



Northern California Regional Liability Excess Fund

2355 Crenshaw Blvd, Suite 200, Torrance, CA 90501

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

Executive Summary **Board of Directors Meeting** **May 5, 2017**

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

The meeting was called to order at 9:30 a.m. and was very well attended. The significant actions taken or discussion held by the Committee were:

Prospective & Retrospective Discount Factors

The Board approved the Committees recommendation to not discount existing liabilities and recommend a 1.5% discount rate for the self-funded rates.

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. Estimated outstanding liabilities are \$52.47 million at June 30, 2017 and 90% contingency funding is set at \$10.901 million. Jack indicated that frequency was stable for both programs and increases were due to claims inflation.

NCR Financial Position

Mary Boyer gave the status of the organizations financials. Assets are up 15.89% to \$79.1M as of 3/31. Investment income is at 104.4% of budget. Liabilities are up by 16.04% to \$61.02M as of 3/31. The Net Position increased to \$18.1M with a positive undesignated fund balance of \$2.09M.

2017-18 NCR Retained Program Funding

At the underlying Committees direction, the Board 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 Board discussed the sensitivity about the budget challenges facing schools beginning next year and is expected to continue in the foreseeable future. After review 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 Board approved to keep rates stable and utilize 16-17 rates for the 17-18 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

Bill Poland, Marketing Director, and Eva Gutierrez, VP of Marketing, provided an update in regard to the excess Property, Liability and Ancillary Coverages provided through SAFER. SAFER is going into its 3RD 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.

EXCESS Liability

- Increase of 9.4% before the experience modification factor is applied. It includes a \$16.5M AAD discounted at 1% with limit of \$24M x/s of the \$1M member retention.
- Decrease of 6% in \$25M x/s \$25M layer.





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EXCESS Property

- Primary layer subject to three year agreement for program years 2015-2016, 2016-2017 and 2017-2018
- 2017/2018 Renewal rate for the transferred property program including the fully funded AAD is a decrease of 0.6% before experience modification.

EQB

- 2017/2018 Equipment Breakdown Coverage with HSB is to renew with the same structure as expiring, same terms and conditions with a rate decrease of 5%

Cyber Liability Coverage:

- Flat with enhanced coverage:
 - Occurrence & Aggregate limits increased from \$500K to \$1M for Privacy Regulatory and Security Breach
 - Cyber Extortion added
 - Data Asset Restoration added

CRIME:

- National Union Fire Insurance Company of Pittsburgh, PA
- 5% rate reduction

EDP:

- Chubb & Son Insurance Group
- Flat Renewal

Memorandum of Coverage

The main change for this year will be to eliminate ambiguity that the covered agency (district) will be provided coverage under the Memorandum for a non-endorsed independent charter:

- Member will have coverage for oversight of independent charter
- Independent Charter will only have coverage if endorsed

The Board approved the MOC for 2017/2018 and it will be posted on the NCR website and distributed to the members via the renewal binder.

New Member Vacaville USD!

The Board approved new member Vacaville USD to join NCR effective 7/1/17. Vacaville USD is very proactive with risk management Practices and they have a “high level of engagement with at their current risk management programs & services.

Child Abuse Prevention –Diane Cranley

Diane Cranley provided an update on the Child Abuse Prevention Program highlighting the Micro Learning Video Series, which will be available next program year. The videos were co-created with Diane, Keenan and Scenario Learning. These short concise videos are to be utilized in Staff Meetings or assigned to staff to:

- Increase Awareness
- Educate Employees
- Facilitate Discussion





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Matching Grant Continuance

The program will be continued into 2017/2018 and funded at \$250,000 however the program guidelines will be reviewed and modified at the June UW Committee meeting therefore delaying the rollout of the program. Be on the lookout late summer for an announcement of the Matching Grant Program and application process.

Elections/Appointments:

NCR Executive Committee:

Executive Committee Members-at-Large are elected every two years in odd numbered years. The following slate was approved for 2017 – 2019:

MEMBER AT LARGE:	Akur Varadarajan – New Haven Unified School District
MEMBER AT LARGE:	Kevin Collins- East Bay Schools Insurance Group
MEMBER AT LARGE:	William Assad – Tracy/Manteca Unified School District
MEMBER AT LARGE:	Erik Knak – Northern California Schools Insurance Group
MEMBER AT LARGE:	Rebecca Hall – San Joaquin Co. Schools P&L Insurance Group

SAFER Board Vacancy Filled:

Welcome Bryan Richards of Newark USD to the SAFER Board! Bryan was appointed to the SAFER Board as an Alternate replacing Sheri Gamba of West Contra Costa USD who is retiring effective 6/30/16.

Annual Report 2015/2016:

The NCR Annual Report for the 2015/2016 program year has been finalized and is posted to the NCR website under the [About tab](#). The report provides a letter from the President, program highlights, claims trends and the summary of the financials for NCR.

Board Meeting Schedule:

- Annual Board of Directors meeting is taking place October 18 – 20, 2017 in Monterey, CA.
- Renewal Board of Directors meeting takes place on May 4, 2018 in the San Francisco area.

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