 | - | 2.00 | 1,719.85 | (18,817.94) | - |
| Total Claims Cost | <u>24,998.00</u> | <u>-</u> | <u>2.00</u> | <u>1,719.85</u> | <u>(18,817.94)</u> | <u>-</u> |
| Net Contributions over Expenses | <u>(22,007.50)</u> | <u>-</u> | <u>2,170.50</u> | <u>5,135.65</u> | <u>26,130.94</u> | <u>693.00</u> |
| Beginning Banking Layer Equity: July 1, 2019 | 29,753.00 | - | 46,476.35 | 104,128.60 | 31,216.55 | 25,398.50 |
| Prior Year Assessments | | | | | | |
| Current Year Assessments | | | | | | |
| Distributions (from)/to Banking Layer | | | | | | |
| Shared Layer Offset | | | | | | |
| Transfers from/(to) WC Banking Layer | | | | | | |
| Ending Banking Layer Equity: December 31, 2019 | <u>\$ 7,745.50</u> | <u>\$ -</u> | <u>\$ 48,646.85</u> | <u>\$ 109,264.25</u> | <u>\$ 57,347.49</u> | <u>\$ 26,091.50</u> |

Small Cities Organized Risk Effort
Supplemental Schedule
Liability Banking Layer Equity by Member
July 1, 2019 through December 31, 2019

| | Montague | Mt. Shasta | Portola | Rio Dell | Shasta Lake | Susanville |
|---|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Member Contributions | | | | | | |
| Banking Layer Liability Contributions | 1,973.50 | 19,829.00 | 3,833.50 | 5,337.50 | 17,880.00 | 19,487.00 |
| Shared Layer Distributions to Banking | | | | | | |
| Total Member Contributions | <u>1,973.50</u> | <u>19,829.00</u> | <u>3,833.50</u> | <u>5,337.50</u> | <u>17,880.00</u> | <u>19,487.00</u> |
| Total Contributions | <u>1,973.50</u> | <u>19,829.00</u> | <u>3,833.50</u> | <u>5,337.50</u> | <u>17,880.00</u> | <u>19,487.00</u> |
| Claims Cost | | | | | | |
| Banking Layer Incurred Expense | <u>(2,450.96)</u> | <u>40,530.23</u> | <u>(307.28)</u> | <u>-</u> | <u>1,453.00</u> | <u>(2.25)</u> |
| Total Claims Cost | <u>(2,450.96)</u> | <u>40,530.23</u> | <u>(307.28)</u> | <u>-</u> | <u>1,453.00</u> | <u>(2.25)</u> |
| Net Contributions over Expenses | <u>4,424.46</u> | <u>(20,701.23)</u> | <u>4,140.78</u> | <u>5,337.50</u> | <u>16,427.00</u> | <u>19,489.25</u> |
| Beginning Banking Layer Equity: July 1, 2019 | 22,591.08 | 76,355.60 | 67,715.95 | 80,360.03 | 219,537.43 | 205,986.76 |
| Prior Year Assessments | | | | | | |
| Current Year Assessments | | | | | | |
| Distributions (from)/to Banking Layer | | | | | | |
| Shared Layer Offset | | | | | | |
| Transfers from/(to) WC Banking Layer | | | | | | |
| Ending Banking Layer Equity: December 31, 2019 | <u><u>\$ 27,015.54</u></u> | <u><u>\$ 55,654.37</u></u> | <u><u>\$ 71,856.73</u></u> | <u><u>\$ 85,697.53</u></u> | <u><u>\$ 235,964.43</u></u> | <u><u>\$ 225,476.01</u></u> |

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2019 through December 31, 2019

| | Tulelake | Weed | Williams | Yreka | Total Liability Banking Layer |
|---|---------------------|---------------------|-------------|----------------------|----------------------------------|
| Member Contributions | | | | | |
| Banking Layer Liability Contributions | 2,348.50 | 18,936.00 | - | 21,264.50 | 150,100.00 |
| Shared Layer Distributions to Banking | | | | | - |
| Total Member Contributions | <u>2,348.50</u> | <u>18,936.00</u> | <u>-</u> | <u>21,264.50</u> | <u>150,100.00</u> |
| Total Contributions | <u>2,348.50</u> | <u>18,936.00</u> | <u>-</u> | <u>21,264.50</u> | <u>150,100.00</u> |
| Claims Cost | | | | | |
| Banking Layer Incurred Expense | - | 30,399.16 | - | - | 76,748.83 |
| Total Claims Cost | <u>-</u> | <u>30,399.16</u> | <u>-</u> | <u>-</u> | <u>76,748.83</u> |
| Net Contributions over Expenses | <u>2,348.50</u> | <u>(11,463.16)</u> | <u>-</u> | <u>21,264.50</u> | <u>73,351.17</u> |
| Beginning Banking Layer Equity: July 1, 2019 | 30,258.96 | 68,851.29 | - | 202,624.52 | 1,347,719.84 |
| Prior Year Assessments | | | | | - |
| Current Year Assessments | | | | | - |
| Distributions (from)/to Banking Layer | | | | | - |
| Shared Layer Offset | | | | | - |
| Transfers from/(to) WC Banking Layer | | | | | - |
| Ending Banking Layer Equity: December 31, 2019 | <u>\$ 32,607.46</u> | <u>\$ 57,388.13</u> | <u>\$ -</u> | <u>\$ 223,889.02</u> | <u>\$ 1,421,071.01</u> |

Small Cities Organized Risk Effort
 Supplemental Schedule
Workers' Compensation Banking Layer Equity by Member
 July 1, 2019 through December 31, 2019

| | <u>*Biggs*</u> | <u>Colfax</u> | <u>Crescent City</u> | <u>Dorris</u> | <u>Dunsmuir</u> | <u>*Etna*</u> | <u>*Fort Jones*</u> |
|---|----------------------------|----------------------------|----------------------------|---------------------------|----------------------------|----------------------------|-----------------------------|
| Member Contributions | | | | | | | |
| Banking Layer Work Comp Contributions | 3,203.00 | \$ 4,997.50 | \$ - | \$ - | \$ 8,590.00 | \$ 5,050.00 | \$ 4,223.50 |
| Shared Layer Distributions to Banking | | | | | | | |
| Total Member Contributions | <u>3,203.00</u> | <u>4,997.50</u> | <u>-</u> | <u>-</u> | <u>8,590.00</u> | <u>5,050.00</u> | <u>4,223.50</u> |
| Total Contributions | <u>3,203.00</u> | <u>4,997.50</u> | <u>-</u> | <u>-</u> | <u>8,590.00</u> | <u>5,050.00</u> | <u>4,223.50</u> |
| Claims Cost | | | | | | | |
| Banking Layer Incurred Expense | (4,227.50) | 11,961.71 | - | - | - | - | 3,740.00 |
| Total Expenses | <u>(4,227.50)</u> | <u>11,961.71</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,740.00</u> |
| Net Contributions over Expenses | <u><u>7,430.50</u></u> | <u><u>(6,964.21)</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>8,590.00</u></u> | <u><u>5,050.00</u></u> | <u><u>483.50</u></u> |
| Beginning Banking Layer Equity: July 1, 2019 | 45,326.26 | 69,384.60 | 34,344.54 | 4,173.21 | 8,990.43 | 22,234.18 | (3,378.67) |
| Prior Year Assessments | | | | | | | |
| Current Year Assessments | | | | | | | |
| Distribution (from)/to Banking | | | | | | | |
| Shared Layer Offset | | | | | | | |
| Transfers from (to) Liability Banking Layer | | | | | | | |
| Ending Banking Layer Equity: December 31, 2019 | <u><u>\$ 52,756.76</u></u> | <u><u>\$ 62,420.39</u></u> | <u><u>\$ 34,344.54</u></u> | <u><u>\$ 4,173.21</u></u> | <u><u>\$ 17,580.43</u></u> | <u><u>\$ 27,284.18</u></u> | <u><u>\$ (2,895.17)</u></u> |

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2019 through December 31, 2019

| | <u>Ione</u> | <u>Live Oak</u> | <u>Loomis</u> | <u>*Loyalton*</u> | <u>*Montague*</u> | <u>Mt. Shasta</u> | <u>Portola</u> |
|---|---------------------|----------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| Member Contributions | | | | | | | |
| Banking Layer Work Comp Contributions | \$ - | \$ 8,645.50 | \$ 6,378.00 | \$ 889.50 | \$ 2,549.50 | \$ 20,558.50 | \$ 5,771.50 |
| Shared Layer Distributions to Banking | | | | | | | |
| Total Member Contributions | <u>-</u> | <u>8,645.50</u> | <u>6,378.00</u> | <u>889.50</u> | <u>2,549.50</u> | <u>20,558.50</u> | <u>5,771.50</u> |
| Total Contributions | <u>-</u> | <u>8,645.50</u> | <u>6,378.00</u> | <u>889.50</u> | <u>2,549.50</u> | <u>20,558.50</u> | <u>5,771.50</u> |
| Claims Cost | | | | | | | |
| Banking Layer Incurred Expense | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(7,211.19)</u> | <u>31,957.64</u> | <u>-</u> |
| Total Expenses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(7,211.19)</u> | <u>31,957.64</u> | <u>-</u> |
| Net Contributions over Expenses | <u>-</u> | <u>8,645.50</u> | <u>6,378.00</u> | <u>889.50</u> | <u>9,760.69</u> | <u>(11,399.14)</u> | <u>5,771.50</u> |
| Beginning Banking Layer Equity: July 1, 2019 | 24,999.67 | 139,159.83 | 78,820.00 | 13,902.84 | (63,420.24) | 87,269.87 | (79,491.78) |
| Prior Year Assessments | | | | | | | |
| Current Year Assessments | | | | | | | |
| Distribution (from)/to Banking | | | | | | | |
| Shared Layer Offset | | | | | | | |
| Transfers from (to) Liability Banking Layer | | | | | | | |
| Ending Banking Layer Equity: December 31, 2019 | <u>\$ 24,999.67</u> | <u>\$ 147,805.33</u> | <u>\$ 85,198.00</u> | <u>\$ 14,792.34</u> | <u>\$ (53,659.55)</u> | <u>\$ 75,870.73</u> | <u>\$ (73,720.28)</u> |

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2019 through December 31, 2019

| | <u>Rio Dell</u> | <u>Shasta Lake</u> | <u>Susanville</u> | <u>*Tulelake*</u> | <u>Weed</u> | <u>Williams</u> |
|---|----------------------------|-----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|
| Member Contributions | | | | | | |
| Banking Layer Work Comp Contributions | \$ 7,944.00 | \$ 23,099.00 | \$ 37,962.00 | \$ 3,177.00 | \$ 17,247.00 | \$ - |
| Shared Layer Distributions to Banking | | | | | | |
| Total Member Contributions | <u>7,944.00</u> | <u>23,099.00</u> | <u>37,962.00</u> | <u>3,177.00</u> | <u>17,247.00</u> | <u>-</u> |
| Total Contributions | <u>7,944.00</u> | <u>23,099.00</u> | <u>37,962.00</u> | <u>3,177.00</u> | <u>17,247.00</u> | <u>-</u> |
| Claims Cost | | | | | | |
| Banking Layer Incurred Expense | <u>9,650.00</u> | <u>8,454.47</u> | <u>11,713.45</u> | <u>14,960.33</u> | <u>13,596.68</u> | <u>-</u> |
| Total Expenses | <u>9,650.00</u> | <u>8,454.47</u> | <u>11,713.45</u> | <u>14,960.33</u> | <u>13,596.68</u> | <u>-</u> |
| Net Contributions over Expenses | <u><u>(1,706.00)</u></u> | <u><u>14,644.53</u></u> | <u><u>26,248.55</u></u> | <u><u>(11,783.33)</u></u> | <u><u>3,650.32</u></u> | <u><u>-</u></u> |
| Beginning Banking Layer Equity: July 1, 2019 | 25,950.57 | 230,765.14 | 174,271.60 | (457.00) | 84,901.63 | 25,000.00 |
| Prior Year Assessments | | | | | | |
| Current Year Assessments | | | | | | |
| Distribution (from)/to Banking | | | | | | |
| Shared Layer Offset | | | | | | |
| Transfers from (to) Liability Banking Layer | | | | | | |
| Ending Banking Layer Equity: December 31, 2019 | <u><u>\$ 24,244.57</u></u> | <u><u>\$ 245,409.67</u></u> | <u><u>\$ 200,520.15</u></u> | <u><u>\$ (12,240.33)</u></u> | <u><u>\$ 88,551.95</u></u> | <u><u>\$ 25,000.00</u></u> |

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2019 through December 31, 2019

| | <u>Yreka</u> | <u>Total W/C Banking Layer</u> |
|---|-----------------------------|------------------------------------|
| Member Contributions | | |
| Banking Layer Work Comp Contributions | \$ 40,676.00 | \$ 200,961.50 |
| Shared Layer Distributions to Banking | | \$ - |
| Total Member Contributions | <u>40,676.00</u> | <u>200,961.50</u> |
| Total Contributions | <u>40,676.00</u> | <u>200,961.50</u> |
| Claims Cost | | |
| Banking Layer Incurred Expense | <u>74,193.14</u> | <u>168,788.73</u> |
| Total Expenses | <u>74,193.14</u> | <u>168,788.73</u> |
| Net Contributions over Expenses | <u><u>(33,517.14)</u></u> | <u><u>32,172.77</u></u> |
| Beginning Banking Layer Equity: July 1, 2019 | 145,959.87 | 1,068,706.55 |
| Prior Year Assessments | | - |
| Current Year Assessments | | - |
| Distribution (from)/to Banking | | - |
| Shared Layer Offset | | - |
| Transfers from (to) Liability Banking Layer | | - |
| Ending Banking Layer Equity: December 31, 2019 | <u><u>\$ 112,442.73</u></u> | <u><u>\$ 1,100,879.32</u></u> |

Mini Cities



SCORE PROGRAM COVERAGE REVIEW

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

INFORMATION ITEM

ISSUE: The Program Administrators plan *Coverage Reviews* at each Board meeting that update members on the various coverage programs offered by SCORE. As the renewal for the property program is underway members are provided an overview of the key terms and conditions found in the APIP coverage.

RECOMMENDATION: None – information only.

FINANCIAL IMPACT: No fiscal impact for SCORE. The APIP program is a group purchase program with no loss sharing.

BACKGROUND: SCORE members have participated in the APIP program since 2000. Over time it has evolved to include coverage enhancements including Pollution and Cyber coverages. Not all SCORE Members participate in this program, and those that do not should make sure that they are purchasing similar quality coverage from their local agents, or consider joining this program to obtain it.

ATTACHMENT: None.

Marcus Beverly

From: Marcus Beverly
Sent: Wednesday, March 25, 2020 10:12 AM
To: Michelle Minnick
Cc: Michael Simmons; Conor Boughey; Raychelle Maranan; Jenna Wirkner; Marcus Beverly
Subject: COVID-19 and Property/Business Interruption Claims
Attachments: Communicable Disease AIP Endorsement 4.pdf; COVID-19 Disinfection Services - BELFOR Property Restoration; BELFOR Cleaning Protocol.pdf

Greetings NorCal Cities SIF and SCORE Members:

We are trying not to overload you with COVID-19 news since it seems to be coming at us from all directions these days, but this is *an important message for those members that are in the AIP property program.*

Property and Business Interruption (BI) coverage for the impacts of the virus at this stage are very uncertain, with insurers quoted as stating their policies do not cover related claims, generally based on a lack of “physical” damage to covered property. And if they did cover this virus the industry would not be able to sustain the losses, as seen by Congress stepping in with trillions of dollars.

The AIP coverage is broader than most and does contain the attached Communicable Disease Endorsement that provides coverage for BI, extra expense, and crisis response expenses. Please note this is a *limited coverage* with a per named insured aggregate of \$500,000 and a total aggregate of \$10,000,000 for ALL members of AIP.

Alliant has set up a section of our website to address questions regarding the Coronavirus. I’ve provided the main link below and another for more specific information about business interruption claims and the type of information you would need to support a claim:

<https://www.alliant.com/pages/Coronavirus-What-You-Need-To-Know.aspx>

<https://www.alliant.com/Documents/Business%20Interruption%20and%20the%20Coronavirus.pdf>

I’ve also attached information from CJPRMA regarding *priority service and pricing* for COVID-19 disinfection through their arrangement with BELFOR. If you need service at this level please be mindful of prompt claims reporting requirements for pollution coverage and send us notice.

Bottom line – if you have questions or concerns regarding this topic please contact me to discuss.

Regards,

Marcus

Marcus Beverly, CPCU, AIC, ARM-P

First Vice President
Specialty Group

Alliant Insurance Services, Inc.
2180 Harvard St, Ste 460
Sacramento, CA 95815

D 916-643-2704

C 916-660-2725

ENDORSEMENT NO. 4

This endorsement, effective 12:01 A.M., 07/01/2019

Issued to: Public Entity Property Insurance Program (PEPIP) Master Policy Form 15

COMMUNICABLE DISEASE COVERAGE ENDORSEMENT (BROAD FORM)

This endorsement modifies insurance provided by this Policy:

NOTICE: THE SUBLIMITS OF INSURANCE PROVIDED HEREIN ARE SUBJECT TO AND INCLUDED WITHIN POLICY LIMIT OF LIABILITY.

SCHEDULE

Communicable Disease: \$500,000 Per Occurrence and annual aggregate per named insured subject to an aggregate of \$10,000,000 for Declarations 1-5, 11-14, 18-30, and 32-34 combined.

The following Additional Coverage is added to Section III, B. Extension of Coverage, item 4. Contingent **Time Element Coverage**:

COMMUNICABLE DISEASE COVERAGE:

Subject to the Annual Aggregate for Communicable Disease, we will pay actual **business income** loss sustained by you and **communicable disease extra expense** and **crisis response expenses** incurred by you, during the **period of indemnity** due to an **order of an authorized governmental agency** during the policy period that results in a partial or total suspension of your business operations at your location.

The following additional definitions apply to this Additional Coverage and supersede any similar definitions of this Policy to the contrary:

1. Crisis response expenses means reasonable and necessary expenses incurred:

- a. For public relations to restore the reputation and stature of your **location**, and
- b. To assist you to recover money from any governmental program or agency for **communicable disease extra expense** incurred by your **location**.

2. Communicable disease extra expense means reasonable and necessary extra expenses to:

- a. Cleanup, remove and dispose of any property at your **location** that is contaminated by the presence of a communicable disease, and
- b. Restore your **location** to its original condition,

EXHIBIT A

RED ALERT® Work Authorization

The undersigned **RED ALERT®** Client and/or the owner, lessee, or authorized signor for the below referenced property for which **RED ALERT®** Client acts as property manager and/or agent for (“Owner”) described below hereby authorizes BELFOR to proceed with the Services (“Work Authorization”).

This Work Authorization is issued pursuant to the **RED ALERT®** Service Agreement between BELFOR USA Group, Inc. (“BELFOR”) and _____ (“Red Alert Client”) dated _____ (“Agreement”). BELFOR shall perform the Scope of Work in accordance with the terms and conditions set forth in the Agreement, with such terms and conditions being incorporated herein by reference with the same force and effect as if the full text was presented in its entirety.

| | |
|---|---|
| RED ALERT® Client: | |
| Owner (if different from Client): | |
| Service Provider: | BELFOR USA Group, Inc. |
| Property: | |
| Contract Sum (check the appropriate box): | <p>The Contract Sum shall be one of the following:</p> <p>[« »] Stipulated Sum in the amount of \$_____, subject to any change orders, additions, or deductions, and as further set forth in the Scope of Work attached as Attachment 1 hereto.</p> <p>[« »] BELFOR’S National Rate and Material Schedule attached as Exhibit B to the Agreement.</p> |
| Payment Schedule (if any) | |
| Estimated Commencement Date: | |
| Estimated Date of Substantial Completion (if applicable): | |
| Scope of Work (see attached if applicable) : | |
| Attachments: | |

RED ALERT® CLIENT OR OWNER

By: _____

Name: _____

Title: _____

Date: _____

BELFOR USA GROUP, INC.

License No. _____

By: _____

Name: _____

Title: _____

Date: _____



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 27, 2020**

Agenda Item H.1.

NOMINATIONS FOR ELECTION OF SCORE OFFICER POSITIONS

ACTION ITEM

ISSUE: The Board will be asked to **accept nominations from the floor and/or create a committee** to nominate candidates for SCORE officer positions whose two-year terms of office begin July 1, 2020 (concludes July 1, 2022).

RECOMMENDATION: Solicit nominations or form a Nominating Committee to select candidates for **President, Vice President, Secretary, Treasurer, and Executive Committee Member-At-Large.**

FISCAL IMPACT: None.

BACKGROUND: The President, Vice President, Secretary, Treasurer and Member-At Large are elected in each even numbered year and serve for a term of two years, beginning in July of the year elected. This year is an election year for SCORE officers. Currently, Mr. Steve Baker holds the office of the President of SCORE, Mr. Wes Heathcock holds the office of Vice-President, Mr. John Duckett holds the office of Secretary, Mr. Roger Carroll holds the office of Treasurer and Mr. Blake Michaelsen holds the office of Executive Committee Member-At-Large.

Members are welcome to nominate anyone from the Board for an officer position.

ATTACHMENTS: None.

WORKERS' COMPENSATION CLAIMS AUDIT

ACTION ITEM

ISSUE: Marcus Beverly will present the SCORE Workers' Compensation claims audit recently conducted by North Bay Associates. North Bay Associates audited 50 claims in November 2019 and issued the report on January 16, 2020. **York performed very well in the audit, with overall performance meeting or exceeding industry standards, with exceptions noted.**

The most notable category with exceptions was medical reserve calculation documentation. While case reserves were accurate and none needed adjustment, there were several claims that lacked a detailed calculation to support the reserves.

Otherwise the audit noted timely and thorough investigation and litigation management, accurate payment and reserve calculations, and effective cost containment that is slightly below average but not unexpected given SCORE member limitations on treatment options. **Caseloads are manageable** and below the goal of 165 indemnity claims and 300 future medical only claims (*117 indemnity claims for Ariel Leonhard and 146 future medical only claims for Alicia Veloz*).

RECOMMENDATION: Accept and file the audit report.

FISCAL IMPACT: None. Budgeted amount is \$8,000 and the total cost was \$7,600.

BACKGROUND: A claims audit is done every two years per SCORE's Workers' Compensation Master Plan Document (Article VI, Section 5A) to assure the reserving practices are financially sound and are compliant with the industry best practices. Obtaining a claims audit can identify improvements the JPA should make and can also lower risk of high cost claims. In addition, CAJPA accreditation standards recommend a claims audit every two years on self-funded programs.

ATTACHMENTS: SCORE Workers' Compensation Claims Audit – 2020



NORTH BAY ASSOCIATES

WORKERS' COMPENSATION

AUDITORS • CONSULTANTS

December 2019

Workers' Compensation Claims Audit

SMALL CITIES ORGANIZED RISK EFFORT

ADMINISTERED BY

YORK INSURANCE SERVICES

PO Box 232 Auburn, CA 95604 • PHONE (530) 269-3473

e-mail alan.fleming@northbayassociates.com



Workers Compensation Claims Audit

December 2019

SMALL CITIES ORGANIZED RISK EFFORT

ADMINISTERED BY

YORK INSURANCE SERVICES

CONFIDENTIAL

NORTH BAY ASSOCIATES

PO Box 232 Auburn, CA 95604 • (530) 269-3473



NORTH BAY ASSOCIATES

WORKERS' COMPENSATION

AUDITORS • CONSULTANTS

January 16, 2020

Small Cities Organized Risk Effort
c/o Mr. Marcus Beverly
Alliant Insurance Services, Inc.

The Workers' Compensation Claims Audit report for December 2019 for: Small Cities Organized Risk Effort administered by York Insurance Services is presented herewith.

We wish to acknowledge the cooperation of the administrator, York Insurance Services, for providing us with remote access to the claims data.

This audit was conducted utilizing the EIA audit standards and scoring system effective 7/1/2019.

This report has been simultaneously provided to the administrator. Although all the data had not yet been tabulated in the form seen here, the general findings and preliminary recommendations of this audit were discussed with TPA management during an exit interview.

Since this report deals with employees' injuries, reserves on the claim files, tactics for further handling, and so on, we suggest it be kept confidential.

We hope that this report is self-explanatory; any comments or questions the reader may have are welcome. It has been a pleasure to serve Small Cities Organized Risk Effort.

