



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

SPECIAL MEETING OF THE BOARD OF DIRECTORS

July 21, 2016 – 9:00 A.M.

**CJPRMA Office
3201 Doolan Road, Suite 285
Livermore, CA 94551**

(925) 837-0667

Telephonic Meeting

**Dial in # 866-866-2244
Participant Code: 1098199**

1. *City of Alameda, 2263 Santa Clara Ave., Room 280, Alameda, CA 94501*
2. *City of Chico, 411 Main Street., Chico, CA 95927*
3. *City of Fairfield, 1000 Webster Street., Fairfield, CA 94533*
4. *City of Fremont, 3300 Capitol Avenue., Fremont, CA 94538*
5. *City of Livermore, 1052 S. Livermore Ave., Livermore, CA 94550*
6. *City of Lodi, 221 West Pine St., Lodi, CA 95240*
7. *NCCSIF, City of Galt, 380 Civic Center Drive., Galt, CA 95632*
8. *City of Petaluma, 11 English Street., Petaluma, CA 94952*
9. *City of Redding, 777 Cypress Avenue., Redding, CA 96001*
10. *REMIF, 414 West Napa Street., Sonoma, CA 95476*
11. *City of Richmond, 450 Civic Center Plaza., Richmond, CA 94804*
12. *City of Roseville, 311 Vernon Street., Roseville, CA 95678*
13. *City of San Leandro, 835 East 14th Street., San Leandro, CA 94577*
14. *City of San Rafael, 1400 Fifth Avenue., San Rafael, CA 94915*
15. *City of Santa Rosa, 100 Santa Rosa Ave., Room 9, Santa Rosa, CA 95404*
16. *SCORE, 3665 Taylor Rd., Loomis, CA 95650*
17. *City of Stockton, 400 E. Main Street, 3rd Fl., Stockton, CA 95202*
18. *City of Sunnyvale, 505 West Olive Ave., Suite 200., Sunnyvale, CA 94086*
19. *City of Vacaville, 650 Merchant Street., Vacaville, CA 95688*
20. *City of Vallejo, 555 Santa Clara St., Vallejo, CA 94590*
21. *YCPARMIA, 77 W. Lincoln Avenue., Woodland, CA 95695*
22. *Gibbons & Conley, 2185 North California Blvd., Suite 110, Walnut Creek, CA 94596-4534*

AGENDA

I. CALL TO ORDER: 9:00 a.m.

II. ROLL CALL

III. PRESENTATIONS

- None

Per Government Code section 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 CJPRMA at (925) 837-0667 24 hours in advance of the meeting.

IV. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD OF DIRECTORS ON MATTERS OF BOARD BUSINESS. STATE LAW PROHIBITS ACTION BY THE BOARD ON NON-AGENDA ITEMS.

V. COMMUNICATIONS

A. Board Members

B. General Manager/Secretary

C. Next Scheduled Meetings: Executive Committee (09/13/2016) Lake Tahoe
Board of Directors Meeting (10/26 – 10/27/2016) Livermore

VI. APPROVAL OF MINUTES

- None

VII. CONSENT CALENDAR (I) Information Item (A) Action Item

- None

VIII. ACTION CALENDAR (A) Action Items Only

1. Auto Physical Damage Program Experience Rating (A) (Pages 3 - 6)

IX. INFORMATION CALENDAR (I) Information Items Only

- None

X. CLOSED SESSION

1. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Pending Litigation

Name of Case: Andriano, Rene, v. City of Vallejo

Court: Superior Court of California, County of Solano

Case No.: FCS044401

XI. ACTION ON CLOSED SESSION ITEMS

XII. ADJOURNMENT

Per Government Code section 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 CJPRMA at (925) 837-0667 24 hours in advance of the meeting.

**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

AGENDA BILL

ITEM: 1	TITLE: AUTO PHYSICAL DAMAGE PROGRAM EXPERIENCE RATING
MEETING: 07/21/2016	
GENERAL MANAGER: 	

Recommended Actions:

Staff recommends that the Auto Physical Damage Program members defer the implementation of the adopted Experience Rating Program effective July 1, 2016.

Strategic Direction:

This item addresses Strategic Goal 1 Core Products and Services Innovation.

Item Explanation:

Staff provided an updated agenda bill regarding the approved APD experience rating to the members of the APD program at the June Board meeting. The City of Vallejo requested an additional review of the newly adopted APD experience rating. After a thorough discussion the Board determined with the agreement of Vallejo that the program adopted in May would proceed forward.

The general manager was contacted by Director Claudia Quintana, Vallejo City Attorney, on June 28th. Ms. Quintana advised that the City had obtained an alternative quote for their program from Alliant and they would not be renewing their coverage through CJPRMA.

Based upon the very late withdrawal by the City there are two significant issues that need to be addressed.

