



# Northern California Regional Liability Excess Fund

2355 Crenshaw Blvd, Suite 200, Torrance, CA 90501

(310) 212-3344, Fax (310) 212-0300

## Executive Summary

### Joint Underwriting/Member Services & Finance Committee Meeting

March 17, 2017

The Northern California ReLiEF Joint Underwriting and Finance Committee took place on March 17, 2017 at the Hilton in San Jose, CA.

**President:**

Kimberly Dennis  
Alameda County  
Schools Insurance  
Group

**Vice President:**

Brent Swanson  
Tulare County  
Schools Self  
Insurance Authority

**Secretary:**

William Tucker  
Organization of Self-  
Insured Schools

**Treasurer:**

Scott Lantsberger  
Washington Unified  
School District

There are two sections to the meeting. The first section included a Joint meeting with Underwriting/Member Services and Finance. The purpose of the joint committee meeting is to review and adopt the self-funded actuarial study, determine discount factor funding, adopt experience modification factors (ex-mods), make necessary contingency fund adjustments and to discuss and budget for future services. The second section of the meeting consisted of regular Underwriting/Member Services topics.

The following are highlights of the Joint Committee Meeting:

#### Claims Trends

Ron Martin provided the claims trends overview for fiscal years 2009-10 through 2015-16 as of December 31, 2016. Notable items were that NCR severity trend for liability seems to have softened over the last two fiscal years (14-15 and 15-16) with no reported liability losses in excess of \$1 Million in the SAFER layer, but 16-17 has also been a tough year for property with a major fire and recent losses due to the La Nina weather conditions.

#### Prospective & Retrospective Discount Factors

After review the Committees agreed to recommend a conservative approach and not discount existing liabilities and recommend a 1.5% discount rate for the self-funded rates. These recommendations will be reviewed by the Board at the May 5, 2017 meeting.

#### Actuarial Study

Jack Joyce of Bay Actuarial Consultants presented the Actuarial Study to include proposed self-funded rates, estimated outstanding liabilities and contingency funding necessary to achieve a 90% probability level. The Committees accepted the actuarial study to include self-funded liability rate increases from +6.7% to +8.7 and property rate increases from +4.7% to +7.7% depending on the various member retained limits (MRLs) at the 70% probability level, estimated outstanding liabilities of \$52.47 million at June 30, 2017 and 90% contingency funding of \$10.901 million. Jack indicated that frequency was stable for both programs and increases were due to claims inflation.

#### NCR Financial Position

Mary Boyer, SETECH provided an update to the 12-31 Unaudited Treasurers report with the updated Actuarial information. NCR's financial position continues to be solid with net assets of over \$18 million and an undesignated position of \$1.98 million.

#### 2017-18 NCR Retained Program Funding

The Committees discussed funding options for 2017-18. The increase in the 2017-18 rates as recommended by the Actuary represented an estimated \$1,889,643 increase in member contributions. The Committees discussed the sensitivity about the budget challenges facing schools beginning next year and are expected to continue in the foreseeable future. After much discussion and analysis of NCR's claim development over the last 7 fiscal years and strong financial position, the premiums collected in 16-17 were sufficient to cover NCR's historical losses over this period. The Committee is recommending that the Board keep rates stable and utilize 16-17 rates for the 17-





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18 renewal and utilize the undesignated fund equity for rate stabilization. The 2017-18 ratified ex-mods will be applied to the renewal.

## Transferred Coverages Report

Ron Martin provided an update in regard to the excess Property, Liability and Ancillary Coverages provided through SAFER. SAFER is going into its 3<sup>RD</sup> year of a rate guarantee with the reinsurers and rates are predicated on predetermined loss ratios. Currently Excess Property rates are estimated to increase 3+% net of ex-mods and Excess Liability rates 8+% for Excess Liability net of ex-mods. It is anticipated that Crime, Boiler & Machinery, Cyber and EDP will renew flat. The Cyber coverage will be enhanced with increased limits on the existing Breach and Privacy coverages.

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## Matching Grant Continuance

After lengthy discussion, the Committee agreed to continue the \$250,000 annual Matching Grant program for the 2017/2018 program year. The Committee would like Underwriting/Member Services Committee to review the program to determine if any revisions are needed to more clearly state the intent, compliance and eligibility requirements with the program. It was also suggested that a list of grant ideas be created to assist members.

## We Tip

The Committee is recommending continuance of this program for the membership. WeTip's Annual Conference is being held in Radisson Hotel Ontario Airport in Ontario, CA and is scheduled to take place on April 20, 2017.

## Underwriting Member Services Section

### Memorandum of Coverage

The main change for this year will be clarification language to eliminate ambiguity that the covered agency (district) will be provided coverage under the Memorandum for an non-endorsed independent charter in reference to oversight and independent charters will only be provided coverage if endorsed.

### Child Abuse Prevention Month

Leslie Delozier went over the materials provided to NCR members to participate in Child Abuse Prevention month that takes place in April. The newest enhancement for this year is the inclusion of the Child Abuse Prevention Video that has been produced with the assistance of consultant Diane Cranley. The video is available on the NCR website under the newly created Child Abuse Prevention Program page. This is the first of many videos currently in development for the Child Abuse Prevention Program.

### Prospective New Members

There was one new member submission for Vacaville USD provided by Keenan Account Executive Kyle McKibbin. The Committee reviewed the materials which included an analysis of the Districts current program. The analysis indicated that Vacaville USD would be provided higher limits of coverage, broader coverage and lower deductibles at a cost savings. The Committee agreed that Vacaville USD would be a favorable addition to the pool and recommended approval of their membership.