Respectfully submitted,

NORTH BAY ASSOCIATES

Alan Fleming
Workers Compensation Claims Auditor

Quick Overview

- *Executive Summary & Audit Profile (page 3)*
- *Summary of Recommendations (page 5)*

PO Box 232 Auburn, CA 95604 • PHONE (530) 269-3473

e-mail alan.fleming@northbayassociates.com

Table of Contents

| | |
|---|----|
| A. INTRODUCTION | 1 |
| 1. Goals of the Claims Audit..... | 1 |
| 2. Report Organization..... | 1 |
| B. EXECUTIVE SUMMARY | 3 |
| C. SUMMARY OF RECOMMENDATIONS | 5 |
| D. ORGANIZATIONAL INFORMATION | 7 |
| 1. Claims Examiner’s Caseload..... | 7 |
| 1.1 Claims Assistant’s Duties..... | 7 |
| 1.2 Findings, Summary and Recommendations..... | 8 |
| E. AUDIT DETAIL | 9 |
| 1. Compensability Determination..... | 9 |
| 1.1 Initial Employer Contact..... | 9 |
| 1.2 Initial Decision..... | 9 |
| 1.3 AOE/COE Investigation Needed..... | 9 |
| 1.4 Final Decision Timely Documented..... | 10 |
| 1.5 Findings, Summary and Recommendations..... | 10 |
| 2. Employee Contact..... | 11 |
| 2.1 Initial Employee Contact..... | 11 |
| 2.2 Employee Contact Continued..... | 11 |
| 2.3 Findings, Summary and Recommendations..... | 11 |
| 3. Payments..... | 12 |
| 3.1 Timeliness of Initial TD Payment..... | 12 |
| 3.2 Subsequent TD Payments..... | 12 |
| 3.3 Permanent Disability Payments..... | 12 |
| 3.4 Required Benefit Notices..... | 13 |
| 3.5 Overpayments..... | 13 |
| 3.6 File Balancing..... | 13 |
| 3.7 Timely Employee Reimbursements..... | 14 |
| 3.8 Timely Payment of Medical Bills..... | 14 |
| 3.9 Payments Made on Correct Claim..... | 14 |
| 3.10 Findings, Summary and Recommendations..... | 15 |
| 4. Plan of Action and Diary Reviews..... | 16 |
| 4.1 Plan of Action Appropriate..... | 16 |
| 4.2 Examiner Diaries..... | 16 |
| 4.3 Supervisor Diaries..... | 16 |
| 4.4 Medical Only Conversion..... | 16 |
| 4.5 Correspondence..... | 17 |
| 4.6 Findings, Summary and Recommendations..... | 17 |
| 5. Medical Treatment..... | 18 |

| | | |
|------|--|----|
| 5.1 | Physician Contact..... | 18 |
| 5.2 | Appropriate Use of UR..... | 18 |
| 5.3 | Appropriate Use NCM. | 18 |
| 5.4 | Findings, Summary and Recommendations..... | 18 |
| 6. | Litigation..... | 19 |
| 6.1 | Investigation of Potential Litigation Issues..... | 19 |
| 6.2 | Litigation Management..... | 19 |
| 6.3 | Communication With Employer on Litigated Claims..... | 19 |
| 6.4 | Findings, Summary and Recommendations..... | 19 |
| 7. | Finalization..... | 20 |
| 7.1 | Resolution Pursued Timely..... | 20 |
| 7.2 | Correct Settlement Valuation..... | 20 |
| 7.3 | Apportionment Recognition and Pursuit..... | 20 |
| 7.4 | Member Settlement Authority Request..... | 21 |
| 7.5 | Excess Settlement Authority Request..... | 21 |
| 7.6 | Medicare Interests Protected..... | 21 |
| 7.7 | Findings, Summary and Recommendations..... | 21 |
| 8. | Reserve Adequacy..... | 22 |
| 8.1 | Initial Reserves Timely and Appropriate..... | 22 |
| 8.2 | Reserves Revised Timely and Appropriately..... | 22 |
| 8.3 | Separation of TD/4850 Reserves..... | 23 |
| 8.4 | Findings, Summary and Recommendations..... | 23 |
| 9. | Excess Insurance..... | 24 |
| 9.1 | Initial Excess Reporting..... | 24 |
| 9.2 | Subsequent Excess Reporting..... | 24 |
| 9.3 | Excess Reimbursement Requests..... | 24 |
| 9.4 | Settlement Documents and Award Sent to Excess..... | 24 |
| 9.5 | Findings, Summary and Recommendations..... | 25 |
| 10. | Subrogation..... | 26 |
| 10.1 | Recognition of Subrogation..... | 26 |
| 10.2 | Appropriate Subrogation Follow Up..... | 26 |
| 10.3 | Employer Communication Regarding Subrogation..... | 26 |
| 10.4 | Findings, Summary and Recommendations..... | 27 |
| 11. | Penalty Summary..... | 28 |
| 11.1 | Self Imposed Penalty Paid if Required..... | 28 |
| 11.2 | Self Imposed Penalties Coded Correctly..... | 28 |
| 11.3 | Findings, Summary and Recommendations..... | 28 |
| 12. | Return to Work and Permanent Restrictions..... | 29 |
| 12.1 | Proactive Pursuit of Return to Work..... | 29 |
| 12.2 | Member Notified of Permanent Restrictions..... | 29 |
| 12.3 | Findings, Summary, and Recommendations..... | 29 |

Addendum

Table of Contents

Sample ListTab One

Reserve Summary, Reserve Work Sheets, and Excess Reporting Tab Two

Summary Memos Tab Three

Audit Scoresheet Tab Four

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A. INTRODUCTION

This is the Workers' Compensation Claims Audit report for December 2019 for Small Cities Organized Risk Effort.

1. Goals of the Claims Audit.

- Gather and present statistical data relating to the administration of the members' workers' compensation claims from December 1, 2017, to date.
- Focus on those claims constituting the bulk of the outstanding reserves, and claims involving key issues and a representative sample of each examiner's files.
- Present and explain industry standards, Division of Workers' Compensation Audit Unit standards.
- Compare audit findings to the standards.
- Recommend ways to meet standards and to reach goals.

2. Report Organization.

This report contains twelve audit areas beginning at Section E, page 9. Each has an introduction, point-by-point discussion, and summary and recommendations. Data is presented in as many as four different ways for clarity and for different depths of detail.

First, for an overview, is the Executive Summary on pages 3 and following. The Executive Summary includes summarized strengths and weaknesses, a separate Summary of Recommendations for improvement and the audit scoresheet.

Second, for detailed data and explanation, each numbered paragraph delves into a particular audit item. Each point is explained and audit findings are compared to standards. Comments about any particular claim file are often amplified by "Summary Memos." These can be found in the *Addendum* at Tab Three in order by NBA number.

Third, the Audit Scoresheet numerically restates the same data shown in the text. The audit points are explained in the audit area to which each refers and the Audit Scoresheet can be found in Tab Four of the *Addendum*.

The *Addendum* contains statistical and other essential data. In brief, the

Addendum includes the following:

Tab One: Full list of claims audited, sorted by NBA#. This list may be used to identify claimants; to maintain confidentiality, the body of this report refers only to NBA#'s.

Tab Two: The Reserve Summary reports on the dollar amounts of reserve changes recommended. Reserve Work Sheets provide the detail behind the Reserve Summary report and are located here. The Excess Report shows all excess cases in the sample.

Tab Three: Individual Summary Memos. These are left on certain files for the benefit of the examiner where some issue was pending or where guidance was appropriate. Some explain a definite shortcoming in a file and offer recommendations for further handling. Others offer suggestions on files that are being correctly handled. Not every file audited has a Memo. Since many Memos detail specific recommendations for further file handling, we recommend the client follow up to be certain the administrator acts on these Memos and recommendations. We always encourage the examiners to discuss these Memos with us. In this case, the supervisor chose to discuss some of the Memos and the points raised therein.

Tab Four: The Audit Scoresheet is here.

B. EXECUTIVE SUMMARY

The December 2019 workers' compensation audit for: Small Cities Organized Risk Effort was begun on 11/22/2019. It covers file activity from 12/1/2017.

The sample used to develop the data for this audit was taken from a loss run of open indemnity cases provided to us by York Insurance Services. The sample consisted of 50 files, 20 of which were open indemnity, 20 of which were closed indemnity and 10 medical only files. The sample is a carefully selected and structured sample rather than a random sample. It is weighted in favor of claims with significant potential and claims containing certain key issues. This is called the "dollar value" sampling technique. But we also spread the sample to include the work of all the examiners, to look at files newly opened since the last audit.

Not all audit queries apply to each case in the sample. Some points apply to the beginning stages of a file, while others pertain only to the end. Claims activity during this audit period is the determining factor. Except for historical comparisons, we read but do not consider for audit purposes activity prior to December 1, 2017.

This audit complies with the audit standards and scoring system as adopted by the EIA effective 7/1/2019. The overall claims handling performance for this TPA is rated as **Exceeds Expectations**.

On the following page is a summary of audit areas showing strengths and weaknesses.

Areas showing strong performance are:

Investigating and deciding on claim compensability. Claims investigation scored 100%.

Paying indemnity benefits accurately and timely. All indemnity benefits were paid timely.

Balancing file payments. File balancing had a score of 100%.

Documented case planning with timely follow up. Case planning scored 100%.

Finalizing the cases. Claims were finalized timely and consistently on all but 1 claim.

Reserving sufficient funds to pay each case. Claim reserving scored 100%.

Areas needing improvement are:

Communication with the injured employees. Continued employee contact scored below the EIA standard.

Timely benefit notices. The sending of these notices scored below the EIA standard.

Summarized recommendations for further improvement begin on the next page.

C. SUMMARY OF RECOMMENDATIONS

There was strong performance in the following areas:









































- Audit results that exceed expectations were in the areas of employer contact, initial decisions, claims investigation, initial employee contact, payment of initial temporary disability, payment of subsequent temporary disability, payment of permanent disability, file balancing, timely payment of medical bills, payments made on the correct claim, case planning, examiner and supervisor diaries, medical only conversion, correspondence, use of utilization review, use of nurse case management, litigation management, resolution pursued timely, correct settlement valuation, apportionment recognition, member settlement authority requests, Medicare interests protected, claim reserves, separation of TD/4850, subsequent excess reporting, excess reimbursement requests, and proactive pursuit of return to work.

Performance areas that require improvement:

- It is recommended EIA continued employee contact standard be reviewed and adhered to by examiners.
- It is recommended that PD advice letters be sent promptly after the report is received and that the ongoing PD monitors be put on diary to ensure these are sent timely.

We suggest that the employer, Small Cities Organized Risk Effort and York set priorities and adopt a timetable for implementing these recommendations.

The Audit Scoresheet on the following page shows the score for each audit point. Not all audit point scores are factored into calculating the final percentage score as specified by the scoring system adopted by the EIA effective 7/1/2019. This scoresheet is also in Tab 4 of the Addendum with the score calculated at 93.3% for the scored audit points only.

| AP | Description | Total | Yes % | Percent Bar |
|------|--|-------|-------|--|
| 1.1 | Initial Employer Contact | 27 | 100% |  |
| 1.2 | Initial Decision | 27 | 100% |  |
| 1.3 | AOE/COE Investigation Needed | 5 | 100% |  |
| 1.4 | Final Decision Timely Documented | 5 | 100% |  |
| 2.1 | Initial Employee Contact | 24 | 100% |  |
| 2.2 | Employee Contact Continued | 8 | 63% |  |
| 3.1 | Timeliness of Initial TD Payment | 10 | 100% |  |
| 3.2 | Subsequent TD Payments | 14 | 100% |  |
| 3.3 | Permanent Disability Payments | 14 | 100% |  |
| 3.4 | Required Benefit Notices | 28 | 79% |  |
| 3.5 | Overpayments | 0 | 0% | |
| 3.6 | File Balancing | 22 | 100% |  |
| 3.7 | Timely Employee Reimbursements | 16 | 88% |  |
| 3.8 | Timely Payment of Medical Bills | 49 | 92% |  |
| 3.9 | Payments Made On Correct Claim | 11 | 100% |  |
| 4.1 | Plan of Action Appropriate | 50 | 100% |  |
| 4.2 | Examiner Diaries | 438 | 90% |  |
| 4.3 | Supervisor Diaries | 180 | 92% |  |
| 4.4 | Medical Only Conversion | 1 | 100% |  |
| 4.5 | Correspondence | 49 | 100% |  |
| 5.1 | Physician Contact | 0 | 0% | |
| 5.2 | Appropriate Use of UR | 32 | 100% |  |
| 5.3 | Appropriate Use of NCM | 1 | 100% |  |
| 6.1 | Potential Litigation Issues Investigated | 1 | 100% |  |
| 6.2 | Litigation Management | 10 | 100% |  |
| 6.3 | ER Communication on Litigated Claims | 9 | 100% |  |
| 7.1 | Resolution Pursued Timely | 45 | 98% |  |
| 7.2 | Correct Settlement Valuation | 17 | 100% |  |
| 7.3 | Apportionment Recognition and Pursuit | 6 | 100% |  |
| 7.4 | Member Settlement Authority Request | 15 | 100% |  |
| 7.5 | Excess Settlement Authority Request | 0 | 0% | |
| 7.6 | Medicare Interests Protected | 1 | 100% |  |
| 8.1 | Initial Reserves Timely and Appropriate | 28 | 96% |  |
| 8.2 | Timely/Appropriate Reserve Revisions | 36 | 97% |  |
| 8.3 | Separation of TD/4850 Reserves | 7 | 100% |  |
| 9.1 | Initial Excess Reporting | 10 | 100% |  |
| 9.2 | Subsequent Excess Reporting | 11 | 100% |  |
| 9.3 | Excess Reimbursement Requests | 2 | 100% |  |
| 9.4 | Required Documents Sent To Excess | 0 | 0% | |
| 10.1 | Recognition of Subrogation: | 0 | 0% | |
| 10.2 | Appropriate Subrogation Follow Up | 1 | 100% |  |
| 10.3 | ER Communication On Subrogation | 1 | 100% |  |
| 11.1 | Self Imposed Penalty Paid if Required | 4 | 100% |  |
| 11.2 | Self Imposed Penalties Coded Correctly | 4 | 100% |  |
| 12.1 | Proactive Pursuit of Return to Work | 10 | 100% |  |
| 12.2 | Notification of Permanent Restrictions | 0 | 0% | |

D. ORGANIZATIONAL INFORMATION

The workers' compensation claims of Small Cities Organized Risk Effort are handled by York Insurance Services. The supervisor in immediate charge of these claims is John Peshkoff. He reports to Jeff Ponta.

1. Claims Examiner's Caseload.

A reasonable industry standard is 150 to 165 open indemnity files based on "future medical" files counted at a ratio of 2:1 relative to other indemnity files. Examiners with a combination of too many files or too little support have no time for regular communication with their clients' injured employees, consulting with the client on significant cases and developments, and continuing their training. Therefore, the whole picture must be evaluated.

The following table shows the examiner's workload, experience, and certification as reported by York Insurance Services. Self Insurance Plans, a state agency, certifies workers' compensation examiners by a one-time test. The Insurance Education Association has an extensive certification program.

| | Workload † | | Experience ‡ | | Certification | |
|----------------|--------------|--------------|--------------|--------|---------------|-----|
| | This Account | All Accounts | This Account | Total | SIP | IEA |
| Ariel Leonhard | 45 | 117 | 4 yrs | 14 yrs | Y | Y |
| Alicia Veloz | 17 | 146 | 1 yr | 8 yrs | Y | N |
| | | | | | | |
| | | | | | | |
| Total | 62 | | | | | |

† All Indemnity Files ‡ As an Examiner

1.1 Claims Assistant's Duties.

The most common duties of the examiner's principal assistant, whatever the actual job title, may include: doing a triage to separate MO's from indemnity and urgent indemnity from normal indemnity files; controlling and paying ongoing temporary and permanent indemnity payments; calculating and paying Awards; paying medical bills on both indemnity and MO files; and data input.

There is one claim assistant assigned to this program; the assistants' duties include indemnity payments, award payments and data input.

1.2 Findings, Summary and Recommendations.

This program is adequately staffed with experienced personnel. No recommendations are necessary.

E. AUDIT DETAIL

This section contains the details of this audit for: Small Cities Organized Risk Effort. Each area discusses an important group of related points and the subsections offer specifics of narrow points and, finally, findings, a summary and any needed recommendations are offered for the group.

1. Compensability Determination.

This audit area concerns the initial decision regarding compensability of the claim at the time it is reported. Usually simple, this issue is sometimes complicated at the outset. The initial decision to accept, delay, or deny a particular claim is an important milestone. Inquiries in this area are also made to see whether adequate background investigation is made, if necessary, and if communication with the relevant department of the employer is established and maintained.

1.1 Initial Employer Contact.

Initial employer contact is part of the three point contact process. The EIA standard requires this occur within 3 working days of receipt of the claim and that there be evidence of at least three documented attempts. This initial contact should be substantive and clearly documented in the claim file.

Claims Requiring Initial Employer Contact: 27
Claims With Timely Initial Employer Contact: 27 (100.0%).

1.2 Initial Decision.

The examiner's threshold function is to decide if a workers' compensation claim is to be accepted, delayed, or denied. The EIA standard requires this determination be made within 14 calendar days of the filing of the claim with the employer. In the event the claim is not received within 14 calendar days the initial decision shall be made within 7 calendar days of receipt of the claim.

Claims Requiring Initial Decision: 27
Claims With Timely Initial Decision: 27 (100.0%).

1.3 AOE/COE Investigation Needed.

If a decision is made to delay benefits on a claim an investigation shall be initiated within 3 working days of the decision to delay. The investigation should be fully documented with evidence sufficient to justify the actions taken and should show a clear statement of the examiner's thought processes. If the self-insured, defense attorney, or any other source of

information was relied upon, then these facts and sources need to be included in the documentation.

Claims Needing AOE/COE Investigation: 5
Claims Investigated Adequately: 5 (100.0%).

1.4 Final Decision Timely Documented.

If an investigation is necessary on a delayed claim, then a final decision whether to accept or deny must be made within 90 calendar days from the date the employer received the claim form.

Claims Requiring Timely Decision: 5
Claims Documented With Timely Decision: 5 (100.0%).

1.5 Findings, Summary and Recommendations.

Questionable claims were investigated timely and adequately. Initial claims decisions were also made timely. Recommendations are not necessary.

2. Employee Contact.

The purpose of this area of inquiry is to learn if the claims examiner makes early telephone contact with each injured worker according to the EIA standard and whether this telephone contact continues as appropriate.

2.1 Initial Employee Contact.

Initial employee contact is part of the three point contact process. The EIA standard requires initial contact within 3 working days of receipt of the claim and that there be evidence of at least three documented attempts. This initial contact should be substantive and clearly documented in the claim file. This standard also applies to medical only claims.

Claims In Need of Initial Contact: 24

Claims Showing Initial Contact: 24 (100.0%).

2.2 Employee Contact Continued.

Maintaining employee contact on non-litigated claims with ongoing temporary disability is a widely accepted industry standard. The EIA standard is that such contact occurs within 3 working days after a scheduled surgery and at a frequency no greater than every 45 days during ongoing temporary disability on claims involving unrepresented injured employees. While assigned nurse case managers maintain employee contact on many cases their role is not a substitute for periodic contact by the examiner.

Claims Needing Continuing Employee Contact: 8

Claims With Continuing Contact: 5 (62.5%).

2.3 Findings, Summary and Recommendations.

Initial employee contact was completed timely on all applicable claims. Continued employee contact was below the EIA standard. It is recommended this standard be reviewed and adhered to by examiners.

3. Payments.

This area concerns itself with the timeliness and accuracy of benefit payments. Initial indemnity payments and the issuance of the first DWC notice are checked against the timeliness standards of the Administrative Director of the Division of Workers' Compensation. Subsequent indemnity payments and permanent disability payments are also reviewed for timeliness. Medical payments and payments/reimbursements to the injured employee are also reviewed for timeliness. Accuracy of payments are checked through the file balancing procedure and we look at payments to be sure all are made on the correct claim.

3.1 Timeliness of Initial TD Payment.

California administrative regulations require that initial indemnity payments (or notice, in the case of salary continuation) be issued within fourteen calendar days of knowledge of the injury and disability. In the event notification of injury or disability does not occur within 14 calendar days payment shall be made within 7 calendar days of notification.

Claims Requiring Timely Initial TD Payment: 10
Claims With Timely Initial TD Payment: 10 (100.0%).

3.2 Subsequent TD Payments.

Subsequent indemnity payments are required to be paid once every two weeks exactly and shall be verified except for established long term disability.

Claims Requiring Subsequent TD Payments: 14
Claims With Subsequent Timely TD Payments: 14 (100.0%).

3.3 Permanent Disability Payments.

Initial permanent disability payments shall be issued within 14 calendar days after the last payment of temporary disability and continue every 14 days up to a reasonable estimate of the permanent disability. Effective 1/1/2013 permanent disability payments shall be issued upon approval of an Award pursuant to Labor Code Section 4650(b)(2) unless otherwise required to be paid prior to issuance of an Award.

Claims On Which PD (or Advances) Were Required: 14
Claims With Correct PD Payments: 14 (100.0%).

3.4 Required Benefit Notices.

California administrative regulations require that a benefit notice be sent within 14 calendar days or concurrently with payment to the injured employee each time an indemnity payment is commenced or terminated. Benefit notices are also required to be sent within 14 days when a claim is delayed for further investigation and upon receipt of a permanent and stationary medical report indicating there is or is not any permanent disability.

Claims Requiring Benefit Notices: 28

Claims With Timely Issued Benefit Notices: 22 (78.6%).

The Exceptions Are:

- #10015: PD monitor due 5/2019 has not been sent.
- #14748: PD monitor due 10/2018 was not sent.
- #14840: PD monitor due 8/2/2019 has not been sent.
- #16312: PD advice letter was not sent within 14 days of receiving AME report.
- #19060: PD monitors were not sent after 9/2018.
- #19309: PD advice letter was not sent within 14 days of receiving AME report.

3.5 Overpayments.

Overpayments shall be identified and reimbursed timely where appropriate. If necessary, a credit shall be sought as part of any resolution of the claim.

Number of Claims With Overpayments: 0

Claims In Which Overpayment Was Documented: 0 (.0%).

3.6 File Balancing.

Fiscal handling for indemnity benefits on active cases shall be balanced with appropriate file documentation on a semi-annual basis to verify that statutory benefits are paid appropriately. Balancing is defined as, “an accounting of the periods and amounts due in comparison with what was actually paid”.

Claims Requiring File Balancing: 22
Claims With Timely File Balancing: 22 (100.0%).

3.7 Timely Employee Reimbursements.

Reimbursements to injured employees shall be made within 15 working days of receipt of the request for reimbursement. Advance travel expense shall be issued 10 working days prior to the date of travel.

Claims Requiring Employee Reimbursements: 16
Claims With Timely Employee Reimbursements: 14 (87.5%).

The Exceptions Are:

- #18187: Mileage was not paid for PQME appointment.
- #19060: Mileage for travel to PQME was not paid.

3.8 Timely Payment of Medical Bills.

Medical treatment billings shall be reviewed for correctness, approved and paid within 60 days of receipt.

Number of Claims With Medical Bills Paid: 49
Number of Claims With Timely Payment of Medical Bills: 45 (91.8%).

The Exceptions Are:

- #12264: Late payment of medical bill. Self-imposed penalty was paid.
- #17750: There were 2 late medical bill payments. Self-imposed penalties were paid.
- #19000: Late payment of medical bill. Self-imposed penalty was paid.
- #19177: Late payment of medical bill. Self-imposed penalty was paid.

3.9 Payments Made on Correct Claim.

In cases of multiple losses with the same injured employee, payments shall be made on the appropriate claim file.

Claims Involving Correct Claim Payment: 11
Claims In Which Payment Was Made On Correct Claim: 11 (100.0%).

3.10 Findings, Summary and Recommendations.

Indemnity was paid timely and accurately. File balancing was also completed on all applicable claims. With the exception of one or two bills on 4 claims, medical bills were paid timely. There were 6 mandatory notices which were either late or unsent. Four of these were PD monitor notices and the other 2 were PD advice letter. It is recommended that PD advice letters be sent promptly after the report is received and that the ongoing PD monitors be put on diary to ensure these are sent timely.

4. Plan of Action and Diary Reviews.

Examining workers' compensation claims, like any other business activity, should include a plan of action to achieve an explicit result. Without a plan, the claims examiner merely reacts to outside stimuli and the claims administration process breaks down, to the detriment of everyone concerned. Ideally, a plan should be written and include contingencies. This is where tactics are evaluated.

4.1 Plan of Action Appropriate.

The purpose of this inquiry is to learn whether initial case planning took place when the claim was reported to York Insurance Services from any source and if subsequent planning and tactics are appropriate to the case. Plan of action statements should be updated at the time of examiner diary review.

Claims Requiring a Plan of Action: 50

Claims With a Documented and Appropriate Plan of Action: 50 (100.0%).

4.2 Examiner Diaries.

Examiner diary reviews should occur at intervals not to exceed 45 calendar days on claims not yet settled and not to exceed 90 calendar days on future medical claims.

Number of Examiner Diaries Per Claim: 438

Number of Timely Examiner Diaries Per Claim: 395 (90.2%).

4.3 Supervisor Diaries.

Supervisor diary reviews should occur at intervals not to exceed 120 calendar days on claims not yet settled and not to exceed 180 calendar days on future medical claims.

