



Actuary Committee Meeting Minutes

April 19th, 2017
10:30am - 1:00pm

Bay Area Metro Center
375 Beale Street; Suite 700
San Francisco, CA 94105
Mount Diablo Conference Room

Members Present:

Jurisdiction

Presiding:

Jesse Takahashi, Chair
Pak Lin
Edmund Suen
Cindy Safe, joined at 10:48am

Campbell
Los Altos Hills
Foster City
Woodside

Staff Present:

Jill Stallman - ABAG PLAN *Acting* Risk Manager & Claims Manager
Kim Chase - ABAG PLAN Administrative Assistant

Other Representative(s) Present:

Becky Richard - Bickmore Risk Services
Seth Cole - Alliant Insurance Service, Inc.

1. Meeting Called to Order:

Meeting was called to order by Jesse Takahashi at 10:45 a.m.

2. Public Comments: None

5. Excess Liability and Property Insurance Coverage: 10:45a.m.

Seth Cole of Alliant Insurance discussed with the committee the State of the Market; Evolving Risks such as Data Breaches; Flood, Police Actions, Drones, Self-Driving Cars and Business Interruption; Property Renewal Coverage Highlights and Renewals; Excess Liability Renewals and Crime Policy Renewals. Edmund asked if PLAN was covered for Floods, Seth confirmed the Flood Limits.

3. Approval of Minutes for meeting 4/20/2016, 11:43a.m.

Minutes were approved, as presented. //M//Suen//S//Safe//C//Unanimous

4. Actuarial Review of Self-Funded Liability Program:

Staff recommended the Actuary Committee accept the Actuarial Review of the Self-Insured Liability Program dated April 4, 2017, and Premium Calculation Comparison Report dated March 29, 2017. Becky Richard, ACAS, MAAA, Manager – Bickmore Risk Services, presented the actuarial report to the committee. The actuarial report contains estimates of PLAN liabilities for outstanding claims as of June 30, 2017, as well as projected ultimate loss costs for the 2017-18 fiscal year. The analysis is based on PLAN claim data valued as of December 31, 2016 and continues to assume a discount rate of 3%. Member proposed funding levels including change from prior year are shown on page 22 of the Self-Insured Liability Program report and were reviewed by the committee. The Premium Calculation Comparison report dated March 29, 2017 provides a more detailed analysis of member premium contributions. The exhibits contain 5 years of losses, member historical payroll data and a large loss illustration showing all large claims used in each calculation.

Staff noted that after the Board Retreat in December, one member (Cupertino) requested an evaluation showing the impact if the City were to reduce its retention from \$250k to \$100k. Staff provided supplemental pages that follow the Self-Insured Liability Program report which reflect the same information in Exhibit 1 (pages 29-37) but with the one assumption changed for Cupertino to a \$100k retention. Also provided was a single page at-a-glance comparison of impact to each member with Cupertino's retention at \$250k and at \$100k. The single page comparison follows the March 29, 2017 Premium Calculation Comparison report.

Another new development since the last analysis is that the City of Half Moon Bay is bringing the Parks & Rec Department into the City and the budget changes have been rolled into these current calculations.

The Actuary report and analysis indicates that the PLAN liability program has planned appropriately to be able to withstand some more significant loss payouts mitigating the impact to the financial stability of the program. This, in turn, is allowing for continued rate stabilization which remains a leading goal of PLAN. Additionally, due to the ongoing strength of PLAN's financial position overall, the PLAN grant program has been recommended to continue with the current funding level after recent review by the Risk Management Committee. The Committee should recommend PLAN continue to fund the liability program at the existing 60% confidence level.

The Actuary Committee will recommended approval and adoption of FY2017-18 PLAN program funding levels to the Executive Committee and Board of Directors at the June annual Board of Directors meeting.

Action: Approve draft actuarial reports dated April 4th, 2017 & March 29th, 2017 for presentation to the Board of Directors **/M//Safe//S//Suen//C//Unanimous**

6. Other Business: None

7. Meeting Adjourned: Meeting adjourned by Jesse Takahashi at 1:04 p.m.

Respectfully Submitted,



Jill Stallman, Acting Secretary for Heather McLaughlin