1. CJPRMA does not have a current policy that requires members to provide an advance notice if they determine they will not renew a program. In this instance, the late notice of withdrawal limited an opportunity to obtain favorable quotes from the underwriters without the historical loss data of Vallejo. Based upon discussions with our broker, there would have been an opportunity for a reduction in premiums if Vallejo were not included in the underwriting. To prevent this from occurring in the future, staff will provide a recommendation to the Board at the October meeting to create a policy with notice requirements for members that intend to withdraw from purchase programs.
2. Attempt to resolve the experience modification rating formula approved by the program.

Vallejo's loss experience history contributed to over 76% of all APD losses from PY 2011-2012 through PY2014-2015. The impact of the modification factor would have been fairly attributed to

Vallejo and that portion of premiums would have been appropriately allocated. With the withdrawal by Vallejo, the lost history for the remaining members of the program is as follows:

MEMBER	Total Losses Incurred	% of Incurred Losses
Alameda	\$20,135	5.46%
Chico	\$177,994	48.31%
Fremont	\$0.00	0.00%
Livermore	\$0.00	0.00%
Lodi	\$36,878	10.01%
Petaluma	\$0.00	0.00%
Redding	\$0	0.00%
San Leandro	\$30,271	8.22%
Sunnyvale	\$0.00	0.00%
Vacaville	\$84,782	23.01%
REMIF	\$18,385	4.99%

Staff reviewed the loss history by extracting the premiums paid by Vallejo and their historic losses. The total premium contributions for PY 2011-2012 through PY2014-2015 by all members excluding Vallejo and Stockton were \$1,359,351 and total losses for the same period was \$368,444. This results in a loss ratio of approximately 27%. A loss ratio is defined as the percentage between the total premiums earned and the total losses paid.

The general manager has contacted our broker and is in the process of requesting a rate reduction from the underwriter based upon the withdrawal of Vallejo. There is a significant complication as the underwriter has already committed to a rate and the overall program losses they have paid include the losses paid on behalf of Vallejo and Stockton.

Based upon the 27% loss history listed above it would be difficult to impose the experience rating to the APD program members at this time. Chico and Vacaville would experience the most significant adverse impact. Based upon the overall losses and the overall premiums paid it does not appear to be reasonable to implement the APD experience rating as of July 1, 2016. The underwriter also agreed that both Chico and Vacaville have implemented several risk management steps to mitigate and reduce their exposures.

The APD spreadsheet provided at the May meeting with 90/10 split in premium contributions is attached to the agenda bill as exhibit one.

Staff recommends the members of the program vote to terminate the adopted APD Experience Rating Formula scheduled to begin on July 1, 2016.

Staff will be available to discuss the recommended actions for members of the APD Program.

Fiscal Impact:

1. Members' premium contributions based upon the quoted rate of \$0.20/100.

Exhibits:

1. APD spreadsheet 90/10 split in premium contributions

APD Spreadsheet with Loss by Member

MEMBER	Premiums 10-11 to 14-15	Total Losses Incurred	% of Incurred Losses	# of Losses	PY 15-16 Actual Prem Paid	% Prem Paid		10% of Incurred Losses	Total Adj. Premium
						15/16	90% Prem Paid		
Alameda	\$ 157,762	\$20,135	1.26%	1	\$ 54,051	9.24%	\$48,646	\$594	\$49,240
Chico	\$ 113,815	\$177,994	11.11%	9	\$ 37,625	6.44%	\$33,863	\$5,252	\$39,115
Fremont	\$ 260,603	\$0.00	0.00%	0	\$ 86,718	14.83%	\$78,046	\$0	\$78,046
Livermore	\$ -	\$0.00	0.00%	0	\$ 26,801	4.58%	\$26,801	No Adj.	\$26,801
Lodi	\$ 131,502	\$36,878	2.30%	2	\$ 39,647	6.78%	\$35,682	\$1,088	\$36,770
Petaluma	\$ 53,522	\$0.00	0.00%	0	\$ 16,638	2.85%	\$14,974	\$0	\$14,974
Redding	\$ -	\$0	0.00%	0	\$ 85,330	14.59%	\$85,330	No Adj.	\$85,330
San Leandro	\$ 106,165	\$30,271	1.89%	1	\$ 33,709	5.77%	\$30,338	\$893	\$31,231
Sunnyvale	\$ 115,052	\$0.00	0.00%	0	\$ 36,710	6.28%	\$33,039	\$0	\$33,039
Vacaville	\$ 107,805	\$84,782	5.29%	4	\$ 38,617	6.60%	\$34,755	\$2,502	\$37,257
Vallejo	\$ 117,992	\$1,232,977	76.99%	9	\$ 32,688	5.59%	\$29,419	\$36,382	\$65,801
REMIF	\$ 313,125	\$18,385	1.15%	1	\$ 96,137	16.44%	\$86,523	\$542	\$87,066
Total	\$ 1,477,343	\$1,601,421	100.00%	27	\$ 584,671		\$537,417	\$47,254	\$584,671
						90% of premium:	\$ 47,254		