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## STRATEGIC PLANNING SESSION AGENDA

**Wednesday, November 29, 2023**

**Session One: 10:00am**

**Session Two: 1:00pm**

**Session Three: 3:00pm**

**Toll House Hotel  
140 S. Santa Cruz Avenue  
Los Gatos, CA 95030**

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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 (916) 244-1199 (fax). 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 (PLAN) JPA Board of Directors 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>		<u>Time</u>
3	<b>1. GENERAL MANAGER'S WELCOME AND INTRODUCTION</b>	<b>10:00 AM</b>
	A. Intentions and Goals for Strategic Planning	
5	<b>2. SESSION ONE: UNDERSTANDING POOLING RESOURCES</b>	<b>10:15 AM</b>
16	A. Risk Control Resources	
17	B. Litigation Management & Claims Handling Resources	
	C. Administrative Resources	
19	<b>3. SESSION TWO: PLAN JPA FINANCIAL STABILITY</b>	<b>1:00 PM</b>
21	A. Pooled Liability Program and Financial Overview	
	B. Pooled Property Program and Financial Overview	
23	<b>4. SESSION THREE: PLAN JPA PROGRAMS AND STRATEGIC GROWTH</b>	<b>3:00 PM</b>
24	A. CARMA & ERMA	
	B. Future Programs	

\* Reference materials enclosed with staff report.

**NOTICES:**

- The next Board of Directors Meeting will be held on November 30, 2023, at 9:30am at the Toll House Hotel in Los Gatos, CA.

**Agenda Item 1.A.**

**GENERAL MANAGER'S WELCOME AND INTRODUCTION**

**SUBJECT: Intentions and Goals for Strategic Planning**

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This pool and all of its member agencies, individual mini-programs, and cellular components (Administration, Finance, Loss Control, Litigation Management, and Claims Management) result in something called “organized complexity”. Finance depends on the result of ultimate loss planning and actual settlements paid, which in turn depends on severity and frequency of claims and how they are managed, and how they are managed depends on policy set by the board. All told, the business activities of the JPA depends upon the policies, practices, and intended strategic programs instituted by the board members of the pool.

Feedback in this planning session is not only welcomed, but also imperative to lead this pool into and through times of volatility, uncertainty, chaos, and ambiguity. Agency feedback can come not only in the form of a deep dive conversation into cause and effect as well as mitigation and preventative measures, but also in proactively discussing options to strengthen the net position making the pool an attractive solution for other agencies and the envy of other pools. Historically, PLAN JPA has looked at challenges that presented themselves during an annual lookback and how the pool can improve or expand its current operations.

Setting futuristic goals however, with an equal consideration for the smaller “bite-sized” objectives designed to achieve those goals can be part of these discussions but could also be reserved for staff to explore options and brought back in the completed strategic plan. Being able to pull from the values of our smallest members through to the largest ones will make this pool poised to handle any challenge that it may face as well as keeping it as a viable solution for its diverse membership.

This group can work in reverse by defining what the end-point looks like. Considering the ultimate outcome over the last 5-10 years, PLAN JPA has seen several instances of. In 2016, PLAN (then ABAG PLAN Corporation) had 33 member agencies. The size of the pool has reduced by 15% and its net position has decreased by 19% or to put it in dollars, the position went from \$28.7M to \$22.9M since then. Could it be argued that PLAN is as strong today as it was 8 years ago?

The strategic planning process is here to vet out the goals of this Board and the options of how to get there. As we contemplate these goals, consider the following discussion points:

- Social Trends
  - Consumer behavior
  - Demographics, religion, lifestyles, media, values, etc.
- Technology Trends
  - Energy
  - Transport
  - Research and development

- Economic Trends
  - Interest rates
  - Tax rates
  - Inflation, job market
- Environmental Trends
  - Pollution and environmental regulations
  - Ecosystem factors
- Political Trends
  - Political stability
  - Consumer protections
  - Labor/trade unions
- Legal Trends
  - Nuclear verdicts

What is the vision for this pool?

What are tangible milestones for 1-5 years from now?

**SESSION ONE:  
UNDERSTANDING POOLING RESOURCES**

**SUBJECT: Risk Control Resources**

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**BACKGROUND AND HISTORY:**

PLAN JPA offers all 28 members access to four risk control service days per year. The main goal of these risk control services is to help member reduce their exposure to liability, property, and workers' compensation losses, and increase compliance with regulatory safety-related matters.