Number of Supervisor Diaries Per Claim: 180

Number of Timely Supervisor Diaries Per Claim: 165 (91.7%).

4.4 Medical Only Conversion.

All medical only claims shall be reviewed for potential closure or transferred to an indemnity examiner within 90 calendar days following claim creation.

Claims Requiring Conversion: 1

Claims With Timely Conversion: 1 (100.0%).

4.5 Correspondence.

All correspondence requiring a written response shall have such response completed and transmitted within 5 working days of receipt.

Claims Requiring Timely Written Response: 49

Claims With Timely Written Response: 49 (100.0%).

4.6 Findings, Summary and Recommendations.

Plans of action were completed timely on all claims. Examiner and supervisor diaries were also completed over 90% of the time. No recommendations are necessary.

5. Medical Treatment.

The Labor Code requires the treating physician periodically to report to the claims administrator during treatment of an injured worker. This allows the examiner to insist on a regular flow of chart notes, X-ray reports, etc., to keep treatment focused on the industrial injury. Without sufficient reports from the doctors, the treatment can drift from the actual industrial injury. We also look at the appropriate use (or lack thereof) of additional cost containment measures such as utilization review and nurse case management services.

5.1 Physician Contact.

Initial physician contact is part of the three point contact process. The EIA standard requires this occur within 3 working days of receipt of the claim and that there be at least three documented attempts. Ongoing physician contact should be maintained as appropriate. If a nurse case manager is assigned to the claim, initial and ongoing physician contact may be conducted by either the claims examiner or the nurse case manager.

Claims That Required Physician Contact: 0

Claims With Timely Contact: 0 (.0%).

5.2 Appropriate Use of UR.

Each Member shall have in place a Utilization Review process as set forth in Labor Code Section 4610.5.

Claims Requiring Appropriate Use of UR: 32

Claims With Appropriate Use of UR : 32 (100.0%).

5.3 Appropriate Use NCM.

Nurse case managers shall be utilized where appropriate.

Claims Requiring Appropriate Use of NCM: 1

Claims With Appropriate Use of NCM: 1 (100.0%).

5.4 Findings, Summary and Recommendations.

Utilization review and nurse case management were appropriately used when needed. Recommendations are not necessary.

6. Litigation.

Litigation has a major impact on any self-insured program. Although it affects only a minority of files, it uses a disproportionate amount of time and money. This audit area focuses on litigation issues and management.

6.1 Investigation of Potential Litigation Issues.

Investigation of issues identified as material to potential litigation shall be promptly initiated. The Member shall be alerted to the need for said investigation and consulted with an acceptable outside investigator when such is needed. The Member shall be kept informed on the scope and results of the investigation.

Claims Requiring Investigation of Litigation Issues: 1

Claims With Adequate Investigation of Litigation Issues: 1 (100.0%).

6.2 Litigation Management.

The Member shall be advised when it is deemed appropriate to assign defense counsel. Defense counsel assigned shall be from a list approved by the Member. Initial referral and ongoing litigation management shall be timely and appropriate. The third party administrator or self-administered entity shall maintain control of litigation as related to ongoing claim activities.

Claims Requiring Litigation Management: 10

Claims With Appropriate Litigation Management: 10 (100.0%).

6.3 Communication With Employer on Litigated Claims.

The third party administrator or self-administered entity shall keep the appropriate Member personnel fully advised of ongoing litigation issues. Knowledgeable Member personnel shall be involved in the preparation for medical examinations and trial, when appropriate or deemed necessary, so that all material evidence and witnesses are utilized to obtain a favorable result for the defense.

Number of Claims Requiring Communication: 9

Number of Claims With Adequate Communication: 9 (100.0%).

6.4 Findings, Summary and Recommendations.

Litigation was managed effectively. No recommendations are needed.

7. Finalization.

This area is probably the most important to any claims operation. It is essential to conclude every case at the earliest possible moment. This requires not only a high examiner energy level but also a case load appropriate to the claims examiner's experience and expertise to know what to do next and how to do it. It is in the interest of all parties to move cases toward resolution as quickly as possible. No case ever gets better by being aged or ignored.

Workers' compensation files that are not disposed of with all due speed can be ranked as follows: 1) those that are not being handled proactively but with no apparent ill effect by the time of this audit; 2) those in which the delays have resulted in an ill effect; and 3) those where the ill effect is workers' compensation benefits being paid needlessly.

7.1 Resolution Pursued Timely.

Within 10 working days of receiving medical information that a claim can be finalized; the claims examiner shall commence appropriate action to do so.

Claims Requiring Timely Resolution: 45
Claims With Timely Resolution: 44 (97.8%).

The Exception Is:

- #19816: SAR was approved 2/20/2019. Stips were not sent to EE until 3/23/2019.

7.2 Correct Settlement Valuation.

Here we measure the examiner's technical and tactical evaluation of the settlement value of each case that was or is in the finalization stages. Settlement value shall be documented appropriately utilizing all relevant information.

Number of Claims With Settlement Evaluation: 17
Number of Claims Evaluated Correctly: 17 (100.0%).

7.3 Apportionment Recognition and Pursuit.

Investigation into the existence of apportionment shall be documented and if identified, all efforts to reduce exposure shall be pursued.

Claims With Apportionment: 6

Claims Where Apportionment Was Recognized and Pursued: 6 (100.0%).

7.4 Member Settlement Authority Request.

Settlement authorization shall be obtained from the Member on all settlements or stipulations in excess of the settlement authority provided by the Member.

Claims Requiring Member Settlement Authority Request: 15
Claims With Timely Member Settlement Authority Request: 15 (100.0%).

7.5 Excess Settlement Authority Request.

No agreement shall be authorized involving liability, or potential liability of the EIA without the advance written consent of the EIA. The Member shall be notified of any settlement request submitted to the EIA.

Claims Requiring Excess Settlement Authority: 0
Claims with Timely Excess Settlement Authority Request: 0 (.0%).

7.6 Medicare Interests Protected.

Where settlement includes resolution of future medical for a Medicare beneficiary or an expected Medicare beneficiary, the settlement document must document the strategy to protect Medicare's secondary payor status.

Claims Requiring Medicare Inquiry: 1
Claims With Documented Medicare Inquiry: 1 (100.0%).

7.7 Findings, Summary and Recommendations.

The finalization result shown under Paragraph 7.1 above is an accomplishment at 97.8%. All claims settled during the audit were done so with required settlement authority. No recommendations are necessary.

8. Reserve Adequacy.

Reserve adequacy is a key area. The self-insured entity wants to know and understand what its total liability is at any given time. Reserving may seem subjective but an experienced examiner can, during any given fiscal year, set case-based aggregate reserves that will still be adequate (within a few percentage points) years later. Most individual cases will close with total costs below the reserve, but many cases will need to have their reserves sharply increased from the initial amounts. Done correctly over the years, decreases in reserves and salvage on closing will offset the increases, leaving the original fiscal year aggregate accurate.

8.1 Initial Reserves Timely and Appropriate.

Reserves created at the time the case is first opened should be adequate based on the information then available in the file. A properly trained examiner will recognize the gravity of a loss as the file is created and establish initial reserves for the most probable case value.

Claims Requiring Timely and Appropriate Initial Reserves: 28
Claims With Timely and Appropriate Initial Reserves: 27 (96.4%).

The Exception Is:

- #10821: Indemnity should have been reserved from outset on litigated claim. It was not reserved until 3 months after claim opened.

8.2 Reserves Revised Timely and Appropriately.

New information is constantly received into the file and it often impacts the reserves. Here we see if the examiner reacted to the new information by addressing reserve adequacy in a timely fashion. Permanent disability exposure shall include life pension if applicable. Future medical claims shall be reserved in compliance with SIP regulation 15300 allowing adjustment for reductions in the approved medical fee schedule, undisputed utilization review, medically documented non-recurring treatment costs and medically documented reductions in life expectancy. Allocated expense reserves shall include cost containment, legal, investigation, copy service and other related fees.

Claims Requiring Timely and Appropriate Reserve Revisions: 36
Claims With Timely and Appropriate Reserve Revisions: 35 (97.2%).

The Exception Is:

- #15421: Examiner had knowledge of upcoming EE medical appointment on closed file on 2/21/2019. Adequate reserves were not set until 6/28/2019.

8.3 Separation of TD/4850 Reserves.

Indemnity reserves shall reflect actual temporary disability exposure with LC4850 differential listed separately.

Claims Requiring Separation of TD/4850 Reserves: 7

Claims With Separation of TD/4850 Reserves: 7 (100.0%).

8.4 Findings, Summary and Recommendations.

Reserves were consistently completed timely with reasonable reserves on all but 2 claims. Recommendations are unnecessary.

9. Excess Insurance.

This area looks at the timeliness of initial excess reporting, subsequent excess reporting and excess reimbursement requests as required by the EIA.

9.1 Initial Excess Reporting.

The basis for this query is the common reinsurance reporting requirements, usually when aggregate reserves reach 50% of the self-insured retention; the actual excess insurance policies covering these claims were not examined. Claims shall be reported to the EIA within 5 working days of the day on which it is known the reporting criterion is met.

Claims Requiring Initial Reporting: 10
Claims Reported Timely: 10 (100.0%).

9.2 Subsequent Excess Reporting.

Subsequent excess reports shall be transmitted on a quarterly basis on all claims not yet settled and on a semi-annual basis on all future medical claims or sooner if claim activity warrants, or at such other intervals as requested by the EIA.

Number of Times Reporting Required Per Claim: 11
Number of Times Reported Timely Per Claim: 11 (100.0%).

9.3 Excess Reimbursement Requests.

Reimbursement requests should be submitted in accordance with the EIA's reporting and reimbursement procedures on a quarterly or semi-annual basis depending on claims payment activity. Excess claim reporting and reimbursement procedures available through the EIA website should be utilized.

Claims Requiring Reimbursement: 2
Claims With Timely Reimbursement Requests: 2 (100.0%).

9.4 Settlement Documents and Award Sent to Excess.

A closing report with a copy of any settlement documents not previously sent shall be sent to the EIA.

Claims Requiring Documents and Award to be Sent: 0
Claims in Which Documents and Award Were Sent: 0 (.0%).

9.5 Findings, Summary and Recommendations.

All excess reports were sent timely and excess reimbursements were requested when needed No recommendations are necessary.

A listing of reportable cases in the audit sampleCentitled "Excess Reporting"—is at Tab Two in the *Addendum*.

10. Subrogation.

Subrogation is an important issue. This area usually involves few files but is unique in that it allows the administrator to recover some of the clients' funds. It is another indicator of the depth of the claims examiner's knowledge and skills.

10.1 Recognition of Subrogation.

In all cases where a third party (other than a Member employee or agent) is responsible for the injury to the employee, attempts to obtain information regarding the identity of the responsible party shall be made within 14 calendar days of recognition of subrogation potential. Once identified, the third party shall be contacted within 14 calendar days with notification of the Member's right to subrogation and the recovery of certain claim expenses.

Number of Claims Recognized for Potential Subrogation: 0
Actual Subrogation Cases With Timely Initial Action: 0 (.0%).

10.2 Appropriate Subrogation Follow Up.

Periodic contact shall be made with the responsible party and/or insurer to provide notification of the amount of the estimated recovery to which the Member shall be entitled. The file shall be monitored to determine the need to file a complaint in civil court to preserve the statute of limitations.

Actual Subrogation Cases: 1
Subrogation Cases With Appropriate Follow Up: 1 (100.0%).

10.3 Employer Communication Regarding Subrogation.

If the injured worker brings a civil action against the party responsible for the injury, the claims administrator shall consult with the Member about the value of the subrogation claim and other considerations. Member authorization shall be obtained to assign subrogation counsel in order to file a lien or Complaint in Intervention in the civil action. Member (and EIA if applicable) approval is required to waive pursuit of subrogation or agree to a settlement of a third party recovery.

Number of Claims With Active Subrogation 1
Number of Claims With Adequate Employer Communication 1 (100.0%).

10.4 Findings, Summary and Recommendations.

There was only 1 claim in the sample involving subrogation. This claim was followed-up on appropriately. No recommendations are necessary.

11. Penalty Summary.

This audit area is a review of any claims that fall into the penalty provisions of the Labor Code or Division of Workers' Compensation Rules and Regulations.

11.1 Self Imposed Penalty Paid if Required.

This penalty is required by the Rules and Regulations for any late indemnity payment. The penalty to be paid is 10% of the total amount of indemnity that is paid late and clearly identified as a penalty payment.

Claims Requiring Self Imposed Penalty: 4

Claims In Which Self Imposed Penalty Was Paid: 4 (100.0%).

11.2 Self Imposed Penalties Coded Correctly.

Penalties shall be coded so as to be identified as a penalty payment. If the Member utilizes a third party administrator, the Member shall be advised of the assessment of any penalty for the delayed amount and the reason thereof. The Member contract with the administrator shall specify who is responsible for specific penalties. The third party administrator shall have a plan in place to reimburse the member for any penalties that are the fault of the administrator on a monthly basis or any other periodic basis agreed to by the Member.

Claims In Which Self Imposed Penalty Was Paid: 4

Claims In Which Self Imposed Penalty was Correctly Coded: 4 (100.0%).

11.3 Findings, Summary and Recommendations.

There were 4 claims involving late payment of medical bills. The penalties due were paid and properly coded. Recommendations are unnecessary.

12. Return to Work and Permanent Restrictions.

This section looks at communications between the third party administrator and Member regarding return to work and permanent restrictions in the event of permanent disability.

12.1 Proactive Pursuit of Return to Work.

The administrator shall work proactively to obtain work restrictions and/or a release to full duty on all cases. The administrator shall notify the designated Member representative immediately upon receipt of temporary work restrictions or a release to full duty, and work with the Member to establish a return to work as soon as possible. Failing any needed response within 20 calendar days the administrator shall follow up with the designated Member representative.

Claims Where Proactive Pursuit of Return to Work Needed: 10
Claims Where Proactive Return To Work Occurred: 10 (100.0%).

12.2 Member Notified of Permanent Restrictions.

The administrator shall notify the designated Member immediately upon receipt of an employee's permanent work restrictions so that the Member can determine the availability of alternative, modified or regular work.

Claims With Permanent Restrictions: 0
Timely Employer Notification of Permanent Restrictions: 0 (.0%).

12.3 Findings, Summary, and Recommendations.

Proactive pursuit of return to work was completed on all applicable claims. Recommendations are not necessary.



ERMA RESOLUTION NO. 2020-1

PROOF OF COMPLIANCE WITH TRAINING MANDATED BY STATE LAW

INFORMATION ITEM

ISSUE: SCORE members who participate in ERMA will be required to provide an attestation that they have substantially complied with mandatory harassment training upon submitting a claim. If they have not complied the retained limit for the subject claim will be double.

RECOMMENDATION: Review and distribute the attached Resolution and maintain records of compliance.

FISCAL IMPACT: TBD – possible doubling of applicable SIR.

BACKGROUND: ERMA members are expected to take advantage of the training and services they offer and maintain required practices and procedures for reducing employment liability. In an effort to encourage compliance and improve the legal defense of submitted claims the members have passed a resolution requiring proof of training compliance when submitting a claim.

ATTACHMENTS: ERMA Resolution 2020-1

DRAFT RESOLUTION NO. 2020-1

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EMPLOYMENT RISK MANAGEMENT AUTHORITY REQUIRING
MEMBERS TO PROVIDE PROOF OF COMPLIANCE WITH TRAINING
MANDATED BY STATE LAW**

WHEREAS, the Employment Risk Management Authority, hereinafter ERMA, is a Joint Powers Authority organized and existing in accordance with the laws of the State of California;

WHEREAS, one of the functions of ERMA is to operate a “Pooled Wrongful Employment Practices” “risk sharing” program;

WHEREAS, it is in the best interests of the ERMA members to ensure that all underlying members comply with the minimum training requirements mandated by state law;

WHEREAS, the Board previously adopted Resolution No. 2019-3 to ensure that all ERMA members complied with sexual harassment training mandated by state law (Government Code §12950.1) and to establish a compliance program in which underlying members would be required to establish proof of compliance with such training to avoid penalties for noncompliance; and

WHEREAS, the Legislature has addressed conduct other than sexual harassment in Government Code § 12950.1, and this Resolution reflecting such scope is therefore appropriate.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

This Resolution 2020-1 supersedes Resolution 2019-3.

Senate Bill 778 extends the deadline from January 1, 2020 to January 1, 2021 for all employers with five or more employees to provide: 1) At least two hours of sexual harassment prevention training to all supervisory employees and elected officials and 2) At least one hour of sexual harassment prevention training to all non-supervisory employees. New employees should be trained within six months of appointment to a supervisory position. Thereafter, employees must be provided with refresher training once every two years. Temporary and/or seasonal employees must receive harassment prevention training by January 1, 2021.

Such training is required to address sexual harassment as well as harassment based on gender identity, gender expression, and sexual orientation; “abusive conduct” as defined; and more generally address unlawful discrimination, harassment and retaliation.

In an effort to ensure mandated training requirements are met, ERMA staff will monitor participation of live and online training for ERMA members via an established self-certification process, beginning January 1, 2021.

For any *Claim*, as such term is defined in ERMA's Memorandum of Coverage, that is submitted to ERMA by an underlying member which relates to the subject matter of California Government Code §12950.1, each underlying member is required to provide ERMA with documentation evidencing they have substantially complied with as the training requirements mandated by said code section. Substantial compliance is defined as having 90% of all employees and elected officials trained in compliance with §12950.1 as of the date of occurrence of the *Claim*.


At the time the Claim is submitted, and at the request of an ERMA representative, the underlying member shall within 30 days provide an attestation that the following occurred:

1. The underlying member is in compliance with the training and education requirements set forth in California Government Code §12950.1 and the regulations of the Fair Employment and Housing Commission relating thereto;
2. The underlying member documented the date of the training for each employee;
3. The underlying member retained a description of the course (including content and duration) and the course materials;
4. The underlying member retained a brief biography on the course trainer; and
5. The underlying member retained a copy of the participant sign-in sheets, certificates of completion, or other proof of attendance.

Any underlying member that fails to comply with the mandated sexual harassment training or that fails to provide ERMA with documentation evidencing compliance will have its retained limit increased by 100% for the submitted Claim. The Board of Directors will have discretion to consider lack of compliance as a factor in determining whether a member should be subject to a Risk Assessment.

This Resolution was adopted by the Board of Directors at a regular meeting held on February 7, 2020, in Santa Cruz, California, by the following vote:

| | |
|---------|----------|
| AYES | <u>8</u> |
| NOES | <u>0</u> |
| ABSTAIN | <u>0</u> |
| ABSENT | <u>3</u> |


PRESIDENT

ATTEST:


BOARD SECRETARY



**SCORE RESOLUTION 19-04 –
DELEGATION OF TREASURER RESPONSIBILITIES**

ACTION ITEM

ISSUE: The Board is asked to review and approve an annual resolution delegating authority to the SCORE Treasurer to invest or reinvest funds of the group. The Resolution also designates the SCORE Treasurer and President by name as authorized to sign checks and make deposits or withdrawals of SCORE funds.

RECOMMENDATION: Review and approve the attached Resolution as presented or amended.

FISCAL IMPACT: None.

BACKGROUND: SCORE's relatively new bank requires a formal document which annually establishes who is authorized to sign checks for SCORE. In the past this Resolution was passed only when the officers changed but now will become an annual routine.

ATTACHMENT(S): Resolution 19-04 Delegation of Treasurer Responsibilities



RESOLUTION 19-04

RESOLUTION DELEGATION OF TREASURER RESPONSIBILITIES

WHEREAS, The Small Cities Organized Risk Effort (SCORE) Board of Directors does hereby find that the elected position of Treasurer shall act in accordance with the provisions of Sections 6505.5 or 6505.6 of the California Government Code for the purposes of investment stated therein is in the best interest of Small Cities Organized Risk Effort.

WHEREAS, Pursuant to 53607. The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

NOW THEREFORE, BE IT RESOLVED, that the SCORE Board of Directors does hereby authorize the President and Treasurer authority to deposit and withdraw Small Cities Organized Risk Effort monies.

BE IT FURTHER RESOLVED, that the following Small Cities Organized Risk Effort officers or their successors in office shall be authorized to sign checks, and order the deposit or withdrawal of Small Cities Organized Risk Effort monies effective immediately:

- SCORE President – Steven Baker
- SCORE Treasurer – Roger Carroll

I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 19-04 duly and regularly adopted and passed at a regular meeting of the Board of Directors of the Small Cities Organized Risk Effort held on the 27th day of March 2020, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SCORE President, Steve Baker

SCORE Secretary, John Duckett



Agenda Item H.5.

EXCESS CYBER COVERAGE

ACTION ITEM

ISSUE: Due to increases in Cyber losses the Board is asked to explore Excess Cyber Liability limits above the existing current limits.

RECOMMENDATION: Review and consider approving the purchase of Excess Cyber Coverage.

FISCAL IMPACT: The pro-rated premiums for 2/3/20-7/1/20 are below as compared to the annualized premium.

| | PRO-RATED | ANNUALIZED | PRO-RATED | ANNUALIZED |
|--|---|---|--|--|
| Insured | \$2M x 2M OPTION 1 | \$2M x 2M OPTION 1 | \$3M x 2M OPTION 2 | \$3M x 2M OPTION 2 |
| City of Biggs | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Colfax | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Dunsmuir | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Etna | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Live Oak | \$1,347.17 | \$3,309 | \$1,554.42 | \$3,818 |
| City of Loyalton | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Montague | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Mount Shasta | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Portola | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Rio Dell | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Shasta Lake | \$1,660.47 | \$4,079 | \$1,915.93 | \$4,706 |
| City of Susanville | \$1,130.18 | \$2,776 | \$1,304.06 | \$3,203 |
| City of Tule Lake | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Weed | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Yreka | \$1,660.47 | \$4,079 | \$1,915.93 | \$4,706 |
| Town of Fort Jones | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| Town of Loomis | \$915.98 | \$2,250 | \$1,221.31 | \$3,000 |
| City of Isleton | \$1,017.76 | \$2,250 | | \$3,000 |
| | | | | |
| SCORE - Shared Aggregate (among all members) Options: | \$3M x \$2M \$4mm Policy Aggregate Premium | \$3M x \$2M \$4mm Policy Aggregate Premium | \$3M x \$2M \$10mm Policy Aggregate Premium | \$3M x \$2M \$10mm Policy Aggregate Premium |
| | \$10,341.66 | \$ 25,403 | \$26,461.75 | \$ 65,000 |



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 27, 2020**

BACKGROUND: Local governments across the country are facing a growing threat of cyberattacks and escalating ransom demands. Cyber Ransomware and Extortion losses are increasing in frequency and severity. Monetary demands for these type of losses are seeing an increase from five to six figure demands and members are encouraged to explore higher excess limits of coverage to insulate themselves against potential claims. SCORE members who currently participate in the APIP Property Program have some cyber liability coverage - the limit is \$2 million with a \$50,000 Retention and 8 hour waiting period for Dependent/Business Interruption Loss.

ATTACHMENTS: None.



FY 20/21 LIABILITY PROGRAM FUNDING RATES

ACTION ITEM

ISSUE: The Board annually reviews the actuary's funding projections for the upcoming fiscal year and approves the rates to be used for member premiums. The rates per \$100 of payroll at the 75% Confidence Level (CL) for a \$500,000 SIR are \$1.23 for the Banking Layer and \$2.26 for the Shared Layer, for a combined rate of \$3.48, an increase of 4.8% from the current rate of \$3.32.

The Program Administrators have also calculated the funding with a \$750,000 SIR since SCORE may be required by CJPRMA to move to the higher SIR for FY 20/21. Moving to a higher retention saves \$34,387 from the excess coverage but adds another \$70,000 to the Shared Layer Funding, resulting in a net increase to SCORE of \$35,613.

RECOMMENDATION: Maintain funding at the 75% Confidence Level and remain at \$500,000 SIR if offered by CJPRMA.

FISCAL IMPACT: TBD – dependent upon selected Self-Insured Retention (either \$500,000 SIR or \$750,000 SIR).

BACKGROUND: The Board annually reviews the actuary's rates for projected losses and determines an appropriate funding level. The Board has increased the liability funding to the 75% Confidence Level over the last few years. Members have considered capping rate increases in the past by using Net Position within SCORE's target funding benchmarks to smooth out the typical increases and decreases in rates. The Program Administrators will continue to annually evaluate the need and ability to cap annual increases in funding.

