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**SPECIAL EXECUTIVE COMMITTEE MEETING
AGENDA**

**Wednesday, June 3, 2020
2:00 P.M**

**Cisco Webex
Please Contact Katie Sullivan for Videoconference Information**

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Katie Sullivan at (916) 244-1164 or katie.sullivan@sedgwick.com (email). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA) Executive Committee less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Dr., Suite 200, Sacramento, CA 95833.

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| <u>Page</u> | 1. CALL TO ORDER |
| | 2. INTRODUCTIONS |
| | 3. APPROVAL OF AGENDA AS POSTED (OR AMENDED) |
| | 4. PUBLIC COMMENTS - This time is reserved for members of the public to address the Committee relative to matters of the PLAN JPA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total. |
| 3 | 5. COVERAGE PROGRAMS
A. Consideration of CARMA JPA
<i>Recommendation: Staff recommends the Executive Committee recommend a presentation from CARMA JPA at the June 11, 2020, PLAN Board of Directors meeting.</i> |

* Reference materials attached with staff report.

6. CLOSING COMMENTS

This time is reserved for comments by Executive Committee members and/or staff and to identify matters for future Executive Committee business.

- A. Executive Committee
- B. Staff

7. ADJOURNMENT

NOTICES:

- The next PLAN JPA Board of Directors meeting will be held on June 11, 2020, at 9:30 a.m. via videoconference.

COVERAGE PROGRAMS

SUBJECT: Consideration of CARMA JPA

BACKGROUND AND HISTORY:

At the May 14, 2020 Executive Committee meeting, PLAN staff and PLAN's insurance broker presented two potential alternatives to private reinsurance and excess liability insurance: Excess Insurance Authority (EIA) and California Affiliated Risk Management Authorities (CARMA). Neither JPA had completed their renewal processes for the 2020/21 program year at that time and the Executive Committee recommended a special Executive Committee meeting to review options in advance of the full Board of Directors' meeting on June 11, 2020.

Excess Insurance Authority (EIA, now branding as PRISM)

For their General Liability 2 excess program, EIA has provided an estimated annual contribution range of \$3,500,000 to \$4,000,000 for \$20,000,000 of coverage over a PLAN \$5,000,000 SIR.

For comparison:

- The expiring excess liability insurance premiums for PLAN are \$1,450,000 to obtain \$25,000,000 of coverage in excess of \$5,000,000.
- PLAN's current renewal target premium for the 2020/21 program year for the entire reinsurance and excess insurance layer of \$27,500,000 in excess of \$2,500,000 is \$3,600,000.

From a purely financial standpoint, EIA is not a viable alternative for PLAN's liability program this year.

California Affiliated Risk Management Authorities (CARMA)

CARMA is an excess liability insurance JPA comprised of 5 risk and insurance JPA's. The total membership includes 104 California cities and 35 vector control districts. Specifically, the CARMA members include the following JPAs.

- Bay Cities Joint Powers Insurance Authority (20 Municipalities)
- Municipal Pooling Agency (20 Municipalities)
- Central San Joaquin Valley Risk Management Authority (54 Municipalities)
- Monterey Bay Area Self Insurance Authority (10 Municipalities)
- Vector Control Joint Powers Agency (35 Vector Control Districts)

In terms of membership size, PLAN's total annual payroll of \$434,000,000 would constitute approximately 24% of the combined CARMA group's total payroll (and third largest).

The CARMA coverage structure is as follows.

- Member JPA's have the option to elect a \$1,000,000 or \$2,000,000 per occurrence SIR
- CARMA's pooled layer is from \$1,000,000 (or \$2,000,000) to \$5,000,000
- Above \$5,000,000 CARMA purchases reinsurance to \$10,000,000 and then excess liability insurance up to a total of \$35,000,000

In terms of financial position, CARMA has historically funded at the 80% confidence level and is expected to finish the 2019/20 fiscal year with approximately \$22,000,000 in surplus over actuarially expected liabilities. It bears noting that CARMA has issued dividends to the membership for 3 of the past 4 years totaling \$13,500,000 based on the positive performance of the group's pooled layer.

Other considerations for discussion include:

- CARMA contracts all staff through Sedgwick
- Generally broad coverage largely matching that currently provided under the PLAN liability MOC
- Ability for members to utilize current third-party administrator (TPA)
- Dedicated Litigation Management
- Low Administrative Costs
- CAJPA Accredited with Excellence
- Resource and data sharing possibilities between members

Ritesh Sharma, PLAN Finance Manager, will be in attendance to present the most recent budget estimates for each option (PLAN private insurance renewal, CARMA excess options).

Jon Paulsen, PLAN General Manager, and Seth Cole, Alliant Insurance Services, will be in attendance to answer any additional questions from the Committee.

RECOMMENDATION:

Staff recommends that the Executive Committee recommend a presentation from CARMA JPA at the June 11, 2020 PLAN Board of Directors meeting.

REFERENCE MATERIALS ATTACHED:

None