In addition, every year approximately 10 focused members (those with an Ex-Mod of 120% or higher) are provided with two additional days of service. These two days typically involve an interview and assessment of loss drivers, changes in exposures, and identification of priorities in the risk management program.

**OVERVIEW OF RISK CONTROL SERVICES:**

Risk Control services are intended to reduce a member's exposure to claims in one or more of the following areas: general liability, workers' compensation, and property. Below is a list of some of the risk control services offered and the area of exposure:

<b>Risk Control Service</b>	<b>Areas of Loss Exposure</b>
Employee Safety Training	Workers' Compensation
Development of Webinars	General Liability
Focused Member Interviews and Self-Assessments	General Liability, Workers' Compensation and Property
Playground Inspection	General Liability and Property
Aquatic Facility Inspections	General Liability and Property
City Facility Inspections	General Liability, Workers Compensation and Property
Park Inspections	Workers Compensation and Property
Access to Infrared Electrical Equipment Surveys	General Liability, Workers Compensation and Property
Safety Policy Development	Workers' Compensation
Ergonomic Evaluations	Workers' Compensation

**MEMBER USAGE OF RISK CONTROL SERVICES & GRANT FUNDS:**

Some PLAN JPA members utilize very few risk control services, and some members utilize all four days of their allotted risk control service day. It is important to note that a recent review of risk control services provided to members during 2022-2023 revealed that approximately 70% of the risk control services provided related to addressing workers' compensation exposures or Cal/SHA compliance-related training, and the remaining 30% of the services addressed liability exposures.

In addition, every year \$500,000 is allocated to the PLAN JPA Risk Management grant fund, and this money is intended to be used by members to mitigate liability exposures. Some members have used these funds for sidewalk inspections and repairs, emergency tree trimming, safety training, playground equipment replacements, and other uses.

**FUTURE ALLOCATION AND/OR PRIORITIZATION OF RISK CONTROL SERVICES & GRANT FUNDS:**

With strategic planning being the focus, one of the questions for pool members is what type of risk control services should we be providing to our members? Below are some questions that we would like to explore:

1. Should the pool continue to allocate four days of risk control services to every member each year? Or should certain members be allocated more or fewer days based on their loss experience and/or exposures?
2. Since 70% of members allocations to the pool are for the liability program and 30% for the property program, should 70% of the risk control services provided to members be focused on liability exposure risk reduction measures and 30% to property exposure risk reduction? What percentage of risk control services should go to workers' compensation exposure risk reduction measures?
3. Some pools focus their grant funds on a particular area each year, such as assessment and repair of sidewalks, sewer main assessments, etc. Should a portion of the annual assessment of grant funds be allocated to members to address targeted liability exposures, such as sidewalks, trees, flooding, dangerous conditions of roadways, etc.?
4. What types of property risk control services should we offer to our members? What other measures can be taken to reduce property exposures (Flood, fire, earthquake)?

**REFERENCE MATERIALS ATTACHED:**

- 2023-2024 Risk Control Service Summary
- 2022-2023 Risk Control Service Summary
- 2023-2024 Risk Management Grant Fund Allocation



## Risk Control Services Summary July 1, 2023, to October 6, 2023

Member	Activity	Project Status
American Canyon, City of	None	NA
Atherton, Town of	None	NA
Benicia, City of	Driver Safety and Vehicle Use Policy	In Progress
	Ergonomic Evaluation	In Progress
	Infrared Electrical Surveys	Completed
Burlingame, City of	Ergonomic Evaluations	Completed
Campbell, City of	Facility Inspections	Completed
Colma, Town of	None	NA
Cupertino, City of	Safety Training Matrix	In Progress
	IIPP and CPP Review	In Progress
	Safety Committee Meetings (2)	Completed
	Safety Committee Meetings	Scheduled
	Infrared Electrical Survey	Completed
Dublin, City of	Ergonomic Evaluations (13)	Scheduled
	IIPP and EAP Training	Scheduled
	IIPP Program Development	In Progress
	Safety Committee Meeting	Scheduled
	Infrared Electrical Surveys	Completed
East Palo Alto, City of	Infrared Electrical Surveys	Completed
Foster City, City of	None	NA
	Ergonomic Evaluations (5)	Completed
Half-Moon Bay, City of	Safety Training Matrix	In Progress
	Safety Meeting	Completed
Hillsborough, Town of	None	NA
Los Altos Hills, Town of	Hearing Conservation Program Review and Revision	Awaiting Member
	Heat Illness Prevention Program Review and Revision	Awaiting Member