ATTACHMENTS:

1. DRAFT Proposed Liability Program Funding FY 20/21, 75% CL and \$500,000 SIR
2. DRAFT Proposed Liability Program Funding FY 20/21 at 75% CL and \$750,000 SIR
3. SCORE Liability Experience Modification Calculation
4. SCORE FY 20/21 GL Budget Comparison with \$500k SIR
5. SCORE FY 20/21 GL Budget Comparison with \$750k SIR

**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year PROPOSED 2020-2021
Funding (75% CL) - \$500k SIR**

Total Admin Expenses: \$867,424
Total Liability Admin Expenses: \$478,627
Total WC Admin Expenses: \$388,796
Liability Participants 18

| A | B | C | D | E | F | G | H | I | J |
|---------------------------------|---|--|--|--|---|--|--|---|---|
| Formula/Allocation | CY 2019 Payroll x 3% Inflation Factor | Relative Loss Rate x Credibility Factor | Projected Payroll x Ex Mod | (Exp/\$100) x Rate | (Exp/\$100) x Rate | (Exp/\$100) x Rate | Banking + Shared + Excess Layers | (PP/\$100) x Banking, Shared and Excess Rates | (H) - (I) |
| MEMBER ENTITY | Projected Payroll (PP) | Ex Mod | Ex-Mod Adjusted Payroll (ExP) | BANKING LAYER at 75% CL \$0 to \$25,000 | SHARED LAYER at 75% CL \$25,000 to \$500,000 | EXCESS LAYER \$500k TO \$40M CJPRMA PREMIUM | LOSS FUNDING (LF) | UNADJUSTED LOSS FUNDING (ULF) | Ex Mod Impact on Loss Funding Increase or (Decrease) |
| Rate Per \$100 or Amount | 1.03 | Calc | | \$ 1.23 | \$ 2.26 | \$ 0.93 | Calc | | Calc |
| Biggs | \$421,306 | 1.18 | \$497,772 | \$ 6,103 | \$ 11,232 | \$ 4,634 | \$ 21,968 | \$ 18,592 | \$ 3,377 |
| Colfax | \$815,608 | 0.93 | \$758,609 | \$ 9,301 | \$ 17,118 | \$ 7,062 | \$ 33,480 | \$ 35,992 | \$ (2,512) |
| Dunsmuir | \$867,785 | 1.69 | \$1,466,524 | \$ 17,980 | \$ 33,091 | \$ 13,652 | \$ 64,723 | \$ 38,294 | \$ 26,428 |
| Etna | \$535,744 | 0.91 | \$486,428 | \$ 5,964 | \$ 10,976 | \$ 4,528 | \$ 21,468 | \$ 23,642 | \$ (2,174) |
| Fort Jones | \$549,942 | 0.98 | \$539,070 | \$ 6,609 | \$ 12,164 | \$ 5,018 | \$ 23,791 | \$ 24,268 | \$ (477) |
| Isleton | \$390,983 | 1.02 | \$400,184 | \$ 4,906 | \$ 9,030 | \$ 3,725 | \$ 17,662 | \$ 17,254 | \$ 408 |
| Live Oak | \$1,393,398 | 0.83 | \$1,154,683 | \$ 14,156 | \$ 26,055 | \$ 10,749 | \$ 50,960 | \$ 61,489 | \$ (10,529) |
| Loomis | \$1,182,518 | 1.18 | \$1,394,103 | \$ 17,092 | \$ 31,457 | \$ 12,978 | \$ 61,527 | \$ 52,183 | \$ 9,343 |
| Loyalton | \$161,721 | 0.98 | \$158,807 | \$ 1,947 | \$ 3,583 | \$ 1,478 | \$ 7,009 | \$ 7,137 | \$ (128) |
| Montague | \$408,234 | 0.96 | \$392,135 | \$ 4,808 | \$ 8,848 | \$ 3,650 | \$ 17,306 | \$ 18,015 | \$ (709) |
| Mt. Shasta | \$2,507,482 | 1.52 | \$3,807,522 | \$ 46,680 | \$ 85,915 | \$ 35,444 | \$ 168,039 | \$ 110,653 | \$ 57,387 |
| Portola | \$904,933 | 0.90 | \$816,996 | \$ 10,016 | \$ 18,435 | \$ 7,605 | \$ 36,057 | \$ 39,934 | \$ (3,877) |
| Rio Dell | \$1,216,547 | 0.82 | \$1,003,074 | \$ 12,298 | \$ 22,634 | \$ 9,338 | \$ 44,269 | \$ 53,685 | \$ (9,416) |
| Shasta Lake | \$4,299,509 | 0.75 | \$3,235,348 | \$ 39,665 | \$ 73,004 | \$ 30,118 | \$ 142,787 | \$ 189,733 | \$ (46,946) |
| Susanville | \$4,420,501 | 0.76 | \$3,381,395 | \$ 41,456 | \$ 76,300 | \$ 31,477 | \$ 149,233 | \$ 195,072 | \$ (45,839) |
| Tulelake | \$423,418 | 0.94 | \$399,074 | \$ 4,893 | \$ 9,005 | \$ 3,715 | \$ 17,613 | \$ 18,685 | \$ (1,072) |
| Weed | \$2,269,813 | 1.31 | \$2,974,421 | \$ 36,466 | \$ 67,116 | \$ 27,689 | \$ 131,272 | \$ 100,164 | \$ 31,107 |
| Yreka | \$3,821,757 | 0.97 | \$3,725,055 | \$ 45,669 | \$ 84,054 | \$ 34,676 | \$ 164,400 | \$ 168,650 | \$ (4,250) |
| Grand Total | \$26,591,201 | | \$26,591,201 | \$ 326,008 | \$ 600,017 | \$ 247,536 | \$ 1,173,562 | \$ 1,173,442 | \$ 120 |

| | | | | | |
|-----------------------|--------------|------------|------------|-------------|--------------|
| Verification of Total | | \$ 326,000 | \$ 600,000 | \$ 247,536 | \$500k SIR |
| Actuary Payroll | \$26,591,201 | \$ 326,000 | \$ 670,000 | \$ 213,149 | \$750K SIR |
| | | \$ - | \$ 70,000 | \$ (34,387) | Change |
| | | | \$ 35,613 | \$ 35,613 | Net Increase |

**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year PROPOSED 2020-2021
Funding (75% CL) - \$500k SIR**

| | | | |
|-------------------------|-----------|-------------------------|--------------|
| CJPRMA Premium: | \$247,536 | CSAC Pollution Premium: | \$5,801 |
| CJPRMA Refund: | \$0 | CSAC Pollution Payroll: | \$25,664,473 |
| Rate Per \$100 Payroll: | \$ 0.93 | Rate per \$100: | 0.022603231 |

| A | K | L | M | N | O | P | Q | R | S | T | U |
|---------------------------------|----------------------|---------------------------------------|------------------------------------|----------------------------|--------------------------------------|---|--------------------------------------|--------------------------|-------------------------|----------------------------|------------------------|
| Formula/Allocation | Refund x %PP | (PP/100) x Rate | (Total Admin/2)/ Number of Members | (Total Admin/2)/ %PP | (M) + (N) | Loss Funding + Refund + Pollution + Admin | | | | | Member PP/ Total PP |
| MEMBER ENTITY | CJPRMA REFUND | CSAC/CPIE A Pollution Coverage | 50% ADMIN FIXED EXPENSE | 50% ADMIN % PAYROLL | Proposed FY 20-21 Admin Total | Proposed FY 20-21 TOTAL FINAL DEPOSIT 75% CL | FY 19-20 TOTAL DEPOSIT 75% CL | \$ Change Overall | % Change Overall | % Change in Payroll | % Payroll (%PP) |
| Rate Per \$100 or Amount | | \$ 0.0226 | \$239,314 | \$239,314 | \$478,627 | 75% CL | 75% CL | | | | |
| Biggs | | \$95 | \$13,295 | \$3,792 | \$17,087 | \$39,150 | \$39,306 | -\$156 | 0% | 2% | 1.58% |
| Colfax | | \$184 | \$13,295 | \$7,340 | \$20,635 | \$54,300 | \$49,075 | \$5,225 | 11% | 15% | 3.07% |
| Dunsmuir | | \$196 | \$13,295 | \$7,810 | \$21,105 | \$86,024 | \$81,540 | \$4,484 | 5% | 9% | 3.26% |
| Etna | | | \$13,295 | \$4,822 | \$18,117 | \$39,585 | \$44,683 | -\$5,098 | -11% | -18% | 2.01% |
| Fort Jones | | \$124 | \$13,295 | \$4,949 | \$18,245 | \$42,160 | \$40,243 | \$1,917 | 5% | 1% | 2.07% |
| Isleton | | | \$13,295 | \$3,519 | \$16,814 | \$34,475 | \$32,481 | \$1,994 | 6% | 12% | 1.47% |
| Live Oak | | \$315 | \$13,295 | \$12,540 | \$25,835 | \$77,111 | \$76,034 | \$1,077 | 1% | -2% | 5.24% |
| Loomis | | \$267 | \$13,295 | \$10,642 | \$23,938 | \$85,731 | \$74,462 | \$11,270 | 15% | 21% | 4.45% |
| Loyalton | | \$37 | \$13,295 | \$1,455 | \$14,751 | \$21,796 | \$19,944 | \$1,852 | 9% | 41% | 0.61% |
| Montague | | \$92 | \$13,295 | \$3,674 | \$16,969 | \$34,368 | \$30,993 | \$3,375 | 11% | 24% | 1.54% |
| Mt. Shasta | | \$567 | \$13,295 | \$22,567 | \$35,862 | \$204,468 | \$173,964 | \$30,504 | 18% | 11% | 9.43% |
| Portola | | \$205 | \$13,295 | \$8,144 | \$21,439 | \$57,701 | \$47,766 | \$9,935 | 21% | 27% | 3.40% |
| Rio Dell | | \$275 | \$13,295 | \$10,949 | \$24,244 | \$68,788 | \$61,627 | \$7,161 | 12% | 16% | 4.57% |
| Shasta Lake | | \$972 | \$13,295 | \$38,694 | \$51,990 | \$195,749 | \$180,562 | \$15,187 | 8% | 3% | 16.17% |
| Susanville | | \$999 | \$13,295 | \$39,783 | \$53,079 | \$203,310 | \$190,918 | \$12,392 | 6% | 7% | 16.62% |
| Tulelake | | \$96 | \$13,295 | \$3,811 | \$17,106 | \$34,814 | \$34,419 | \$395 | 1% | 3% | 1.59% |
| Weed | | \$513 | \$13,295 | \$20,428 | \$33,723 | \$165,508 | \$167,121 | -\$1,614 | -1% | 4% | 8.54% |
| Yreka | | \$864 | \$13,295 | \$34,395 | \$47,690 | \$212,953 | \$197,788 | \$15,166 | 8% | 6% | 14.37% |
| Grand Total | | \$5,801 | \$239,314 | \$239,314 | \$478,627 | \$1,657,990 | \$1,542,925 | \$115,065 | 7% | 7% | 100.00% |

Verification of Total Actuary Payroll

**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year PROPOSED 2020-2021
Funding (75% CL) - \$750K SIR**

Total Admin Expenses: \$867,424
Total Liability Admin Expenses: \$478,627
Total WC Admin Expenses: \$388,796
Liability Participants 18

| A | B | C | D | E | F | G | H | I | J |
|--------------------------|---------------------------------------|---|-------------------------------|---|--|---|----------------------------------|---|--|
| Formula/Allocation | CY 2019 Payroll x 3% Inflation Factor | Relative Loss Rate x Credibility Factor | Projected Payroll x Ex Mod | (Exp/\$100) x Rate | (Exp/\$100) x Rate | (Exp/\$100) x Rate | Banking + Shared + Excess Layers | (PP/\$100) x Banking, Shared and Excess Rates | (H) - (I) |
| MEMBER ENTITY | Projected Payroll (PP) | Ex Mod | Ex-Mod Adjusted Payroll (ExP) | BANKING LAYER at 75% CL \$0 to \$25,000 | SHARED LAYER at 75% CL \$25,000 to \$750,000 | EXCESS LAYER \$750k TO \$40M CJPRMA PREMIUM | LOSS FUNDING (LF) | UNADJUSTED LOSS FUNDING (ULF) | Ex Mod Impact on Loss Funding Increase or (Decrease) |
| Rate Per \$100 or Amount | 1.03 | Calc | | \$ 1.23 | \$ 2.52 | \$ 0.80 | Calc | | Calc |
| Biggs | \$421,306 | 1.18 | \$497,772 | \$ 6,103 | \$ 12,542 | \$ 3,990 | \$ 22,635 | \$ 19,158 | \$ 3,477 |
| Colfax | \$815,608 | 0.93 | \$758,609 | \$ 9,301 | \$ 19,114 | \$ 6,081 | \$ 34,496 | \$ 37,087 | \$ (2,592) |
| Dunsmuir | \$867,785 | 1.69 | \$1,466,524 | \$ 17,980 | \$ 36,951 | \$ 11,755 | \$ 66,686 | \$ 39,460 | \$ 27,226 |
| Etna | \$535,744 | 0.91 | \$486,428 | \$ 5,964 | \$ 12,256 | \$ 3,899 | \$ 22,119 | \$ 24,361 | \$ (2,243) |
| Fort Jones | \$549,942 | 0.98 | \$539,070 | \$ 6,609 | \$ 13,583 | \$ 4,321 | \$ 24,513 | \$ 25,007 | \$ (494) |
| Isleton | \$390,983 | 1.02 | \$400,184 | \$ 4,906 | \$ 10,083 | \$ 3,208 | \$ 18,197 | \$ 17,779 | \$ 418 |
| Live Oak | \$1,393,398 | 0.83 | \$1,154,683 | \$ 14,156 | \$ 29,094 | \$ 9,256 | \$ 52,506 | \$ 63,361 | \$ (10,855) |
| Loomis | \$1,182,518 | 1.18 | \$1,394,103 | \$ 17,092 | \$ 35,126 | \$ 11,175 | \$ 63,393 | \$ 53,772 | \$ 9,621 |
| Loyalton | \$161,721 | 0.98 | \$158,807 | \$ 1,947 | \$ 4,001 | \$ 1,273 | \$ 7,221 | \$ 7,354 | \$ (133) |
| Montague | \$408,234 | 0.96 | \$392,135 | \$ 4,808 | \$ 9,880 | \$ 3,143 | \$ 17,831 | \$ 18,563 | \$ (732) |
| Mt. Shasta | \$2,507,482 | 1.52 | \$3,807,522 | \$ 46,680 | \$ 95,935 | \$ 30,520 | \$ 173,136 | \$ 114,020 | \$ 59,116 |
| Portola | \$904,933 | 0.90 | \$816,996 | \$ 10,016 | \$ 20,585 | \$ 6,549 | \$ 37,151 | \$ 41,149 | \$ (3,999) |
| Rio Dell | \$1,216,547 | 0.82 | \$1,003,074 | \$ 12,298 | \$ 25,274 | \$ 8,040 | \$ 45,612 | \$ 55,319 | \$ (9,707) |
| Shasta Lake | \$4,299,509 | 0.75 | \$3,235,348 | \$ 39,665 | \$ 81,519 | \$ 25,934 | \$ 147,118 | \$ 195,508 | \$ (48,390) |
| Susanville | \$4,420,501 | 0.76 | \$3,381,395 | \$ 41,456 | \$ 85,199 | \$ 27,104 | \$ 153,759 | \$ 201,009 | \$ (47,250) |
| Tulelake | \$423,418 | 0.94 | \$399,074 | \$ 4,893 | \$ 10,055 | \$ 3,199 | \$ 18,147 | \$ 19,254 | \$ (1,107) |
| Weed | \$2,269,813 | 1.31 | \$2,974,421 | \$ 36,466 | \$ 74,944 | \$ 23,842 | \$ 135,253 | \$ 103,213 | \$ 32,040 |
| Yreka | \$3,821,757 | 0.97 | \$3,725,055 | \$ 45,669 | \$ 93,858 | \$ 29,859 | \$ 169,386 | \$ 173,783 | \$ (4,397) |
| Grand Total | \$26,591,201 | | \$26,591,201 | \$ 326,008 | \$ 670,000 | \$ 213,149 | \$ 1,209,157 | \$ 1,209,157 | \$ 0 |

| | | | | | |
|-----------------------|--------------|------------|------------|-------------|--------------|
| Verification of Total | | \$ 326,000 | \$ 600,000 | \$ 247,536 | \$500k SIR |
| Actuary Payroll | \$26,591,201 | \$ 326,000 | \$ 670,000 | \$ 213,149 | \$750K SIR |
| | | \$ - | \$ 70,000 | \$ (34,387) | Change |
| | | | \$ 35,613 | | Net Increase |

**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year PROPOSED 2020-2021
Funding (75% CL) - \$750K SIR**

| | | | |
|-------------------------|-----------|-------------------------|--------------|
| CJPRMA Premium: | \$213,149 | CSAC Pollution Premium: | \$5,801 |
| CJPRMA Refund: | \$0 | CSAC Pollution Payroll: | \$25,664,473 |
| Rate Per \$100 Payroll: | \$ 0.80 | Rate per \$100: | 0.02260323 |

| A | K | L | M | N | O | P | Q | R | S | T | U |
|---------------------------------|---------------|-------------------------------|------------------------------------|----------------------|-------------------------------|---|------------------------|-------------------|------------------|---------------------|---------------------|
| Formula/Allocation | Refund x %PP | (PP/100) x Rate | (Total Admin/2)/ Number of Members | (Total Admin/2)/ %PP | (M) + (N) | Loss Funding + Refund + Pollution + Admin | | | | | Member PP/ Total PP |
| MEMBER ENTITY | CJPRMA REFUND | CSAC/CPIEA Pollution Coverage | 50% ADMIN FIXED EXPENSE | 50% ADMIN % PAYROLL | Proposed FY 20-21 Admin Total | Proposed FY 20-21 TOTAL FINAL DEPOSIT | FY 19-20 TOTAL DEPOSIT | \$ Change Overall | % Change Overall | % Change in Payroll | % Payroll (%PP) |
| Rate Per \$100 or Amount | | \$ 0.0226 | \$239,314 | \$239,314 | \$478,627 | 75% CL | 75% CL | | | | |
| Biggs | | \$95 | \$13,295 | \$3,792 | \$17,087 | \$39,817 | \$39,306 | \$511 | 1% | 2% | 1.58% |
| Colfax | | \$184 | \$13,295 | \$7,340 | \$20,635 | \$55,315 | \$49,075 | \$6,240 | 13% | 15% | 3.07% |
| Dunsmuir | | \$196 | \$13,295 | \$7,810 | \$21,105 | \$87,987 | \$81,540 | \$6,447 | 8% | 9% | 3.26% |
| Etna | | | \$13,295 | \$4,822 | \$18,117 | \$40,236 | \$44,683 | -\$4,447 | -10% | -18% | 2.01% |
| Fort Jones | | \$124 | \$13,295 | \$4,949 | \$18,245 | \$42,881 | \$40,243 | \$2,639 | 7% | 1% | 2.07% |
| Isleton | | | \$13,295 | \$3,519 | \$16,814 | \$35,011 | \$32,481 | \$2,530 | 8% | 12% | 1.47% |
| Live Oak | | \$315 | \$13,295 | \$12,540 | \$25,835 | \$78,656 | \$76,034 | \$2,622 | 3% | -2% | 5.24% |
| Loomis | | \$267 | \$13,295 | \$10,642 | \$23,938 | \$87,598 | \$74,462 | \$13,136 | 18% | 21% | 4.45% |
| Loyalton | | \$37 | \$13,295 | \$1,455 | \$14,751 | \$22,008 | \$19,944 | \$2,065 | 10% | 41% | 0.61% |
| Montague | | \$92 | \$13,295 | \$3,674 | \$16,969 | \$34,893 | \$30,993 | \$3,900 | 13% | 24% | 1.54% |
| Mt. Shasta | | \$567 | \$13,295 | \$22,567 | \$35,862 | \$209,565 | \$173,964 | \$35,600 | 20% | 11% | 9.43% |
| Portola | | \$205 | \$13,295 | \$8,144 | \$21,439 | \$58,794 | \$47,766 | \$11,029 | 23% | 27% | 3.40% |
| Rio Dell | | \$275 | \$13,295 | \$10,949 | \$24,244 | \$70,131 | \$61,627 | \$8,504 | 14% | 16% | 4.57% |
| Shasta Lake | | \$972 | \$13,295 | \$38,694 | \$51,990 | \$200,079 | \$180,562 | \$19,518 | 11% | 3% | 16.17% |
| Susanville | | \$999 | \$13,295 | \$39,783 | \$53,079 | \$207,837 | \$190,918 | \$16,919 | 9% | 7% | 16.62% |
| Tulelake | | \$96 | \$13,295 | \$3,811 | \$17,106 | \$35,348 | \$34,419 | \$929 | 3% | 3% | 1.59% |
| Weed | | \$513 | \$13,295 | \$20,428 | \$33,723 | \$169,489 | \$167,121 | \$2,368 | 1% | 4% | 8.54% |
| Yreka | | \$864 | \$13,295 | \$34,395 | \$47,690 | \$217,940 | \$197,788 | \$20,152 | 10% | 6% | 14.37% |
| Grand Total | | \$5,801 | \$239,314 | \$239,314 | \$478,627 | \$1,693,586 | \$1,542,925 | \$150,660 | 10% | 7% | 100.00% |

Verification of Total Actuary Payroll

SCORE
Liability Experience Modification Calculation
Fiscal Year PROPOSED 2020-2021

| FORMULA | Losses as of 12/31/19 Capped at \$50,000 | | | | | | | DE-9 Payroll Fiscal Years Ending | | | | | | |
|----------------------|--|------------------|------------------|------------------|------------------|--------------------|-------------------|----------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------|
| | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | Total | % of Total Losses | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | Total | % Total Payroll |
| MEMBER ENTITY | | | | | | | | | | | | | | |
| Biggs | | | \$57,737 | | | \$57,737 | 5% | \$382,291 | \$379,667 | \$392,776 | \$398,314 | \$403,292 | \$1,956,340 | 1.8% |
| Colfax | \$596 | | \$14,174 | | \$10 | \$14,781 | 1% | \$431,629 | \$553,415 | \$685,372 | \$795,191 | \$729,025 | \$3,194,632 | 2.9% |
| Dunsmuir | \$84,000 | \$5,365 | \$50,000 | \$1,450 | \$27,669 | \$168,484 | 14% | \$528,116 | \$529,248 | \$670,417 | \$693,618 | \$814,074 | \$3,235,473 | 2.9% |
| Etna | | | \$8 | | \$9 | \$17 | 0% | \$344,494 | \$383,669 | \$384,224 | \$622,671 | \$582,991 | \$2,318,049 | 2.1% |
| Fort Jones | | | | | \$50,000 | \$50,000 | 4% | \$267,933 | \$275,881 | \$339,322 | \$551,670 | \$564,774 | \$1,999,580 | 1.8% |
| Isleton | | \$14,499 | \$0 | | \$8 | \$14,507 | 1% | \$254,161 | \$200,387 | \$203,541 | \$290,929 | \$361,240 | \$1,310,258 | 1.2% |
| Live Oak | \$1,155 | \$1,371 | \$11,720 | \$0 | \$859 | \$15,105 | 1% | \$1,244,049 | \$1,340,354 | \$1,359,315 | \$1,404,840 | \$1,145,631 | \$6,494,188 | 5.9% |
| Loomis | | | | \$0 | | \$0 | 0% | \$708,952 | \$716,410 | \$786,892 | \$885,890 | \$1,038,226 | \$4,136,370 | 3.7% |
| Loyalton | \$1,834 | \$3,042 | \$360 | \$8 | \$585 | \$5,828 | 0% | \$146,327 | \$110,920 | \$121,101 | \$101,281 | \$133,847 | \$613,476 | 0.6% |
| Montague | \$63,466 | \$29,178 | \$51,100 | \$78,739 | \$21,002 | \$243,485 | 21% | \$319,406 | \$321,124 | \$342,082 | \$344,421 | \$357,636 | \$1,684,668 | 1.5% |
| Mt. Shasta | \$8 | \$2,704 | \$1,750 | \$5,673 | \$2,969 | \$13,104 | 1% | \$1,729,437 | \$1,786,692 | \$2,061,747 | \$2,083,648 | \$2,296,794 | \$9,958,318 | 9.0% |
| Portola | \$8 | \$5,455 | \$881 | | | \$6,344 | 1% | \$615,012 | \$775,449 | \$867,805 | \$707,151 | \$811,353 | \$3,776,770 | 3.4% |
| Rio Dell | \$53,572 | \$0 | \$1,845 | \$3,185 | \$31,974 | \$90,577 | 8% | \$991,690 | \$975,147 | \$1,015,930 | \$1,022,382 | \$1,106,459 | \$5,111,608 | 4.6% |
| Shasta Lake | \$27,119 | \$46,683 | \$2,033 | \$0 | \$25,768 | \$101,602 | 9% | \$3,291,793 | \$3,444,570 | \$3,719,515 | \$3,925,030 | \$4,163,629 | \$18,544,536 | 16.8% |
| Susanville | \$0 | \$2,877 | | | \$0 | \$2,877 | 0% | \$3,553,392 | \$3,919,587 | \$3,848,191 | \$4,024,339 | \$4,141,779 | \$19,487,289 | 17.6% |
| Tulelake | \$64,435 | \$2,987 | \$6,360 | \$94,839 | \$4,597 | \$173,217 | 15% | \$316,146 | \$365,242 | \$355,728 | \$382,100 | \$398,719 | \$1,817,935 | 1.6% |
| Weed | \$29,535 | \$32,787 | \$26,656 | \$27,900 | \$31,497 | \$148,375 | 13% | \$1,669,833 | \$1,568,849 | \$1,757,498 | \$1,851,307 | \$2,199,308 | \$9,046,795 | 8.2% |
| Yreka | \$63,929 | \$1,587 | \$7,716 | \$16 | \$1,770 | \$75,018 | 6% | \$2,881,778 | \$2,878,897 | \$3,115,630 | \$3,262,427 | \$3,617,069 | \$15,755,800 | 14.3% |
| Grand Total | \$389,655 | \$148,535 | \$232,340 | \$211,810 | \$198,717 | \$1,181,056 | 100% | \$19,676,437 | \$20,525,511 | \$22,027,084 | \$23,347,208 | \$24,865,846 | \$110,442,086 | 100.0% |

SCORE
Liability Experience Modification Calculation
Fiscal Year PROPOSED 2020-2021

| FORMULA | (Total Member Losses/Total Member Payroll) x 100 | Member LR/Total Pool LR | CY 2019 Payroll + 3% Inflation Factor | PP/(PP + Largest Member PP) | Member RLR x Member Cred + (1- Member Cred) | Projected Payroll x Ex Mod | Unadjusted Ex Mod / Weighted Ex Mod Factor* | Projected Payroll x Ex Mod | |
|----------------------|--|---------------------------------|---------------------------------------|----------------------------------|---|--|---|--------------------------------------|------------------------|
| | Loss Rate Per \$100 (LR) | Relative Loss Rate (RLR) | Projected Payroll (PP) | Credibility Factor (Cred) | Unadjusted Ex Mod | Unadjusted Ex Mod Payroll (UEP) | Ex Mod | Ex Mod Adjusted Payroll (ExP) | FY 19-20 Ex Mod |
| MEMBER ENTITY | | | 1.03 | | | | 1.00 | | |
| Biggs | \$2.95 | 2.76 | \$421,306 | 8.70% | 1.15 | \$485,818 | 1.15 | \$485,818 | 1.22 |
| Colfax | \$0.46 | 0.43 | \$815,608 | 15.58% | 0.91 | \$743,529 | 0.91 | \$743,529 | 0.94 |
| Dunsmuir | \$5.21 | 4.87 | \$867,785 | 16.41% | 1.63 | \$1,418,804 | 1.63 | \$1,418,804 | 1.79 |
| Etna | \$0.00 | 0.00 | \$535,744 | 10.81% | 0.89 | \$477,872 | 0.89 | \$477,872 | 0.89 |
| Fort Jones | \$2.50 | 2.34 | \$549,942 | 11.06% | 1.15 | \$631,372 | 1.15 | \$631,372 | 0.91 |
| Isleton | \$1.11 | 1.04 | \$390,983 | 8.13% | 1.00 | \$392,106 | 1.00 | \$392,106 | 1.03 |
| Live Oak | \$0.23 | 0.22 | \$1,393,398 | 23.97% | 0.81 | \$1,132,079 | 0.81 | \$1,132,079 | 0.79 |
| Loomis | \$0.00 | 0.00 | \$1,182,518 | 21.11% | 0.79 | \$932,947 | 0.79 | \$932,947 | 1.24 |
| Loyalton | \$0.95 | 0.89 | \$161,721 | 3.53% | 1.00 | \$161,084 | 1.00 | \$161,084 | 1.00 |
| Montague | \$14.45 | 13.52 | \$408,234 | 8.45% | 2.06 | \$840,173 | 2.06 | \$840,173 | 0.99 |
| Mt. Shasta | \$0.13 | 0.12 | \$2,507,482 | 36.19% | 0.68 | \$1,711,605 | 0.68 | \$1,711,605 | 1.45 |
| Portola | \$0.17 | 0.16 | \$904,933 | 16.99% | 0.86 | \$775,314 | 0.86 | \$775,314 | 0.89 |
| Rio Dell | \$1.77 | 1.66 | \$1,216,547 | 21.58% | 1.14 | \$1,389,041 | 1.14 | \$1,389,041 | 0.84 |
| Shasta Lake | \$0.55 | 0.51 | \$4,299,509 | 49.31% | 0.76 | \$3,265,689 | 0.76 | \$3,265,689 | 0.71 |
| Susanville | \$0.01 | 0.01 | \$4,420,501 | 50.00% | 0.51 | \$2,240,762 | 0.51 | \$2,240,762 | 0.78 |
| Tulelake | \$9.53 | 8.91 | \$423,418 | 8.74% | 1.69 | \$716,180 | 1.69 | \$716,180 | 0.95 |
| Weed | \$1.64 | 1.53 | \$2,269,813 | 33.93% | 1.18 | \$2,680,777 | 1.18 | \$2,680,777 | 1.43 |
| Yreka | \$0.48 | 0.45 | \$3,821,757 | 46.37% | 0.74 | \$2,838,671 | 0.74 | \$2,838,671 | 0.98 |
| Grand Total | \$1.07 | 1.00 | \$26,591,201 | | 1.00 | \$26,591,201 | 1.00 | \$26,591,201 | 1.02 |

SCORE General Liability Program Funding Changes 2019/20 to 2020/21 WITH \$500K SIR

| | 2020/21 | 2019/20 | Difference |
|--------------------------------------|---------|---------|------------|
| Base Rate* | \$ 3.48 | \$ 3.32 | 4.9% |
| * \$500K SIR Combined rate at 75% CL | | | |

| | 2020/21 | 2019/20 | Difference |
|---------|---------|---------|------------|
| XS Rate | \$ 0.93 | \$ 0.84 | 10.8% |

| Member Entity | Deposit Premium Change | | | Payroll | | | Losses \$0-\$50K | | | Experience Mod | | | Admin Allocation | | |
|--------------------|------------------------|--------------------|-------------|--|--|-------------|--------------------------|--------------------------|--------------|----------------|-------------|--------------|------------------|------------------|--------------|
| | Current Year 2020/21 | Prior Year 2019/20 | % Change | CY 2019 Payroll with 3% inflation factor | CY 2018 Payroll with 3% inflation factor | % Change | 5-Year Total FYE 2014-19 | 5-Year Total FYE 2013-18 | % Change | 2020/21 | 2019/20 | % Change | 2020/21 | 2019/20 | % Change |
| | \$500K SIR | | | 1.03 | 1.03 | | | | | | | | | | |
| Biggs | \$39,150 | \$39,306 | 0% | \$421,306 | \$413,838 | 2% | \$57,737 | \$68,984 | -16% | 1.18 | 1.23 | -4% | \$17,087 | \$18,176 | -6% |
| Colfax | \$54,300 | \$49,075 | 11% | \$815,608 | \$707,527 | 15% | \$14,781 | \$14,771 | 0% | 0.93 | 0.94 | -1% | \$20,635 | \$21,154 | -2% |
| Dunsmuir | \$86,024 | \$81,540 | 5% | \$867,785 | \$796,486 | 9% | \$168,484 | \$190,934 | -12% | 1.69 | 1.75 | -4% | \$21,105 | \$22,056 | -4% |
| Etna | \$39,585 | \$44,683 | -11% | \$535,744 | \$652,481 | -18% | \$17 | \$8 | 116% | 0.91 | 0.89 | 2% | \$18,117 | \$20,596 | -12% |
| Fort Jones | \$42,160 | \$40,243 | 5% | \$549,942 | \$545,651 | 1% | \$13,795 | \$0 | n/a | 0.98 | 0.91 | 8% | \$18,245 | \$19,512 | -6% |
| Isleton | \$34,475 | \$32,481 | 6% | \$390,983 | \$348,933 | 12% | \$14,507 | \$14,499 | 0% | 1.02 | 1.03 | 0% | \$16,814 | \$17,517 | -4% |
| Live Oak | \$77,111 | \$76,034 | 1% | \$1,393,398 | \$1,428,199 | -2% | \$15,105 | \$8,703 | 74% | 0.83 | 0.80 | 4% | \$25,835 | \$28,463 | -9% |
| Loomis | \$85,731 | \$74,462 | 15% | \$1,182,518 | \$973,672 | 21% | \$75,018 | \$92,554 | -19% | 1.18 | 1.23 | -4% | \$23,938 | \$23,853 | 0% |
| Loyalton | \$21,796 | \$19,944 | 9% | \$161,721 | \$114,893 | 41% | \$0 | \$0 | n/a | 0.98 | 1.00 | -2% | \$14,751 | \$15,144 | -3% |
| Montague | \$34,368 | \$30,993 | 11% | \$408,234 | \$329,375 | 24% | \$5,828 | \$10,336 | -44% | 0.96 | 0.99 | -3% | \$16,969 | \$17,319 | -2% |
| Mt. Shasta | \$204,468 | \$173,964 | 18% | \$2,507,482 | \$2,253,506 | 11% | \$243,485 | \$233,508 | 4% | 1.52 | 1.44 | 5% | \$35,862 | \$36,833 | -3% |
| Portola | \$57,701 | \$47,766 | 21% | \$904,933 | \$710,796 | 27% | \$13,104 | \$4,465 | 193% | 0.90 | 0.89 | 1% | \$21,439 | \$21,187 | 1% |
| Rio Dell | \$68,788 | \$61,627 | 12% | \$1,216,547 | \$1,047,932 | 16% | \$6,344 | \$6,344 | 0% | 0.82 | 0.84 | -2% | \$24,244 | \$24,607 | -1% |
| Shasta Lake | \$195,749 | \$180,562 | 8% | \$4,299,509 | \$4,181,350 | 3% | \$90,577 | \$76,524 | 18% | 0.75 | 0.71 | 6% | \$51,990 | \$56,385 | -8% |
| Susanville | \$203,310 | \$190,918 | 6% | \$4,420,501 | \$4,112,518 | 7% | \$101,602 | \$113,349 | -10% | 0.76 | 0.79 | -3% | \$53,079 | \$55,687 | -5% |
| Tulelake | \$34,814 | \$34,419 | 1% | \$423,418 | \$410,457 | 3% | \$2,877 | \$2,877 | 0% | 0.94 | 0.95 | -1% | \$17,106 | \$18,141 | -6% |
| Weed | \$165,508 | \$167,121 | -1% | \$2,269,813 | \$2,186,857 | 4% | \$173,217 | \$207,004 | -16% | 1.31 | 1.42 | -7% | \$33,723 | \$36,157 | -7% |
| Yreka | \$212,953 | \$197,788 | 8% | \$3,821,757 | \$3,595,296 | 6% | \$148,375 | \$156,606 | -5% | 0.97 | 0.99 | -1% | \$47,690 | \$50,441 | -5% |
| Grand Total | \$1,657,990 | \$1,542,925 | 7.5% | \$26,591,201 | \$24,809,766 | 7.2% | \$1,144,851 | \$1,201,465 | -4.7% | 1.02 | 1.03 | -0.9% | \$478,627 | \$503,231 | -4.9% |

SCORE General Liability Program Funding Changes 2019/20 to 2020/21 WITH \$750K SIR

| | 2020/21 | 2019/20 | Difference |
|------------|---------|---------|--------------|
| Base Rate* | \$ 3.75 | 3.32 | 12.8% |

* \$750K SIR Combined rate at 75% CL v. \$500K

| | 2020/21 | 2019/20 | Difference |
|---------|---------|---------|--------------|
| XS Rate | \$ 0.80 | \$ 0.84 | -4.6% |

| Member Entity | Deposit Premium Change | | | Payroll | | | Losses \$0-\$50K | | | Experience Mod | | | Admin Allocation | | |
|--------------------|------------------------|--------------------|-------------|--|--|-------------|--------------------------|--------------------------|--------------|----------------|-------------|--------------|------------------|------------------|--------------|
| | Current Year 2020/21 | Prior Year 2019/20 | % Change | CY 2019 Payroll with 3% inflation factor | CY 2018 Payroll with 3% inflation factor | % Change | 5-Year Total FYE 2014-19 | 5-Year Total FYE 2013-18 | % Change | 2020/21 | 2019/20 | % Change | 2020/21 | 2019/20 | % Change |
| | \$750K SIR | | | 1.03 | 1.03 | | | | | | | | | | |
| Biggs | \$39,817 | \$39,306 | 1% | \$421,306 | \$413,838 | 2% | \$57,737 | \$68,984 | -16% | 1.18 | 1.23 | -4% | \$17,087 | \$18,176 | -6% |
| Colfax | \$55,315 | \$49,075 | 13% | \$815,608 | \$707,527 | 15% | \$14,781 | \$14,771 | 0% | 0.93 | 0.94 | -1% | \$20,635 | \$21,154 | -2% |
| Dunsmuir | \$87,987 | \$81,540 | 8% | \$867,785 | \$796,486 | 9% | \$168,484 | \$190,934 | -12% | 1.69 | 1.75 | -4% | \$21,105 | \$22,056 | -4% |
| Etna | \$40,236 | \$44,683 | -10% | \$535,744 | \$652,481 | -18% | \$17 | \$8 | 116% | 0.91 | 0.89 | 2% | \$18,117 | \$20,596 | -12% |
| Fort Jones | \$42,881 | \$40,243 | 7% | \$549,942 | \$545,651 | 1% | \$13,795 | \$0 | n/a | 0.98 | 0.91 | 8% | \$18,245 | \$19,512 | -6% |
| Isleton | \$35,011 | \$32,481 | 8% | \$390,983 | \$348,933 | 12% | \$14,507 | \$14,499 | 0% | 1.02 | 1.03 | 0% | \$16,814 | \$17,517 | -4% |
| Live Oak | \$78,656 | \$76,034 | 3% | \$1,393,398 | \$1,428,199 | -2% | \$15,105 | \$8,703 | 74% | 0.83 | 0.80 | 4% | \$25,835 | \$28,463 | -9% |
| Loomis | \$87,598 | \$74,462 | 18% | \$1,182,518 | \$973,672 | 21% | \$75,018 | \$92,554 | -19% | 1.18 | 1.23 | -4% | \$23,938 | \$23,853 | 0% |
| Loyalton | \$22,008 | \$19,944 | 10% | \$161,721 | \$114,893 | 41% | \$0 | \$0 | n/a | 0.98 | 1.00 | -2% | \$14,751 | \$15,144 | -3% |
| Montague | \$34,893 | \$30,993 | 13% | \$408,234 | \$329,375 | 24% | \$5,828 | \$10,336 | -44% | 0.96 | 0.99 | -3% | \$16,969 | \$17,319 | -2% |
| Mt. Shasta | \$209,565 | \$173,964 | 20% | \$2,507,482 | \$2,253,506 | 11% | \$243,485 | \$233,508 | 4% | 1.52 | 1.44 | 5% | \$35,862 | \$36,833 | -3% |
| Portola | \$58,794 | \$47,766 | 23% | \$904,933 | \$710,796 | 27% | \$13,104 | \$4,465 | 193% | 0.90 | 0.89 | 1% | \$21,439 | \$21,187 | 1% |
| Rio Dell | \$70,131 | \$61,627 | 14% | \$1,216,547 | \$1,047,932 | 16% | \$6,344 | \$6,344 | 0% | 0.82 | 0.84 | -2% | \$24,244 | \$24,607 | -1% |
| Shasta Lake | \$200,079 | \$180,562 | 11% | \$4,299,509 | \$4,181,350 | 3% | \$90,577 | \$76,524 | 18% | 0.75 | 0.71 | 6% | \$51,990 | \$56,385 | -8% |
| Susanville | \$207,837 | \$190,918 | 9% | \$4,420,501 | \$4,112,518 | 7% | \$101,602 | \$113,349 | -10% | 0.76 | 0.79 | -3% | \$53,079 | \$55,687 | -5% |
| Tulelake | \$35,348 | \$34,419 | 3% | \$423,418 | \$410,457 | 3% | \$2,877 | \$2,877 | 0% | 0.94 | 0.95 | -1% | \$17,106 | \$18,141 | -6% |
| Weed | \$169,489 | \$167,121 | 1% | \$2,269,813 | \$2,186,857 | 4% | \$173,217 | \$207,004 | -16% | 1.31 | 1.42 | -7% | \$33,723 | \$36,157 | -7% |
| Yreka | \$217,940 | \$197,788 | 10% | \$3,821,757 | \$3,595,296 | 6% | \$148,375 | \$156,606 | -5% | 0.97 | 0.99 | -1% | \$47,690 | \$50,441 | -5% |
| Grand Total | \$1,693,586 | \$1,542,925 | 9.8% | \$26,591,201 | \$24,809,766 | 7.2% | \$1,144,851 | \$1,201,465 | -4.7% | 1.02 | 1.03 | -0.9% | \$478,627 | \$503,231 | -4.9% |



FY 20/21 WORKERS' COMPENSATION PROGRAM FUNDING RATES

ACTION ITEM

ISSUE: The Board annually reviews the actuary's funding projections for the upcoming fiscal year and approves the rates to be used for member premiums. The selected rates per \$100 of payroll at the current 80% Confidence Level (CL) are \$1.91 for the Banking Layer and \$4.83 for the Shared Layer, for a combined rate of \$6.74, a 7.3% increase from the \$6.28 rate used for the current year.

RECOMMENDATION: Approve the rates at the 80% Confidence Level as set by the actuary.

FISCAL IMPACT: Increase of \$250,000 in the combined layer funding, from \$1,517,307 to \$1,767,000.

BACKGROUND: The Board annually reviews the actuary's rates for projected losses and determines an appropriate funding level. The Confidence Level has been set as high as 85% in the past but was decreased to 70% in FY 2011/12. The Board maintained that level until increasing it to 75% for FY 2016/17 and 80% for FY 2019/20.

The Board previously established a goal of capping the Workers' Compensation Program loss funding rates at no more than 3% per year for the FY 2013/14, FY 2014/15, and FY 2015/16 program years. In the first year the rate was capped at 3%, but in the second year the program's financial position would not support a cap and it was not used. For FY 2015/16 the rates fell slightly so the cap was not needed. For FY 2016/17 the rates decreased again, by 6%, so the Board took the opportunity to increase the funding confidence level to 75%.

The Program Administrators will continue to annually evaluate the need and ability to cap annual increases in funding or strengthen the funding confidence level.

ATTACHMENTS:

1. DRAFT Proposed Workers' Compensation Program Funding FY 20/21
2. SCORE Workers' Compensation Experience Modification Calculation
3. SCORE FY 20/21 Workers' Compensation Budget Comparison

**SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
PROPOSED Fiscal Year 2020-21
Funding 80% CL**

| | | | |
|----------------------------|-----------|--|----|
| Total Admin Expenses: | \$913,212 | Liability Participants | 18 |
| Total Liab Admin Expenses: | \$514,215 | WC Participants | 17 |
| Total WC Admin Expenses: | \$398,996 | WC members (Mini-Cities as one member) | 12 |
| | | Mini-Cities Members | 7 |

| A | B | C | D | E | F | G | H | I | J |
|------------------------------|---------------------------------------|---|--|--|--|--|----------------------------------|---|---|
| Formula/Allocation | CY 2019 Payroll + 3% Inflation Factor | Relative Loss Rate x Credibility Factor | (Projected Payroll x Ex Mod)/ExP Adjustment Factor | (Exp/\$100) x Rate | (Exp/\$100) x Rate | (Exp/\$100) x Rate | Banking + Shared + Excess Layers | (PP/\$100) x Banking, Shared and Excess Rates | (H) - (I) |
| MEMBER ENTITY | Projected Payroll (PP) | EX MOD | Ex-Mod Adjusted Payroll (ExP) | BANKING LAYER 80% CL \$0 to \$25K | SHARED LAYER 80% CL \$25K to \$250K | EXCESS LAYER \$250K TO STATUTORY LAW CX PREMIUM | Loss Funding | Unadjusted Loss Funding | Ex Mod Impact on Loss Funding Increase or (Decrease) |
| Rate/Amount | 1.03 | Calc | | \$ 1.91 | \$ 4.83 | \$ 1.41 | Calc | Calc | Calc |
| Colfax | \$815,608 | 0.82 | \$ 703,383 | \$ 13,450 | \$ 33,988 | \$ 9,898 | \$ 57,336 | \$ 66,484 | \$ (9,148) |
| Dunsmuir | \$867,785 | 1.02 | \$ 932,631 | \$ 17,834 | \$ 45,065 | \$ 13,124 | \$ 76,023 | \$ 70,737 | \$ 5,286 |
| Etna | \$535,744 | 0.85 | \$ 482,349 | \$ 9,223 | \$ 23,307 | \$ 6,788 | \$ 39,318 | \$ 43,671 | \$ (4,353) |
| Fort Jones | \$549,942 | 0.86 | \$ 517,785 | \$ 9,901 | \$ 25,019 | \$ 7,286 | \$ 42,207 | \$ 44,828 | \$ (2,621) |
| Live Oak | \$1,393,398 | 0.72 | \$ 1,065,415 | \$ 20,373 | \$ 51,481 | \$ 14,993 | \$ 86,847 | \$ 113,582 | \$ (26,735) |
| Loomis | \$1,182,518 | 0.75 | \$ 935,287 | \$ 17,885 | \$ 45,193 | \$ 13,162 | \$ 76,240 | \$ 96,393 | \$ (20,153) |
| Mt. Shasta | \$2,507,482 | 0.84 | \$ 2,213,736 | \$ 42,331 | \$ 106,968 | \$ 31,153 | \$ 180,452 | \$ 204,396 | \$ (23,945) |
| Portola | \$904,933 | 1.26 | \$ 1,200,856 | \$ 22,963 | \$ 58,026 | \$ 16,899 | \$ 97,887 | \$ 73,765 | \$ 24,122 |
| Rio Dell | \$1,216,547 | 0.94 | \$ 1,212,902 | \$ 23,193 | \$ 58,608 | \$ 17,068 | \$ 98,869 | \$ 99,166 | \$ (297) |
| Shasta Lake | \$4,299,509 | 0.60 | \$ 2,734,686 | \$ 52,293 | \$ 132,141 | \$ 38,484 | \$ 222,917 | \$ 350,473 | \$ (127,556) |
| Susanville | \$4,420,501 | 1.08 | \$ 5,023,583 | \$ 96,061 | \$ 242,741 | \$ 70,694 | \$ 409,495 | \$ 360,336 | \$ 49,160 |
| Weed | \$2,269,813 | 1.07 | \$ 2,575,351 | \$ 49,246 | \$ 124,441 | \$ 36,241 | \$ 209,929 | \$ 185,023 | \$ 24,906 |
| Yreka | \$3,821,757 | 1.53 | \$ 6,187,710 | \$ 118,321 | \$ 298,991 | \$ 87,076 | \$ 504,389 | \$ 311,529 | \$ 192,860 |
| Subtotal Members | \$24,785,538 | 0.96 | \$ 25,785,672 | \$ 473,949 | \$ 1,197,642 | \$ 348,793 | \$ 2,020,384 | \$ 1,931,885 | \$ 88,499 |
| Isleton (do not participate) | | | | | | | | | |
| Biggs | \$421,306 | 0.91 | \$ 421,306 | \$ 8,056 | \$ 20,358 | \$ 5,929 | \$ 34,343 | \$ 34,343 | \$ (0) |
| Loyalton | \$161,721 | 0.91 | \$ 161,721 | \$ 3,092 | \$ 7,814 | \$ 2,276 | \$ 13,183 | \$ 13,183 | \$ (0) |
| Montague | \$408,234 | 0.91 | \$ 408,234 | \$ 7,806 | \$ 19,726 | \$ 5,745 | \$ 33,277 | \$ 33,277 | \$ (0) |
| Tulelake | \$423,418 | 0.91 | \$ 423,418 | \$ 8,097 | \$ 20,460 | \$ 5,959 | \$ 34,515 | \$ 34,515 | \$ (0) |
| Subtotal Mini Cities | \$1,414,679 | 0.91 | \$ 1,414,679 | \$ 27,051 | \$ 68,358 | \$ 19,908 | \$ 115,317 | \$ 115,317 | \$ (0) |
| Grand Total | \$26,200,217 | 0.95 | \$ 27,200,351 | \$ 501,000 | \$ 1,266,000 | \$ 368,701 | \$ 2,135,701 | \$ 2,047,202 | \$ 88,499 |

**SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
PROPOSED Fiscal Year 2020-21
Funding 80% CL**

Total Admin Expenses: \$913,212
Total Liab Admin Expenses: \$514,215
Total WC Admin Expenses: \$398,996

Liability Participants 18
WC Participants 17
WC members (Mini-Cities as one r 14
Mini-Cities Members 4

| A | K | L | M | N | O | P | Q | R | S | T | U | V | W | X |
|------------------------------|------------------|---------------------------------------|-------------------------|-------------------------------|----------------------|----------------|---------------------------------|-----------------------------|-------------------|------------------|---------------------|---------------------------|--------------------------|---|
| Formula/Allocation | Assessment x %PP | (Total Admin x .5)/ Number of Members | (Total Admin x .5)/ %PP | (L) + (M) | | | (H) + (K) + (N) | | | | | Member PP/Total PP | MC Member PP/Total MC PP | Relative Loss Rate x Credibility Factor |
| MEMBER ENTITY | LAWCX ASSESMENT | 50% ADMIN FIXED EXPENSE | 50% ADMIN % PAYROLL | Proposed Admin Total FY 20-21 | Admin Total FY 19-20 | % Change ADMIN | Proposed FY 20-21 TOTAL DEPOSIT | Prior Year FY 19-20 DEPOSIT | \$ Change Overall | % Change Overall | % Change in Payroll | % Projected Payroll (%PP) | % MC Projected Payroll | MC Indivi. Ex Mods |
| Rate/Amount | | \$199,498 | \$199,498 | \$398,996 | \$393,651 | 1.4% | 80% CL | 80% CL | | | | | | |
| Colfax | | \$11,735 | \$ 6,210 | \$17,946 | \$17,271 | 3.9% | \$75,282 | \$63,661 | \$11,621 | 18% | 15% | 3.1% | | |
| Dunsmuir | | \$11,735 | \$ 6,608 | \$18,343 | \$17,987 | 2.0% | \$94,366 | \$97,499 | -\$3,133 | -3% | 9% | 3.3% | | |
| Etna | | \$11,735 | \$ 4,079 | \$15,815 | \$16,828 | -6.0% | \$55,133 | \$63,671 | -\$8,538 | -13% | -18% | 2.0% | | |
| Fort Jones | | \$11,735 | \$ 4,187 | \$15,923 | \$15,969 | -0.3% | \$58,130 | \$55,142 | \$2,987 | 5% | 1% | 2.1% | | |
| Live Oak | | \$11,735 | \$ 10,610 | \$22,345 | \$23,070 | -3.1% | \$109,192 | \$103,427 | \$5,765 | 6% | -2% | 5.3% | | |
| Loomis | | \$11,735 | \$ 9,004 | \$20,739 | \$19,413 | 6.8% | \$96,979 | \$78,652 | \$18,326 | 23% | 21% | 4.5% | | |
| Mt. Shasta | | \$11,735 | \$ 19,093 | \$30,828 | \$29,711 | 3.8% | \$211,280 | \$220,191 | -\$8,911 | -4% | 11% | 9.6% | | |
| Portola | | \$11,735 | \$ 6,890 | \$18,626 | \$17,297 | 7.7% | \$116,513 | \$70,815 | \$45,698 | 65% | 27% | 3.5% | | |
| Rio Dell | | \$11,735 | \$ 9,263 | \$20,998 | \$20,010 | 4.9% | \$119,868 | \$93,708 | \$26,160 | 28% | 16% | 4.6% | | |
| Shasta Lake | | \$11,735 | \$ 32,738 | \$44,473 | \$45,223 | -1.7% | \$267,390 | \$260,114 | \$7,276 | 3% | 3% | 16.4% | | |
| Susanville | | \$11,735 | \$ 33,659 | \$45,395 | \$44,670 | 1.6% | \$454,890 | \$396,370 | \$58,520 | 15% | 7% | 16.9% | | |
| Weed | | \$11,735 | \$ 17,283 | \$29,018 | \$29,175 | -0.5% | \$238,947 | \$189,131 | \$49,816 | 26% | 4% | 8.7% | | |
| Yreka | | \$11,735 | \$ 29,100 | \$40,835 | \$40,508 | 0.8% | \$545,224 | \$416,923 | \$128,301 | 31% | 6% | 14.6% | | |
| Subtotal Members | | \$129,087 | \$ 180,460 | \$309,547 | \$304,334 | 1.7% | \$2,329,931 | \$1,990,492 | \$339,439 | 17% | 7% | 94.6% | | |
| Isleton (do not participate) | | | | | | | | | | | | | | |
| Biggs | | \$11,735 | \$ 3,208 | \$14,943 | \$14,908 | 0.2% | \$49,286 | \$44,618 | \$4,667 | 10% | 2% | 1.6% | 29.8% | 0.87 |
| Loyalton | | \$11,735 | \$ 1,231 | \$12,967 | \$12,502 | 3.7% | \$26,149 | \$20,751 | \$5,398 | 26% | 41% | 0.6% | 11.4% | 0.92 |
| Montague | | \$11,735 | \$ 3,108 | \$14,844 | \$14,228 | 4.3% | \$48,121 | \$37,875 | \$10,246 | 27% | 24% | 1.6% | 28.9% | 0.97 |
| Tulelake | | \$11,735 | \$ 3,224 | \$14,959 | \$14,881 | 0.5% | \$49,474 | \$44,348 | \$5,126 | 12% | 3% | 1.6% | 29.9% | 1.11 |
| Subtotal Mini Cities | | \$46,941 | \$ 10,772 | \$57,713 | \$89,316 | -35.4% | \$173,030 | \$266,406 | -\$93,377 | -35% | 12% | 5.4% | 100.0% | 0.91 |
| Grand Total | | \$176,028 | \$ 191,231 | \$367,259 | \$393,651 | -6.7% | \$2,502,960 | \$2,256,898 | \$246,062 | 11% | 7% | 100.0% | | |

SCORE
Workers' Compensation Experience Modification Calculation
Fiscal Year PROPOSED 2020-2021

| FORMULA | | | | | | | | | | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|--------------------|-------------------|--|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------|
| MEMBER ENTITY | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | Total | % of Total Losses | | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | Total | % Total Payroll |
| Colfax | \$0 | \$5,585 | \$127 | \$487 | \$6,199 | 0.3% | | \$553,415 | \$685,372 | \$795,191 | \$729,025 | \$ 2,763,003 | 3% |
| Dunsmuir | | \$82,947 | \$2,080 | | \$85,027 | 4.6% | | \$529,248 | \$670,417 | \$693,618 | \$814,074 | \$ 2,707,357 | 3% |
| Etna | | | \$2,461 | | \$2,461 | 0.1% | | \$383,669 | \$384,224 | \$622,671 | \$582,991 | \$ 1,973,555 | 2% |
| Fort Jones | \$4,377 | \$0 | | \$1,934 | \$6,311 | 0.3% | | \$275,881 | \$339,322 | \$551,670 | \$564,774 | \$ 1,731,647 | 2% |
| Live Oak | \$813 | | \$320 | | \$1,133 | 0.1% | | \$1,340,354 | \$1,359,315 | \$1,404,840 | \$1,145,631 | \$ 5,250,140 | 6% |
| Loomis | | | | | \$0 | 0.0% | | \$716,410 | \$786,892 | \$885,890 | \$1,038,226 | \$ 3,427,418 | 4% |
| Mt. Shasta | \$60,433 | \$7,007 | \$2,929 | \$50,000 | \$120,369 | 6.5% | | \$1,786,692 | \$2,061,747 | \$2,083,648 | \$2,296,794 | \$ 8,228,881 | 10% |
| Portola | \$41,797 | \$3,024 | \$55,631 | \$100,000 | \$200,452 | 10.8% | | \$775,449 | \$867,805 | \$707,151 | \$811,353 | \$ 3,161,758 | 4% |
| Rio Dell | \$33,295 | \$2,786 | \$225 | \$51,323 | \$87,630 | 4.7% | | \$975,147 | \$1,015,930 | \$1,022,382 | \$1,106,459 | \$ 4,119,918 | 5% |
| Shasta Lake | \$24,480 | \$1,973 | \$57,494 | \$2,147 | \$86,093 | 4.6% | | \$3,444,570 | \$3,719,515 | \$3,925,030 | \$4,163,629 | \$ 15,252,743 | 18% |
| Susanville | \$65,742 | \$230,777 | \$51,363 | \$92,785 | \$440,667 | 23.7% | | \$3,919,587 | \$3,848,191 | \$4,024,339 | \$4,141,779 | \$ 15,933,897 | 19% |
| Weed | \$7,291 | \$12,320 | \$100,000 | \$54,248 | \$173,860 | 9.3% | | \$1,568,849 | \$1,757,498 | \$1,851,307 | \$559,969 | \$ 5,737,624 | 7% |
| Yreka | \$120,495 | \$104,884 | \$159,058 | \$128,563 | \$513,000 | 27.6% | | \$2,878,897 | \$3,115,630 | \$3,262,427 | \$846,719 | \$ 10,103,672 | 12% |
| Subtotal Members | \$358,724 | \$451,304 | \$431,689 | \$481,487 | \$1,723,203 | 92.6% | | \$18,488,620 | \$19,888,310 | \$20,655,822 | \$18,801,424 | \$ 77,834,176 | 91% |
| Isleton (does not participate) | | | | | | | | | | | | | |
| Biggs | | | | \$1,094 | \$1,094 | 0.1% | | \$379,667 | \$392,776 | \$398,314 | \$403,292 | \$ 1,574,049 | 2% |
| Loyalton | \$90 | \$1,304 | | | \$1,394 | 0.1% | | \$110,920 | \$121,101 | \$101,281 | \$133,847 | \$ 467,149 | 1% |
| Montague | | | \$36,350 | | \$36,350 | 2.0% | | \$321,124 | \$342,082 | \$344,421 | \$357,636 | \$ 1,365,263 | 2% |
| Tulelake | | | \$0 | \$99,623 | \$99,623 | 5.4% | | \$365,242 | \$355,728 | \$382,100 | \$398,719 | \$ 1,501,789 | 2% |
| Subtotal Mini Cities | \$90 | \$1,304 | \$36,350 | \$100,717 | \$138,461 | 7.4% | | \$1,836,504 | \$1,935,234 | \$2,400,457 | \$1,293,493 | \$ 7,465,687 | 9% |
| Grand Total | \$358,814 | \$452,608 | \$468,039 | \$582,204 | \$1,861,664 | 100% | | \$20,325,124 | \$21,823,544 | \$23,056,279 | \$20,094,918 | \$ 85,299,864 | 100% |

SCORE
Workers' Compensation Experience Modification Calculation
Fiscal Year PROPOSED 2020-2021

| FORMULA | (Total Member Losses/Total Member Payroll) x 100 | Member LR/Total Pool LR | CY 2019 Payroll + 3% Inflation Factor | PP/(PP + Largest Member PP) | Member RLR x Member Cred + (1-Member Cred) | Projected Payroll x Ex Mod | Unadjusted Ex Mod / Weighted Ex Mod Factor* | Projected Payroll x Ex Mod | PP x Ex Mod | Unweighted Ex Mod/ Weighted Ex Mod Factor* | | | |
|--------------------------------|--|------------------------------------|---------------------------------------|-----------------------------|--|---------------------------------|---|-------------------------------|--------------------------------|--|-----------------|-----------------|--|
| MEMBER ENTITY | Loss Rate Per \$100 (LR) | Relative Loss Rate Per \$100 (RLR) | Projected Payroll (PP) | Credibility Factor (Cred) | Unweighted Experience Mod | Unweighted Ex Mod Payroll (UEP) | Ex Mod | Ex Mod Adjusted Payroll (ExP) | MC Individual Unweighed Ex Mod | MC Individual Ex-Mod | FY 20-21 Ex Mod | FY 19-20 Ex Mod | |
| | | | 1.03 | | | | 1.05386382 | | | | | | |
| Colfax | \$0.22 | \$0.10 | \$815,608 | 0.16 | 0.86 | \$701,624 | 0.82 | \$665,763 | | | 0.82 | 0.86 | |
| Dunsmuir | \$3.14 | \$1.44 | \$867,785 | 0.16 | 1.07 | \$930,298 | 1.02 | \$882,749 | | | 1.02 | 1.31 | |
| Etna | \$0.12 | \$0.06 | \$535,744 | 0.11 | 0.90 | \$481,142 | 0.85 | \$456,551 | | | 0.85 | 0.94 | |
| Fort Jones | \$0.36 | \$0.17 | \$549,942 | 0.11 | 0.91 | \$499,256 | 0.86 | \$473,739 | | | 0.86 | 0.94 | |
| Live Oak | \$0.02 | \$0.01 | \$1,393,398 | 0.24 | 0.76 | \$1,062,750 | 0.72 | \$1,008,432 | | | 0.72 | 0.74 | |
| Loomis | \$0.00 | \$0.00 | \$1,182,518 | 0.21 | 0.79 | \$932,947 | 0.75 | \$885,264 | | | 0.75 | 0.80 | |
| Mt. Shasta | \$1.46 | \$0.67 | \$2,507,482 | 0.36 | 0.88 | \$2,208,198 | 0.84 | \$2,095,335 | | | 0.84 | 1.11 | |
| Portola | \$6.34 | \$2.90 | \$904,933 | 0.17 | 1.32 | \$1,197,852 | 1.26 | \$1,136,629 | | | 1.26 | 0.99 | |
| Rio Dell | \$2.13 | \$0.97 | \$1,216,547 | 0.22 | 0.99 | \$1,209,868 | 0.94 | \$1,148,031 | | | 0.94 | 0.92 | |
| Shasta Lake | \$0.56 | \$0.26 | \$4,299,509 | 0.49 | 0.63 | \$2,727,845 | 0.60 | \$2,588,423 | | | 0.60 | 0.67 | |
| Susanville | \$2.77 | \$1.27 | \$4,420,501 | 0.50 | 1.13 | \$5,011,017 | 1.08 | \$4,754,900 | | | 1.08 | 1.12 | |
| Weed | \$3.03 | \$1.39 | \$2,269,813 | 0.34 | 1.13 | \$2,568,909 | 1.07 | \$2,437,610 | | | 1.07 | 0.96 | |
| Yreka | \$5.08 | \$2.33 | \$3,821,757 | 0.46 | 1.62 | \$6,172,232 | 1.53 | \$5,856,764 | | | 1.53 | 1.38 | |
| Subtotal Members | \$2.21 | \$1.01 | \$24,785,538 | 0.85 | 1.01 | \$25,703,939 | 0.96 | \$24,390,190 | | | 0.96 | 1.00 | |
| Isleton (does not participate) | | | | | | | | | | | | | |
| Biggs | \$0.07 | \$0.03 | \$421,306 | 0.09 | 1.36 | \$570,991 | 0.91 | \$385,467 | 0.92 | 0.87 | 0.91 | 0.94 | |
| Loyalton | \$0.30 | \$0.14 | \$161,721 | 0.04 | 1.36 | \$219,179 | 0.91 | \$147,965 | 0.97 | 0.92 | 0.91 | 0.94 | |
| Montague | \$2.66 | \$1.22 | \$390,983 | 0.08 | 1.36 | \$529,896 | 0.91 | \$147,965 | 1.02 | 0.97 | 0.91 | 0.94 | |
| Tulelake | \$6.63 | \$3.04 | \$408,234 | 0.08 | 1.36 | \$553,275 | 0.91 | \$147,965 | 1.17 | 1.11 | 0.91 | 0.94 | |
| Subtotal Mini Cities | \$1.85 | \$0.85 | \$1,382,245 | 0.24 | 0.96 | \$1,873,341 | 0.91 | \$829,361 | 0.96 | 0.91 | 0.91 | 0.94 | |
| Grand Total | \$2.18 | \$1.00 | \$26,167,783 | 0.86 | 1.00 | \$27,577,280 | 0.95 | \$25,219,551 | | | | | |

SCORE Workers' Compensation Program Funding Changes 2019/20 to 2020/21

| | 2020/21 | 2019/20 | Difference |
|------------|---------|---------|------------|
| Base Rate* | \$ 6.74 | \$ 6.26 | 7.7% |

| Excess Coverage | 2020/21 | 2019/20 | Difference |
|-----------------|---------|---------|------------|
| Base Rate | \$ 1.41 | 1.36 | 3.5% |

*Combined Rate at 80% CL

| Member Entity | WC Deposit Premium Change | | | Payroll | | | WC Losses \$0-\$50K | | | WC Experience Mod | | | WC Admin Allocation | | |
|------------------------------|-----------------------------------|---------------------------------|-------------|--|---|-------------|-----------------------------|-----------------------------|------------|-------------------|---------|-------------|---------------------|------------------|-------------|
| | Current Year 2020/21 80% CL | Prior Year 2019/20 80% CL | % Change | CY 2019 Payroll with 3% inflation factor | CY 2018 Payroll with 3% inflation factor | % Change | 4-Year Total FYE 2015-19 | 4-Year Total FYE 2014-18 | % Change | 2020/21 | 2019/20 | % Change | 2020/21 | 2019/20 | % Change |
| | | | | 1.03 | 1.03 | | | | | | | | | | |
| Colfax | \$ 75,439 | \$63,661 | 19% | \$815,608 | \$707,527 | 15% | \$6,199 | \$5,971 | 4% | 0.82 | 0.86 | -5% | \$ 17,946 | \$16,739 | 7% |
| Dunsmuir | \$ 94,740 | \$97,499 | -3% | \$867,785 | \$796,486 | 9% | \$85,027 | \$140,100 | -39% | 1.02 | 1.31 | -22% | \$ 18,343 | \$15,257 | 20% |
| Isleton (do not participate) | | | | | | | | | | | | | | | |
| Live Oak | \$ 108,435 | \$103,427 | 5% | \$1,393,398 | \$1,428,199 | -2% | \$1,133 | \$1,962 | -42% | 0.72 | 0.74 | -2% | \$ 22,345 | \$22,743 | -2% |
| Loomis | \$ 97,202 | \$78,652 | 24% | \$1,182,518 | \$973,672 | 21% | \$0 | \$0 | | 0.75 | 0.80 | -6% | \$ 20,739 | \$17,392 | 19% |
| Mt. Shasta | \$ 212,472 | \$220,191 | -4% | \$2,507,482 | \$2,253,506 | 11% | \$120,369 | \$197,660 | -39% | 0.84 | 1.11 | -25% | \$ 30,828 | \$29,586 | 4% |
| Portola | \$ 116,681 | \$70,815 | 65% | \$904,933 | \$710,796 | 27% | \$200,452 | \$57,290 | 250% | 1.26 | 0.99 | 27% | \$ 18,626 | \$16,313 | 14% |
| Rio Dell | \$ 119,979 | \$93,708 | 28% | \$1,216,547 | \$1,047,932 | 16% | \$87,630 | \$52,077 | 68% | 0.94 | 0.92 | 2% | \$ 20,998 | \$19,011 | 10% |
| Shasta Lake | \$ 268,726 | \$260,114 | 3% | \$4,299,509 | \$4,181,350 | 3% | \$86,093 | \$100,951 | -15% | 0.60 | 0.67 | -10% | \$ 44,473 | \$47,790 | -7% |
| Susanville | \$ 457,749 | \$396,370 | 15% | \$4,420,501 | \$4,112,518 | 7% | \$440,667 | \$373,309 | 18% | 1.08 | 1.12 | -4% | \$ 45,395 | \$48,450 | -6% |
| Weed | \$ 239,750 | \$189,131 | 27% | \$2,269,813 | \$2,186,857 | 4% | \$173,860 | \$120,317 | 45% | 1.07 | 0.96 | 12% | \$ 29,018 | \$26,778 | 8% |
| Yreka | \$ 546,117 | \$416,923 | 31% | \$3,821,757 | \$3,595,296 | 6% | \$513,000 | \$427,206 | 20% | 1.53 | 1.38 | 11% | \$ 40,835 | \$40,742 | 0% |
| Biggs | \$ 49,358 | \$44,618 | 11% | \$421,306 | \$413,838 | 2% | \$1,094 | \$573 | 91% | 0.91 | 0.94 | -3% | \$ 14,943 | \$12,806 | 17% |
| Etna | \$ 54,787 | \$63,671 | -14% | \$535,744 | \$652,481 | -18% | \$2,461 | \$44,510 | -94% | 0.91 | 0.94 | -3% | \$ 15,815 | \$14,371 | 10% |
| Fort Jones | \$ 58,149 | \$55,142 | 5% | \$549,942 | \$545,651 | 1% | \$0 | \$4,377 | -100% | 0.91 | 0.94 | -3% | \$ 15,923 | \$13,463 | 18% |
| Loyalton | \$ 26,088 | \$20,751 | 26% | \$161,721 | \$114,893 | 41% | \$1,394 | \$1,394 | 0% | 0.91 | 0.94 | -3% | \$ 12,967 | \$9,933 | 31% |
| Montague | \$ 47,947 | \$37,875 | 27% | \$408,234 | \$329,375 | 24% | \$36,350 | \$82,171 | -56% | 0.91 | 0.94 | -3% | \$ 14,844 | \$12,351 | 20% |
| Tulelake | \$ 49,474 | \$44,348 | 12% | \$423,418 | \$410,457 | 3% | \$99,623 | \$0 | | 0.91 | 0.94 | -3% | \$ 14,959 | \$12,571 | 19% |
| Grand Total | \$ 2,510,158 | \$2,256,898 | 11% | \$26,200,217 | \$24,460,833 | 7% | \$1,855,353 | \$1,609,868 | 15% | | | | \$ 398,996 | \$376,296 | 6% |



FY 20/21 SCORE PRELIMINARY BUDGET

INFORMATION ITEM

ISSUE: The Program Administrators will present the FY 20/21 Preliminary Budget Calculations which will allow members to obtain an estimated deposit Premium due for the FY 20/21 Fiscal Year.

RECOMMENDATION: Review and provide direction for completion of final budget.

FISCAL IMPACT: T.B.D.

BACKGROUND: The budget uses estimates of payroll, property values and auto values, where appropriate, to calculate premium and expenses for SCORE Board members. The budget also recognizes the calculation of experience modification factors as adopted by the program's *Master Plan Documents*.

Although the costs are not finalized, it has become the practice in the past for SCORE to review a Preliminary Program Budget at the March Board meeting. This practice was adopted to allow the members to have an indication of costs for their individual budgets. It has also allowed the SCORE members to give direction as to where they would like to expend the funds in the following year.

ATTACHMENTS:

1. Preliminary FY 20/21 SCORE Program Budget – Administrative Funding
2. Preliminary FY 20/21 SCORE Summary of Deposits

FY 2020/21 SCORE - PROPOSED General Administration Budget

| | Category | Work Comp | Liability | Other | Total FY 20-21 | Prior Year FY 19-20 | % Change |
|-----------------|--|---------------------|---------------------|------------------|--------------------|---------------------|-----------|
| Revenues | | | | | | | |
| 400 | Program Administration | \$72,990 | \$200,852 | | \$273,842 | \$268,473 | 2% |
| 400 | Claims Administration | \$113,755 | \$116,740 | | \$230,495 | \$229,470 | 0% |
| 400 | Other Expenses | \$212,251 | \$196,623 | | \$408,875 | \$398,938 | 2% |
| 400 | Banking Layer Deposit | \$430,977 | \$320,818 | | \$751,795 | \$751,795 | 0% |
| 400 | Shared Risk Layer Deposit | \$1,086,329 | \$504,479 | | \$1,590,808 | \$1,590,808 | 0% |
| 400 | Excess Coverage Deposit (LAWCX and CJPRMA) | \$368,701 | \$247,536 | | \$616,237 | \$541,579 | 14% |
| 400 | Group Purchase Coverage - Property | | | \$610,849 | \$610,849 | \$610,849 | 0% |
| 400 | Group Purchase Coverage - ERMA | | | \$91,009 | \$91,009 | \$91,009 | 0% |
| 400 | Group Purchase Coverage - CSAC Pollution | | | \$5,801 | \$5,801 | \$5,801 | 0% |
| 400 | Group Purchase Coverage - ACI EAP | | | \$13,824 | \$13,824 | \$13,824 | 0% |
| 400 | Group Purchase Covearge - ACIP (Crime for BOD incl. Treasurer) | | | \$1,100 | \$1,100 | \$1,100 | 0% |
| 499 | Reimbursement from CJPRMA for Liability Safety Training | | | | | | #DIV/0! |
| | Total Revenues | \$ 2,285,004 | \$ 1,587,048 | \$722,583 | \$4,594,635 | \$4,502,546 | 2% |

| | Category | Work Comp | Liability | Other | Total FY 20-21 | Prior Year FY 19-20 | % Change |
|-----------------------|---|-------------------|-------------------|-------|-------------------|---------------------|-----------|
| Expenses | | | | | | | |
| 710 | Program Administration | \$ 72,990 | \$ 200,852 | | \$273,842 | \$268,473 | 2% |
| 720 | Claims Administration (ULAE) Per Member Annual Fee | \$ 10,200 | \$ 15,300 | | \$25,500 | \$25,500 | 0% |
| 721 | Claims Administration WC (Unallocated Claims Expense) | \$ 103,555 | | | \$103,555 | \$102,530 | 1% |
| 722 | Claims Administration GL (Unallocated Claims Expense) | | \$ 101,440 | | \$101,440 | \$101,440 | 0% |
| Other Expenses | | | | | | | #DIV/0! |
| 505 | Accounting Services | \$ 30,000 | \$ 30,000 | | \$60,000 | \$58,000 | 3% |
| 506 | Financial Audit | \$ 11,250 | \$ 11,250 | | \$22,500 | \$22,100 | 2% |
| 507 | Actuarial Review and Studies | \$ 7,080 | \$ 7,080 | | \$14,160 | \$13,820 | 2% |
| 508 | Bill.com | \$ 360 | \$ 360 | | \$720 | \$720 | 0% |
| 509 | Legal Expenses | \$ 2,250 | \$ 5,250 | | \$7,500 | \$7,000 | 7% |
| 510 | Investment Management Fees | \$ 7,250 | \$ 7,250 | | \$14,500 | \$14,500 | 0% |
| 511 | Claims Audit (WC in Fall 2021 \$8,000, GL in Fall 2020 \$3,100) | \$ - | \$ 3,100 | | \$3,100 | \$8,000 | -61% |
| 512 | Custodial Account Bank Fees | \$ 125 | \$ 125 | | \$250 | \$250 | 0% |
| 601 | Checking Account Bank Fees | \$ 125 | \$ 125 | | \$250 | \$250 | 0% |
| 605 | Board Meeting Expenses | \$ 5,425 | \$ 5,425 | | \$10,850 | \$10,850 | 0% |
| 606 | LRP and Training Day Meeting Expenses | \$ 10,000 | \$ 10,000 | | \$20,000 | \$20,000 | 0% |
| 607 | Company Nurse | \$ - | \$ - | | \$0 | \$0 | #DIV/0! |
| 608 | Treasury Services (provided by Loomis) | \$ 500 | \$ 500 | | \$1,000 | \$1,000 | 0% |
| 609 | Website | \$ - | \$ - | | \$0 | \$0 | #DIV/0! |
| 610 | Member Conference Reimbursements | \$ 9,500 | \$ 9,500 | | \$19,000 | \$19,000 | 0% |
| 612 | Contingent Reserve | \$ 12,500 | \$ 12,500 | | \$25,000 | \$25,000 | 0% |
| 615 | Dues & Subscriptions - CAJPA and PARMA | \$ 1,125 | \$ 1,125 | | \$2,250 | \$2,250 | 0% |
| 625 | Crime Insurance - ACIP for SCORE Treasurer | \$ 550 | \$ 550 | | \$1,100 | \$1,100 | 0% |
| 626 | ID Fraud Coverage | \$ - | \$ 3,776 | | \$3,776 | \$3,667 | 3% |
| 670 | CAJPA Accreditation (completed in 2020 - next up 2024) | \$ - | \$ - | | \$0 | \$4,750 | -100% |
| 675 | Loss Control Services DKF | \$ 55,000 | \$ 55,000 | | \$110,000 | \$105,000 | 5% |
| 676 | Lexipol Law Enforcement Policy Manual | \$ 8,290 | \$ 20,000 | | \$28,290 | \$27,468 | 3% |
| 677 | Target Solutions | \$ 13,207 | \$ 13,207 | | \$26,415 | \$25,157 | 5% |
| 699 | CA DIR OSIP Self Insurance Assesment | \$ 37,214 | \$ - | | \$37,214 | \$30,860 | 21% |
| 999 | Miscellaneous Expenses | \$ 500 | \$ 500 | | \$1,000 | \$1,000 | 0% |
| | Total Administration Expenses | \$ 398,996 | \$ 514,215 | | \$ 913,212 | \$ 896,881 | 2% |

Red text indicates numbers are estimated

Summary by member FY 2020-2021

SCORE - PROPOSED Summary of Deposits FY 2020-2021

| MEMBER ENTITY | TOTAL Liability Deposit \$750K SIR (at 75% CL) | \$5K All Risk Deductible Property Premium Due 7/1/2020 | TOTAL Work Comp Deposit (at 80% CL) | ERMA EPLI Deposit Due 7/1/2020 | EAP Premium Due 7/1/2020 | 2020-2021 Total Deposit | 2019-2020 Total Deposit | % Change | Liability Deposit Due 7/1/2020 | WC Quarterly Installment Due 7/1/2020 |
|--------------------|---|---|-------------------------------------|--------------------------------|--------------------------|-------------------------|-------------------------|------------|--------------------------------|---------------------------------------|
| Biggs | \$39,817 | | \$48,976 | \$1,696 | \$351 | \$90,840 | \$103,122 | -12% | \$39,817 | \$12,244 |
| Colfax | \$55,315 | | \$74,980 | \$2,899 | \$459 | \$133,654 | \$145,430 | -8% | \$55,315 | \$18,745 |
| Dunsmuir | \$87,987 | | \$94,271 | \$0 | \$513 | \$182,771 | \$213,207 | -14% | \$87,987 | \$23,568 |
| Etna | \$40,236 | | \$54,383 | N/A | \$459 | \$95,077 | \$124,995 | -24% | \$40,236 | \$13,596 |
| Fort Jones | \$42,881 | | \$57,742 | \$2,981 | \$540 | \$104,145 | \$109,117 | -5% | \$42,881 | \$14,436 |
| Isleton | \$35,011 | | N/A | N/A | \$351 | \$35,362 | \$46,846 | -25% | \$35,011 | N/A |
| Live Oak | \$78,656 | | \$107,864 | \$5,853 | \$2,025 | \$194,398 | \$249,419 | -22% | \$78,656 | \$26,966 |
| Loomis | \$87,598 | | \$96,671 | \$3,990 | \$405 | \$188,664 | \$164,591 | 15% | \$87,598 | \$24,168 |
| Loyalton | \$22,008 | | \$25,757 | N/A | \$243 | \$48,008 | \$63,118 | -24% | \$22,008 | \$6,439 |
| Montague | \$34,893 | | \$47,567 | N/A | N/A | \$82,460 | \$98,162 | -16% | \$34,893 | \$11,892 |
| Mt. Shasta | \$209,565 | | \$211,684 | \$9,235 | \$1,242 | \$431,725 | \$422,910 | 2% | \$209,565 | \$52,921 |
| Portola | \$58,794 | | \$116,205 | \$2,913 | \$378 | \$178,290 | \$138,510 | 29% | \$58,794 | \$29,051 |
| Rio Dell | \$70,131 | | \$93,708 | \$4,294 | N/A | \$168,133 | \$184,396 | -9% | \$70,131 | \$23,427 |
| Shasta Lake | \$200,079 | | \$267,589 | \$17,134 | \$1,431 | \$486,234 | \$562,702 | -14% | \$200,079 | \$66,897 |
| Susanville | \$207,837 | | \$456,588 | \$16,852 | \$1,728 | \$683,005 | \$667,293 | 2% | \$207,837 | \$114,147 |
| Tulelake | \$35,348 | | \$49,092 | \$1,682 | \$513 | \$86,635 | \$100,036 | -13% | \$35,348 | \$12,273 |
| Weed | \$169,489 | | \$239,008 | \$6,747 | \$1,161 | \$416,405 | \$398,313 | 5% | \$169,489 | \$59,752 |
| Yreka | \$217,940 | | \$545,073 | \$14,733 | \$2,025 | \$779,771 | \$723,339 | 8% | \$217,940 | \$136,268 |
| Grand Total | \$1,693,586 | | \$2,587,159 | \$91,009 | \$13,824 | \$4,385,578 | \$4,515,505 | -3% | \$1,693,586 | \$646,790 |



INFORMATION ITEMS

ISSUE: The following items are being presented as information for SCORE members.

RECOMMENDATION: None. This item is offered as information only.

BACKGROUND: None.

FISCAL IMPACT: None.

ATTACHMENT(S):

FY 19/20 Resource Contact Guide: The Board of Directors is provided a copy of the updated Resource Contact Guide for easy reference in accessing member services and resources.

Glossary of Terms: A Glossary of terms has been created and added to the agenda packet per Member request. This will continue to be included in future Board agenda packets.

SCORE Travel Reimbursement Form: This form should be used to request reimbursement for travel expenses related to attending a SCORE meeting.

SCORE RESOURCE CONTACT GUIDE

FY 2019/20

PROGRAM ADMINISTRATION

Alliant Insurance Services, Inc.
 2180 Harvard Street Ste 460
 Sacramento, CA 95815
 Main: (916) 643-2700 Fax: (916) 643-2750
www.Alliant.com

| SUBJECT | MAIN CONTACT | PHONE | EMAIL |
|--|---|---|--|
| JPA MANAGEMENT ISSUES –coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development; program budget/funding, financial analysis, coordination w/financial auditor/JPA accountant | Marcus Beverly | (916) 643-2704 (916) 660-2725 (cell) | Marcus.Beverly@alliant.com |
| | Conor Boughey | (415) 403-1411 | cboughey@alliant.com |
| | Michael Simmons | (415) 403-1425 (925) 708-3374 (cell) | msimmons@alliant.com |
| | Michelle Minnick | (916) 643-2715 | Michelle.Minnick@alliant.com |
| | Joan Crossley | (916) 643-2712 | jcrossley@alliant.com |
| JPA ADMINISTRATIVE ISSUES – meeting agendas; minutes; development/maintenance of governing documents, development/interpretation of policies & procedures, JPA state compliance, Form 700, changes in Board members, website maintenance. | Michelle Minnick Marcus Beverly Joan Crossley | | |
| COVERAGE / RISK MANAGEMENT ISSUES – <ul style="list-style-type: none"> ➤ Certificates of coverage, additions/deletions of coverage’s, special events liability coverage, automobile identification cards, auto/mobile equipment physical damage programs ➤ Coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development ➤ Insurance Requirements in Contracts (IRIC), hold harmless agreements, indemnification clauses, safety program planning, RFPs for JPA services & audits, third party contract review | Michelle Minnick Marcus Beverly Joan Crossley | | |

SCORE RESOURCE CONTACT GUIDE

FY 2019/20

CLAIMS ADMINISTRATION
 York Risk Services Group, Inc.
 P.O. Box 619079
 Roseville, CA 95678
 Main: (800) 922-5020 Fax: (866) 548-2637
www.yorkrisk.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|--|--|---|
| <p>CLAIMS ADMINISTRATION – questions regarding liability and Workers’ Compensation claims handling can be forwarded to York Risk Services Group</p> <p>Property Recovery Program This program is designed to recover damages from a third party when a member has incurred a loss caused by a third party who was determined to be liable.</p> <p style="text-align: center;"><u>Liability Claims</u></p> <p style="text-align: center;"><u>Workers’ Compensation Claims</u></p> <p style="text-align: center;"><u>Subrogation</u></p> | <p>Jill Petrarca, Senior Manager Property & Casualty Adjuster</p> <p>Shawn Millar, Property & Casualty Adjuster</p> <p>Caroline Sbabo, Property & Casualty Adjuster</p> <p>Alex Davis, Property & Casualty Adjuster</p> <p>Ariel Leonhard, Claims Examiner</p> <p>John Peshkoff, Senior Claims Manager</p> <p>Alicia Veloz, Senior Claims Examiner</p> <p>Jill Petrarca, Senior Manager Property & Casualty Adjuster</p> | <p>(916) 746-8849</p> <p>(916) 746-8820 C:530-210-4910</p> <p>(916) 746-6340</p> <p>(925) 349-3890</p> <p>(916) 960-0974</p> <p>(916) 960-0956</p> <p>(916) 960-0982</p> <p>(916) 746-8849</p> | <p>jill.petrarca@sedgwick.com</p> <p>shawn.millar@sedgwick.com</p> <p>caroline.sbabo@sedgwick.com</p> <p>alex.davis@sedgwick.com</p> <p>ariel.leonhard@sedgwick.com</p> <p>john.peshkoff@sedgwick.com</p> <p>alicia.veloz@sedgwick.com</p> <p>jill.petrarca@sedgwick.com</p> |
| <p>ADMINISTRATIVE ISSUES - annual contracts for services, IT issues, reports, service issues</p> <p>COMPUTER SERVICES, TRUST ACCOUNT SERVICES – loss runs, special reports, check registers, bank reconciliations</p> | <p>Dori Zumwalt, Account Executive, Client Services</p> <p>Kelly Stewart, Vice President Property and Casualty Claims</p> | <p>(916) 960-1017</p> <p>(714) 620-1302</p> | <p>dorienne.zumwalt@sedgwick.com</p> <p>kelly.stewart@sedgwick.com</p> |

SCORE RESOURCE CONTACT GUIDE

FY 2019/20

CLAIM REPORTING AND TRIAGE SERVICES

Company Nurse Injury Hotline

Main: (888) 817-9282

<https://companynurse.com/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|---|-----------------------|---|
| <p>CLAIM REPORTING AND TRIAGE SERVICES – Company Nurse strives to streamline injury reporting and reduce injury reporting lag time and overall cost</p> <ul style="list-style-type: none"> • Quick, easy, cost efficient way to immediately report workplace injuries • 24/7 Nurse Triage Hotline 1-888-545-9154 (Please ensure to use the city code specific to your member) | <p>Chris Park, Account Executive</p> | <p>(480) 717-6842</p> | <p>service@companynurse.com</p> |

ACCOUNTING SERVICES

Gilbert Associates, Inc.

Main: (916) 646-6464 Fax: (916) 929-6836

www.gilbertcpa.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|--|-----------------------|---|
| <p>ACCOUNTING SERVICES – any questions regarding accounting, accounts payable, invoicing, and checks can be forwarded to Gilbert Associates</p> | <p style="text-align: center;">Kevin Wong</p> <p style="text-align: center;">Jennifer Zraick</p> | <p>(916) 646-6464</p> | <p>kswong@gilbertcpa.com</p> <p>JZraick@gilbertcpa.com</p> |

POLICE AND FIRE RISK MANAGEMENT SERVICES

Lexipol

Main: (949) 484-4444 Fax: (949) 484-4443

<http://www.lexipol.com/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|---|---|---|
| <p>POLICE RISK MANAGEMENT SERVICES – Lexipol helps to review members' Police and Fire Risk Management policies and offers state-specific policy manuals that are integrated with scenario-based daily training on high-risk, low frequency events</p> | <p>Dale Cephers, West Region Market Development Executive</p> <p>Sarah Graham, Marketing Campaign Manager</p> | <p>(469) 731-4685</p> <p>(949) 325-1237</p> | <p>dcephers@lexipol.com</p> <p>sgraham@lexipol.com</p> |

SCORE RESOURCE CONTACT GUIDE

FY 2019/20

ERMA POOL ADMINISTRATION/EXCESS PARTNER

Main: (800) 541-4591 Fax: (916) 244-1199

<http://www.ermajpa.org/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|--|---|---|
| <p>ERMA – provides loss prevention services designed to minimize employment practices liability (EPL) exposure of members</p> <p style="text-align: right;">Board Member - John Duckett</p> <p style="text-align: right;">Alternate - Roger Carroll</p> <p>Services Offered</p> <ul style="list-style-type: none"> • Employee Reporting line • Attorney Hotline • Employment Practices Training | <p>Jennifer Jobe, Executive Director</p> <p>Mona Hedin, Analyst & Training Coordinator</p> | <p>(530) 275-7427</p> <p>(916) 652-1840</p> <p>(916) 244-1141</p> <p>(916) 290-4645</p> | <p>info@ermajpa.org</p> <p>jduckett@cityofshastalake.org</p> <p>rcarroll@loomis.ca.gov</p> <p>jennifer.jobe@sedgwick.com</p> <p>mona.hedin@sedgwick.com</p> |

LAWCX POOL ADMINISTRATION/EXCESS PARTNER

Main: (800) 541-4591 Fax: (916) 244-1199

<http://www.lawcx.org/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|---|---|---|
| <p>LAWCX – Provides Excess Workers’ Compensation coverage and additional training resources</p> <p style="text-align: right;">Board Member - Steve Baker</p> <p style="text-align: right;">Alternate – Marcus Beverly</p> <p>Online Risk Control Services</p> <ul style="list-style-type: none"> • Employees can access online training courses by registering online at www.lawcx.org. • Video/Webinars – There are over 300 Training videos and over 30 recorded webinars available. Live Webinars are also available • Training Tools – Sample Training Matrices, Safety Communications, Safe Practices Guidelines • Programs/Forms Comprehensive Sample Programs with implementation guides and Sample Forms • Blog – Timely and informational reports from Risk Control Experts • Can you Risk It? Liability Exposures- real questions from actual members are answered | <p>Jim Elledge, Executive Director</p> <p>Tammy Vitali, Workers’ Compensation Program Manager</p> <p>Terrie Norris, Risk Control Services Manager</p> <p>Kim Sackett, Board Secretary & Analyst</p> | <p>(530) 841-2321</p> <p>(916) 643-2704</p> <p>(916) 244-1124</p> <p>(916) 244-1114</p> <p>(916) 290-4655</p> <p>(916) 290-4601</p> | <p>sbaker@ci.yreka.ca.us</p> <p>Marcus.Beverly@alliant.com</p> <p>jim.elledge@sedgwick.com</p> <p>tammy.vitali@sedgwick.com</p> <p>terrie.norris@sedgwick.com</p> <p>kim.sackett@sedgwick.com</p> |

SCORE RESOURCE CONTACT GUIDE

FY 2019/20

CJPRMA POOL ADMINISTRATION/EXCESS PARTNER

Main: (925) 837-0667 Fax: (925) 290-1543

<http://www.cjprma.org/>

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|---|---|---|
| <p>CJPRMA – Provides Excess Liability coverage and additional training resources</p> <p style="text-align: right;">Board Member - Roger Carroll</p> <p style="text-align: right;">Alternate - John Duckett</p> <p>Services Offered</p> <ul style="list-style-type: none"> • Five annual regional training workshops throughout California-previous years topics include Contractual Risk Transfer, Police Liability, Parks and Recreation Liability, and Sidewalk Liability Controls. • Two to four training sessions per year available at no charge. Topics include: police liability, tort issues, streets and sidewalks, contractual liability, employment practices • Personal assistance available to review contracts and to help look at any risk related issues (Contact Tony Giles General Manager or Marinda Griese) <p>**Services offered at an additional cost**</p> <ul style="list-style-type: none"> • Certificates of Insurance tracking through Risk Console (cost for each user is \$100/year) • Pins Advantage (alternative to Risk Console) is available to all members at a reduced rate is provided on a month to month basis and can be canceled at any time. | <p style="text-align: center;">Marinda Griese, Claim Administrator</p> <p style="text-align: center;">Tony Giles, General Manager</p> | <p style="text-align: center;">(916) 652-1840</p> <p style="text-align: center;">(530) 275-7427</p> <p style="text-align: center;">(925) 290-1315</p> <p style="text-align: center;">(925) 290-1316</p> | <p style="text-align: center;">rcarroll@loomis.ca.gov</p> <p style="text-align: center;">jduckett@cityofshastalake.org</p> <p style="text-align: center;">marinda@cjprma.org</p> <p style="text-align: center;">tony@cjprma.org</p> |

SCORE RESOURCE CONTACT GUIDE

FY 2019/20

LOSS CONTROL SERVICES

DKF Solutions

Fax: (707) 647-7200

www.dkfsolutions.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|--|---|---|
| <p>LOSS CONTROL SERVICES – DKF Solutions is the Loss Control Service Provider responsible for coordination for all Risk Management Training for SCORE. DKF has completed Risk Assessments for all members and is currently working on the approved Risk Control Plans for SCORE.</p> <p>Services available to all SCORE members Maintenance Training & Sewer Management Plans Phone and email hotline (contact David Patzer) On-Site Visit with Biomechanics Training & Review of Operations/Current Practices Online Training: Employees can access online training courses by going to: www.mysafetyofficer.com/employeetraining and entering the username “employee” and password “safety” which will grant access to the following training:</p> <ul style="list-style-type: none"> • Interactive Training: Free self-paced web training modules which include quiz questions are available to help facilitate knowledge about different topics ranging from Bloodborne Pathogens to Respiratory Protection. * requires Adobe Flash software • Tailgate Training: Free downloadable tailgate training materials covering topics from Aerial Lift Safety to Zoonotics • Webinar archive: access to one-hour webinars in your web browser covering topics ranging from Bloodborne Pathogens Regulations to SSO Volume Estimation * requires Adobe Flash software • ***NOTE: Monthly news update with a different article each month at http://www.dkfsolutions.com/blog/ | <p style="text-align: center;">David Patzer</p> <p style="text-align: center;">John Balestrini</p> <p style="text-align: center;">Katie Frassinelli</p> | <p style="text-align: center;">(707) 373-9709</p> <p style="text-align: center;">(916) 532-5802</p> | <p style="text-align: center;">dpatzer@dkfsolutions.com</p> <p style="text-align: center;">john@dkfsolutions.com</p> <p style="text-align: center;">Kfrassinelli@dkfsolutions.com</p> |

SCORE RESOURCE CONTACT GUIDE

FY 2019/20

EMPLOYEE ASSISTANCE PROGRAM
 ACI Specialty Benefits Corporation
 Main: (800) 932-0034 Fax: (858) 452-7819
www.acieap.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|---|------------------------|----------------|--|
| <p>EMPLOYEE ASSISTANCE PROGRAM - EAP provides 24 hour/365 day assistance to employees and their family members who can receive up to three counseling visits per year by contacting 1-800-932-0034 or by visiting the following website http://score.acieap.com</p> <ul style="list-style-type: none"> • Each city has 4 hours per year for On-Site Employee Orientations, Manager & Supervisor Trainings, and Lunch ‘n Learn Seminars Per City per year • <i>Unlimited</i> Critical Incident Stress Management (CISM) Telephonic Consultation for Crisis response • Each city has 1 On-Site Critical Incident Stress Debriefing (CISD) per year for Crisis response • Legal and Financial Hardship Services- Employees and their family members have limited access to telephonic legal and financial hardship services (first 60 minutes are free and if they retain the attorney then additional time is offered at a discounted rate) <p>**Services offered at an additional cost**</p> <ul style="list-style-type: none"> • Wellness Resources The Core Platform wellness program is available to employees which includes workshops, personalized meal and exercise plans, articles about health, health logs, recipes, exercise tracker and log and blogs about wellness | Colleen Shuster | (858) 529-0171 | cshuster@acieap.com |

AQUATICS RISK MANAGEMENT
 Total Aquatic Management
 Main: (510) 523-3155
www.totalaquaticmanagement.webs.com

| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
|--|--------------------|----------------|--|
| <ul style="list-style-type: none"> • Aquatic Safety services • Certified Pool Operator (CPO) Trainings | Jim Wheeler | (510) 523-3155 | jim@totalaquaticmanagement.com swimnjim@hotmail.com |

SCORE RESOURCE CONTACT GUIDE

FY 2019/20

| TRAINING SERVICES Target Solutions Main: (800) 840-8048 Fax: (858) 487-8762 www.targetsolutions.com | | | |
|--|--|--------------------------------------|--|
| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
| TRAINING SERVICES – a Web-based Safety Training Platform Services Offered <ul style="list-style-type: none"> • OSHA Training Documentation • Online Video Library http://app.targetsolutions.com/auth/index.cfm?action=login.showlogin&customerid=19258&customerpath=score • Policy Templates (IIPP examples, Bloodborne Pathogens, HAZWOPER, Emergency Response Plans) • Training Records management (i.e. Diplomas, Certificates of Completion) • Continuing Education Courses for Fire and Safety Personnel | Karly Andrade , Account Specialist | (858) 376-1636 | karly.andrade@vectorsolutions.com |
| CONCRETE CUTTING Precision Concrete Cutting Main: (866) 792-8006 Fax: (650) 240-3866 www.dontgrind.com | | | |
| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
| SIDEWALK TRIP HAZARD SERVICES Services Offered <ul style="list-style-type: none"> • Sidewalk Asset Management • Surveying Sidewalk Infrastructure • Repairing Uneven Sidewalk Panels | Joseph Ortega Katrina Lynch | (650) 576-4303 (916) 847-7346 | jortega@DontGrind.com Klynch@dontgrind.com |
| LEAGUE OF CALIFORNIA CITIES Main: (916) 658-8200 Fax: (866) 593-2927 www.cacities.org | | | |
| SERVICES OFFERED | MAIN CONTACT | PHONE | EMAIL |
| The League of California Cities is an association of California city officials who work together to enhance their knowledge and skills, exchange information, and combine resources so that they may influence policy decisions that affect cities. | Charles W. Anderson , Regional Public Affairs Manager | (916) 798-2231 | canderson@cacities.org |

GLOSSARY OF TERMS

| Term | Definition |
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| 4850 | Labor Code 4850 |
| AB 1234 | Ethics Education for Local Officials |
| AB 1825 | Harassment Prevention Training for Supervisors |
| Active Negligence | The party that was negligent took an active part in doing whatever caused the damage. For example, a city digging a hole and someone falls in |
| ACV (Actual Cash Value) | The amount equal to the replacement cost minus depreciation of a damaged or stolen property at the time of the loss. It is the actual value for which the property could be sold, which is always less than what it would cost to replace it |
| Additional Insured | A type of status associated with general liability insurance policies that provides coverage to other individuals/groups that were not initially named. After endorsement, the additional insured will then be protected under the named insurer's policy and can file a claim in the event that they are sued. |
| Adhesion | When one party has greater power over the other party in drafting the contract (i.e. the provisions of the contract are prepared by one party—the insurer. The other party the insured does not take part in the preparation of the contract) |
| ATD (Aerosol Transmissible Diseases) | An epidemiologically significant disease that is transmitted via droplet or airborne route |
| Aggregate | The term used to describe the cumulative amount of all losses for a period of time. |
| Aggregate Stop Loss | A financial arrangement with a JPA's excess carrier that caps the aggregate to a predetermined limit at which point the excess carrier would "drop down" and pay losses within the JPIA's SIR, or pooled layer |
| AME (Agreed Upon Medical Examiner) | A medical provider who has been certified by the Division of Workers' Compensation by passing an administrative exam. An AME is selected (or agreed upon) by two parties in order to help resolve a dispute about a WC claim. |
| Aleatory | An insurance contract is aleatory meaning it is contingent on an uncertain event (a loss) that provides for unequal transfer of value between the parties |
| ACIP (Alliant Crime Insurance Program) | Program offered by Alliant that created to bring the advantages of group purchase to public entities seeking very broad coverage for illegal acts committed by their employees while on the job. |
| APIP (Alliant Property Insurance Program) | The largest single property insurance placement in the world. Formed by Alliant Insurance Services in 1993 to meet the unique property insurance needs faced by public entities |
| ADA (American Disability Act) | A federal law that prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communications, and governmental activities. The ADA also establishes requirements for telecommunications relay services. For the U.S. Equal Employment Opportunity Commission office (EEOC office) in your area, call 1-800-669-4000 or 1-800-669-6820 (TTY). |
| Assessment company | Providing primarily fire and windstorm insurance for small towns and farmers (charge members a pro rata share of losses at the end of each policy period) |
| AIS (Associate in Insurance Services) | Professional designation awarded by the Insurance Institute of America (IIA) upon successful completion of four national exams, one specifically designed for this program and the three examinations in the IIA Program in General Insurance |

GLOSSARY OF TERMS

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| AGRIP (Association of Governmental Risk Pools) | A national organization of JPA’s and public agency insurance pools. Formed for educational, information gathering and political lobbying purposes. Affiliated with PRIMA |
| ALCM (Associate in Loss Control Management) | A professional designation earned after the successful completion of five national examinations given by the Insurance Institute of America (IIA). |
| ARM (Associate in Risk Management) | A nationally recognized educational program for dedicated risk management professionals, developed by the Insurance Institute of America. |
| Attachment Point | The dollar amount of a loss where the next layer of insurance begins to pay for the loss |
| Automobile Liability | Designed to afford bodily injury and property damage liability coverage associated with owned, non-owned and hired vehicles. May include medical payments, uninsured/underinsured motorists’ liability coverages |
| Automobile Physical Damage | Usually a first party coverage; however, some entities have “Bailment” or “care, custody and control” liability exposures such as garages, maintenance facilities that service vehicles of others, and parking lots |
| Best’s Rating | A rating system that indicates the operating and financial condition of insurance companies. Information is developed and published annually by the A. M. Best company. Generally one looks for a company with a rating of A VII or better |
| Binder | A legal agreement issued by either an agent or an insurer to provide temporary evidence of insurance until a policy can be issued. Binders should contain definite time limits, should be in writing, and should clearly designate the insurer with which the risk is bound. |
| BOD/BD (Board of Directors) | body of elected or appointed members who jointly oversee the activities of a company or organization |
| BI (Business Interruption) | A form of insurance coverage that replaces business income lost as a result of an event that interrupts the operations of the business, such as fire or a natural disaster. |
| CAJPA (California Association of Joint Powers Authorities) | Performs regulatory and legislative lobbying as well as accreditation of Joint Powers Authorities to promote the financial stability of JPAs |
| CIPRA (California Institute for Public Risk Analysis) | Organized to develop, analyze and disseminate information on risk management in California’s public sector, especially self-insured entities and Joint Powers Authorities |
| CJPRMA (California Joint Powers Risk Management Authority) | CJPRMA provides the excess coverage to SCORE’s Liability Program |
| California State Association of Governments (CSAC) | CSAC is a lobbying, advocacy and service organization representing the state's 58 counties at the state and federal level. Areas of focus include the state budget, health-care reform, corrections reform, transportation funding, water and climate change |
| California State Association of Governments - Excess Insurance Authority (CSAC-EIA) | CSAC-EIA is a member directed insurance risk sharing pool. The EIA has developed effective risk management solutions to help California public entities proactively control losses and prepare for different exposures |
| CalTIP (California Transit Insurance Pool) | In 1986 the California Transit Association formed an insurance committee and authorized the preparation of a study of alternative methods of providing liability insurance coverage and began providing liability coverage in 1987 |

GLOSSARY OF TERMS

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| Catastrophic Loss Reserve | A separate JPIA reserve account designated to pay losses without additional premium assessments to members |
| CIC (Certified Insurance Counselor) | an insurance agent professional certification designation |
| Certificate Of Insurance | A certificate of insurance is a document issued by an insurance company/broker that is used to verify the existence of insurance coverage under specific conditions granted to listed individuals. |
| Certified Industrial Hygienist (CIH) | CIH is a professional whose job it is to protect the health of workers and the general public. A CIH is educated, trained and certified to recognize health hazards, test the environment for those hazards and determine when they pose a risk to those who might be exposed to them |
| Chartered Property Casualty Underwriter (CPCU) | CPCU is a professional designation in property-casualty insurance and risk management |
| Claim | A demand of a right. In general a demand for compensatory damages, resulting from the actions of another |
| Claims Made | A provision of an insurance policy that requires it to pay only for claims presented during the policy period with no regard for when the action causing the claim took place. Typically, a claims-made form also includes a retroactive date setting the earliest date for which a covered occurrence can happen. (Also see "Occurrence") |
| Compromise and Release (C&R) | A type of settlement in which you receive a lump sum payment and become responsible for paying for your future medical care. A settlement like this must be approved by a workers' compensation judge. |
| Conditional | an insurance policy includes a number of conditions that both the insured and the insurer must comply with. (i.e. a covered loss occurs, the insured must notify the insurer about the loss and the insurer must use the valuation methods specified in the policy to settle the loss- thus the contract is conditional) |
| Conditions | describe the responsibilities and the obligations of both the insured and the insurance company |
| Confidence Level (CL) | an estimated probability that a given level of funding will be sufficient to pay actual claim costs. The higher a CL the greater the certainty the actuary has that losses will not exceed the dollar value used to attain the CL |
| Contract | a legal agreement between two competent parties that promises a certain performance in exchange for a certain consideration |
| Contract of Utmost Good Faith | as the insurance company relies on the truthfulness and integrity of the applicant when an issuing a policy. In return, the insured relies on the company's promise and ability to provide coverage and pay claims |
| Certified Safety Professional (CSP) | CSP's are qualified persons that are competent and trained to detect and appraise hazardous materials, procedures and activities of workers, materials and work environments. They are highly educated, trained and experienced in the field of safety. |
| California State Association of Counties Excess Insurance Authority (CSAC-EIA) | SCORE participates in a group purchase of pollution liability coverage with CSAC-EIA |
| Cumis Counsel | Cumis refers to a lawsuit against the Cumis Insurance Society in which they were found to have controlled the defense attorney to the detriment of their insured. The court determined that the Society should have assigned separate counsel to represent the exclusive interests of the insured. The need for <i>cumis</i> |

GLOSSARY OF TERMS

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| | <i>counsel</i> arises in situations where there are significant coverage issues and defense counsel is conflicted between his duty to his client and the obligations to the insurance carrier. |
| DE9 | Quarterly Contribution Return and Report of Wages |
| Declarations | contain information such as the name of the insured, the address, the amount of coverage provided, a description of property, and the cost of the policy |
| Deductible | It is that portion of each claim that is paid by the member at the time of loss. It is in addition to any premium already paid |
| Defense | A defendant's denial to a complaint or cause of action |
| Definitions | clarify the meaning of certain terms used in the policy |
| Deposit Premium | Premium required at the beginning of a policy period based on estimated costs |
| Difference In Conditions (DIC) | A specialized property insurance policy written to provide coverage for perils not covered in a standard property policy or in the JPIA's Memorandum of Property Coverage. In particular, it is most often used to provide coverage for earthquake and/or flood losses |
| Directors and Officers (D&O) | Liability insurance payable to the directors and officers of a company, or to the organization(s) itself, as indemnification (reimbursement) for losses or advancement of defense costs in the event an insured suffers such a loss as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers. |
| Directors, Officers and Trustees Liability | Intended to protect nonprofit board members, officers, and directors for faulty decisions, which imperil the entity. Usually written to include entity reimbursement for legal actions and personal liability of specific wrongdoers |
| Date of Loss (DOL) | Regarding property claims this is usually the date of occurrence of physical damage to property. In WC claims this is usually the date a physical injury occurred to an employee. |
| Doctrine of reasonable expectations | a policy includes coverages that an average person would reasonably expect it to include regardless of what the policy actually provides |
| Earthquake (EQ) | a sudden and violent shaking of the ground, sometimes causing great destruction, as a result of movements within the earth's crust or volcanic action |
| Employers' Liability | Included as part of a worker's compensation insurance policy. Covers liability for losses arising out of injuries to employees that are not covered by statutory workers' compensation benefits |
| Employment Practices Liability (EPL) | Written to protect an entity from liabilities arising from allegations of discrimination, failure to promote or hire, harassment, ADA responsibilities, wrongful termination, etc |
| Endorsement | any change to the original policy (attached to the policy itself) |
| Environmental Impairment Liability | Also referred to as "Pollution" and "Pollution Legal" Liability; can be written to protect an entity from actions resulting from contamination of air, water, property. First party (damage to owned property) and third party (liability for damage to others) protections are often provided on the same policy |
| Employment Risk Management Authority (ERMA) | ERMA provides employment practices Liability coverage to SCORE members desiring such coverage |

GLOSSARY OF TERMS

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| Errors and Omissions Insurance (E&O) | Professional liability insurance that protects companies and individuals against claims made by clients for inadequate work or negligent actions, usually includes both court costs and any settlements up to the amount specified on the insurance contract. |
| Errors and Omissions Liability | Excludes bodily injury and property damage; intended to afford protection for the “misfeasance, malfeasance or non-feasance” of public officials, employees and volunteers. May also include incidental medical personnel (paramedics), police and fire personnel, architects and plan checkers, engineers, and on-staff attorneys |
| Excess Insurance | Insurance that is purchased to provide higher limits than the primary policy or coverage provides |
| Excess Loss | The portion of a loss that is allocated to, or paid by, excess coverage |
| Exclusions | describe the losses for which the insured is not covered |
| Executive Committee (EC) | committee within that organization which has the authority to make decisions and ensures that these decisions are carried out |
| Expected liabilities | Outstanding reserves plus Incurred But Not Reported (IBNR) and Loss Adjustment Expense, discounted at the “Expected” Confidence Level (CL) |
| Exposure | a condition or situation that presents a possibility of loss (i.e. home built on flood plain is exposed to the possibility of flood damage) |
| Financial Accounting Standards Board (FASB) | FASB standards, known as generally accepted accounting principles (GAAP), govern the preparation of corporate financial reports and are recognized as authoritative by the Securities and Exchange Commission |
| Fidelity Bonds | Written as financial guarantees of employees’ honesty. Personnel with money-handling responsibilities are considered exposures to loss |
| Fiduciary Liability | Covers board members, executives and other decision-making personnel with responsibilities for pension funds, retirement plans and employee benefit monies for negligent decisions that result in losses to such funds |
| Generally Accepted Accounting Principles (GAAP) | GAAP refers to the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice |
| Governmental Accounting Standards Board (GASB) | GASB) is the source of generally accepted accounting principles (GAAP) used by State and Local governments in the United States. As with most of the entities involved in creating GAAP in the United States, it is a private, non-governmental organization |
| General Liability | Written to protect the member’s assets against liability for property damage of or bodily injury to third parties (see definition of parties) |
| Hazard | anything that increases the chance of loss (also see Physical Hazard, Morale Hazard and Moral Hazard) |
| Health Insurance Portability and Accountability Act (HIPAA) | A federal law enacted in 1996 that protects continuity of health coverage when a person changes or loses a job, that limits health-plan exclusions for preexisting medical conditions, that requires that patient medical information be kept private and secure |
| Incurred But Not Reported (IBNR) | It is that part of the total claims that is unknown at any point in time. At any time, SCORE has claims that have not been reported or recognized by SCORE or has claims recognized by SCORE but without knowledge of the cost when such claim is finally closed. SCORE uses an actuary to project the costs of these unknown liabilities to SCORE <ul style="list-style-type: none"> - the estimate of funds needed to pay for covered losses that have occurred but have not been reported to the member and/or SCORE and expected future development on claims already reported |

GLOSSARY OF TERMS

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| Incurred Loss | This is the ultimate expected total value of any claim. It includes the amount already paid, plus the estimated amount yet to be paid (reserves) |
| Injury Illness Prevention Program (IIPP) | Proactive process of assessing workplace hazards prior to an injury being reported |
| Insurable Interest | before you can benefit from insurance; you must have a chance of financial loss or a financial interest in the property |
| Insurance | a contract or device for transferring risk from a person, business, or organization to an insurance company that agrees, in exchange for a premium, to pay for losses through an accumulation of premiums |
| Insurance Requirements in Contracts (IRIC) | In insurance, the insurance policy is a contract (generally a standard form contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay. |
| Insurance Services Office, Inc. (ISO) | An insurance industry association that collects statistical data for rate making and develops standard insurance policy forms. ISO is the organization that drafted the standard commercial general liability (CGL) commonly used by insurers |
| Insuring agreements | state in general what is to be covered, also includes a description of what type of property is covered and the perils against which it is insured (i.e. the losses for which the insured will be indemnified) |
| Inverse Condemnation | Both the United States Constitution and the California Constitution require that a private citizen be compensated if property is "taken" by a public entity. When the property is taken proactively it is called eminent domain. When the property is taken "accidentally," without due course, it is called inverse condemnation. Negligence need not be proven. The claimant's legal expenses are payable in addition to actual damages |
| Limit | The most that will be paid in a loss |
| Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) | LAWCX provides excess coverage to SCORE's workers' compensation pool |
| Long Range Planning (LRP) | Exercise aimed at formulating a long-term plan, to meet future needs estimated usually by extrapolation of present or known needs. It begins with the current status and charts out a path to the projected status, and generally includes short-term (operational or tactical plans) for achieving interim goals. |
| Loss Adjustment Expense (LAE) | administrative expense to manage a claim to conclusion- Allocated LAE (ALEA) are expenses attributable to a specific claim such as attorney fees- Unallocated LAE (ULAE) are overhead expenses not attributable to a specific claim such as salaries or office rental |
| Loss Payee | The party to whom the claim from a loss is to be paid. Loss payee can mean several different things; in the insurance industry, the insured or the party entitled to payment is the loss payee. The insured can expect reimbursement from the insurance carrier in the event of a loss. |
| Loss Ratio | The amount of loss divided by the amount of premium, contributions, payroll or property values |
| Master Plan Documents | A document issued by a JPA defining the structure, rights and obligations of the participants and procedures of an insurance or self- funded program |
| Maximum Medical Improvement (MMI) | When an injured employee's condition is well stabilized and unlikely to change substantially in the next year, with or without medical treatment. Once |

GLOSSARY OF TERMS

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| | an employee reaches MMI, a doctor can assess how much, if any, permanent disability resulted from the work injury. See also P&S |
| Memorandum of Coverage (MOC) | A document issued by a JPA defining the coverage provided to the members |
| Moral Hazard | a person might create a loss situation on purpose just to collect from the insurance company (i.e. a pre-arranged faked theft of an older vehicle so the owner could collect insurance money and buy something new) |
| Morale Hazard | an individual, through carelessness or by irresponsible actions, can increase the possibility for a loss (i.e. a person who drives a car carelessly because he knows a loss will be insured if an accident occurs) |
| Mutual interest company | the insureds are also owners of the company and so they can vote to elect the management of the company (profits are returned to the insureds in the form of dividends or reductions in future premiums) |
| Named Insured | Any person, firm, or corporation, or any of its members specifically designated by name as insured(s) in the policy as distinguished from others who, although unnamed, are protected by the policy definition. A named insured under the policy has rights and responsibilities not attributed to additional insureds, such as premium payment, premium return, notice of cancellation, and dividend participation |
| Net Assets | (Equity, surplus or Net Position) Total assets less Expected liabilities- the amount of funds remaining after subtracting liabilities at the actuarially determined "Expected" Confidence Level (approx. 50% CL) |
| Net Contribution | a total contribution for losses less excess insurance costs |
| Non Vacant land | refers to land that is occupied and used, and/or has structures on it (i.e. shack, building, park with benches) |
| Obligee | Is an individual, partnership, corporation, or a government entity which requires the guarantee that an action or service will be performed. If not properly performed, the surety pays the obligee for any damages or fulfills the obligation |
| Occurrence | A) In order for SCORE to pay a liability claim, it must arise out of an occurrence. This is an accident, event, act or omission to act which results in "damages," "bodily injury," or "property damage" neither expected nor intended from the covered parties' conduct. B) A provision of an insurance policy that requires it to pay for a claim caused during the policy period regardless of when it is presented. |
| Passive Negligence | The party that was negligent did not take part in the action that caused the damage, but was responsible for somehow allowing it to take place. For example, a city allowed a contractor to dig a hole on city property and someone fell in |
| Peril | Cause of a loss |
| Permanent and Stationary (P&S) | When an employee's medical condition has reached maximum medical improvement. Once an employee is declared P&S, a doctor can assess how much, if any, permanent disability resulted from the work injury. If the disability is rated under the 2005 schedule you will see the term maximal medical improvement (MMI) used in place of P&S. See also MMI |
| Permanent Disability (PD) | Any lasting disability that results in a reduced earning capacity after maximum medical improvement is reached |

GLOSSARY OF TERMS

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| Personal Protective Equipment (PPE) | PPE refers to protective clothing, helmets, goggles, or other garments or equipment designed to protect the wearer's body from injury |
| Physical Hazard | a hazard that arises from the condition, occupancy, or use of the property itself (i.e. skateboard left on the porch steps) |
| Plaintiff | The party who complains or sues in a personal action. A claimant becomes a plaintiff by filing suit |
| Pooled Loss | The portion of a loss that is allocated to, or paid by, the self-insured pool. SCORE's Liability Program pools, or self-insures, the first \$500,000 of each occurrence. Loss costs exceeding this amount are paid by excess insurance |
| Principal | Is an individual, partnership, or corporation who offers an action or service and is required to post a bond. Once bonded, the surety guarantees that he will perform as promised |
| Principle of Indemnity | when a loss occurs an individual should be restored to the approximate financial condition he was in before the loss no more and no less |
| Property Insurance | This covers the member for damage to its own property, sometimes called first-party coverage |
| Public Agency Risk Managers Association (PARMA) | A statewide association for risk managers in the public sector. Educational and lobbying activities |
| Public Entity Property Insurance Program (PEPIP) | A group purchase program from which many SCORE members purchase their insurance |
| Public Risk Management Association (PRIMA) | A national association for risk managers in the public sector. Formed for educational, information gathering and political lobbying purposes |
| Pure Risk | involves only the possibility of loss |
| QME (Qualified Medical Examiner) | A medical provider who has been certified by the Division of Workers' Compensation by passing an administrative exam. |
| Reciprocal company | (to give/take), a member of a reciprocal agrees to share the insurance responsibilities with all other members of the unincorporated group (all members insure each other and share the losses with each other) NOTE: managed by an attorney-in-fact who is empowered to handle all of the business of the reciprocal |
| Replacement Cost (RC) | The cost to replace damaged property with like kind and quality, with no deduction for depreciation, but still subject to a "limit" |
| Reserve | In order to budget for its expected costs and to know when a claim must be reported to the excess coverage, SCORE estimates the ultimate expected total value of each claim and "reserves" part of the not paid. As moneys are paid out for a claim, the reserve amount is decreased |
| Retrospective Premium Adjustment | At the beginning of each policy period, SCORE collects a deposit premium representing the estimated costs for that year. Each year a calculation of expenses associated with the policy period are subtracted from the deposit premium. At some point the excess funds will be returned, or shortage of funds will be charged. This process is repeated annually for each coverage year until all claims for that year are closed out and there is no IBNR allocated to that policy year. |
| Risk | the chance or uncertainty of loss (also see Speculative Risks and Pure Risks) |

GLOSSARY OF TERMS

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| Risk and Insurance Management Society (RIMS) | National professional organization to promote principles of risk management and assist risk managers in their daily activities |
| Risk Control | Those risk management techniques designed to minimize the frequency and/or severity of claims. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of loss exposures, and contractual transfer to shift losses to others |
| Risk Financing | Techniques for generating funds to pay for losses that risk control methods do not entirely eliminate. There are two types of risk financing techniques -- retention and transfer. Retention involves paying for losses using an organization's own assets; transfer involves covering losses by an unrelated entity for a consideration (such as a payment of a premium) |
| Risk Management | One of the specialties within the general field of management, the process of managing an organization's activities to minimize the adverse effects of accidental losses on a cost-effective basis. Risk management has two components -- risk control and risk financing. |
| Self-Insured | Coverage of losses from the insured's own funds, rather than an insurance policy. Generally refers to a planned program for financing or otherwise recognizing losses |
| Self-Insured Retention (SIR) | the maximum amount of exposure to a single loss retained by SCORE |
| Severability of Interests Clause | An insurance policy provision clarifying that the word "insured," as it appears within various parts of a policy, applies severally and not collectively. When there is more than one insured, the effect is as though a separate policy is issued to each insured. Thus, a policy containing such a clause will cover a cross liability claim – a claim made by one insured against another insured. The one exception to the separate application to each insured of a policy containing a severability of interest clause is that the limits are not cumulative; that is, one set of limits applies to all insureds collectively |
| Special Events | Designed to cover your sponsorship of events, such as fireworks shows, festivals, community/entity celebrations; often written to protect other policies' loss integrity. Another type of special event coverage, known as a "tenants and permittees" policy, can be issued for third parties who rent or use your owned facilities. |
| Speculative Risk | risks in which there exists both the possibility of gain and the possibility of loss (i.e. poker game) |
| Spread of Risk | the greater the spread of risk the less likely that there will be a catastrophic loss for the insurance company (i.e. NOT insuring every person in a single town that could be hit by a fire which destroys the town= catastrophic loss for the insurance company vs. insuring several people in MANY towns to spread out the risk of a catastrophic loss) |
| Stock company | sells stock to stockholders to raise the money necessary to operate the business (profits attributed to the operation of the company are returned as dividends to the stockholders, not the insureds) |
| Subrogation | The insurer's right to proceed against a third person if that third person was responsible for a claim paid by the insurer. Employee dishonesty can be subrogated by the insurance company against a dishonest employee |
| Surety | Is usually a corporation which determines if an applicant (principal) is qualified to be bonded for the performance of some act or service. If so, the |

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| | surety issues the bond. If the bonded individual does not perform as promised, the surety performs the obligation or pays for any damages |
| Temporary Disability Benefits (TD) | Payments an employee receives if they lose wages because of a work related injury which prevents them from doing their usual job while recovering |
| Third Party Administrator (TPA) | TPA is a person or organization that processes claims and performs other administrative services in accordance with a service contract, usually in the field of employee benefits |
| Total Insured Values (TIV) | The values shown on a member city's schedule or appraisal for property coverage. Only those items shown on the schedule are covered for loss |
| Terrorism Risk Insurance Act (TRIA) | TRIA is a United States federal law signed into law by President George W. Bush on November 26, 2002. The Act created a federal "backstop" for insurance claims related to acts of terrorism. |
| Vacant land | refers to land that is unoccupied and unused, and/or has no structures on it |
| Vehicle Identification Number (VIN) | unique code including a serial number, used by the automotive industry to identify individual motor vehicles, towed vehicles, motorcycles, scooters and mopeds as defined in ISO 3833 |

Small Cities Organized Risk Effort Board of Directors Travel Expense Reimbursement Form

Please remember to provide all receipts/proof of purchase along with this form
in order to receive reimbursement.

Payee Name (who the check should be made out to):

Payee Address (where payment should be sent):

Member City:

Date of Meeting:

Meeting or Committee:

Location of Meeting:

Total Mileage:

Total miles driven X 2020 IRS Rate (\$0.575 per mile) = \$

Parking: \$ _____

Auto Rental: \$ _____

Total Hotel Accommodations: \$ _____

Other Expenses: \$ _____

Please explain: _____

TOTAL AMOUNT SUBJECT TO REIMBURSEMENT: \$

**ALL REIMBURSEMENT CHECKS WILL BE MADE OUT TO THE CITY
UNLESS OTHERWISE INDICATED ON THIS FORM.**

Signature _____ Date _____