## Risk Control Services Summary July 1, 2023, to October 6, 2023

Member	Activity	Project Status
	Tree Work Training	Completed
	Industrial Ergonomics Training	Completed
	Defensive Driver Training	Scheduled
	Same Level Fall Prevention Training	Scheduled
	Traffic Control and Flagger Refresher Training	Scheduled
Los Gatos, Town of	Safety Committee Meeting	Completed
	Driver Training & Behind the Wheel Evaluations	Completed
Millbrae	Liability Exposures Consultation	In Progress
Milpitas, City of	None	NA
Morgan Hill, City of	None	NA
Newark, City of	Fall Protection and Ladder Safety Training	Completed
	Accident Investigation and Supervisor Safety Training	In Progress
	Safety Committee Meetings	Scheduled
PLAN JPA	Urban Forest Management Plans Webinar	Completed
	Law Enforcement Early Intervention Systems Webinar	Completed
	Tree Work Training	Completed
	Industrial Ergonomics/Safe-Lifting Training	Completed
	Defensive Driver Training	Scheduled
	Preventing Same Level Falls Training	Scheduled
	Traffic Control Refresher Training	Scheduled
Pacifica, City of	Health Fair	In Progress
Portola Valley, Town of	None	NA
Ross, Town of	None	
San Bruno, City of	Liability Exposures Consultation	In Progress
	Heat Illness Program Development	In Progress





Risk Control Services Summary  
 July 1, 2023, to October 6, 2023

Member	Activity	Project Status
San Carlos, City of	Traffic Control and Flagging Training	Completed
	Sidewalk and Sewer Liability Consultation	Completed
	Hearing Conservation Program Development	In Progress
	Heat Illness Prevention Program Review and Revision	In Progress
	Heavy Equipment Training	In Progress
Saratoga, City of	Safety Committee Meetings	Scheduled
South San Francisco, City of	Ergonomic Evaluations (9)	In Progress
Suisun City, City of	IIPP and Training Matrix	In Progress
Tiburon, City of	None	NA
Woodside, Town of	None	NA



## Risk Control Services Summary July 1, 2022, to May 26, 2023

Member	Activity	Project Status
American Canyon, City of	Ergonomic Evaluations (7)	Completed
	Ergonomic Evaluations (9)	Completed
Atherton, Town of	Ergonomic Evaluations (10)	Completed
	Contractual Risk Transfer Consultations (2)	Completed
Benicia, City of	Ergonomic Evaluations (13)	Completed
	Parks and Recreation Consultation	Completed
Burlingame, City of	Traffic Control and Flagger Training	Completed
Campbell, City of	Playground Inspections	Scheduled
Colma, Town of	Ergonomic Evaluation	In Progress
	Traffic Control and Flagger Training	Completed
Cupertino, City of	Liability Exposures Consultation	In Progress
	Traffic Control and Flagger Training	Completed
	Risk Management Committee Meetings (2)	Completed
	Bike Safety Program Consultation	Completed
	Facility Safety Inspections	Completed
	Epi Pens Consultation	Completed
Dublin, City of	Hazmat Inspection and CERS Submission	Completed
	Ergonomic Evaluations (12)	Completed
	Defensive Driver Training	In Progress
	IIPP/PPP/EAP Training	Completed
	Safety Committee Meeting	Completed
	Safety Committee Meeting	Completed
	Safety Signage Consultation	Completed
	Traffic Control and Flagger Training	Completed
	IIPP Program Development	In Progress
Foster City, City of	Defensive Driver Training	Completed



## Risk Control Services Summary July 1, 2022, to May 26, 2023

Member	Activity	Project Status
	Ergonomic Evaluations (5)	Completed
Half-Moon Bay, City of	Safety Training Matrix	In Progress
	Safety Meeting	Completed
Los Altos Hills, Town of	Aerial Lift Training	In Progress
	Equip Ops & Welding, Cutting, Hot Work & Compressed Gas Safety Training	In Progress
	Ergonomics Training - Industrial & Office	In Progress
	Traffic Control and Flagger Training	In Progress
	Focused Member – Follow Up Meetings	Completed
	Haz Com & LOTO Training	In Progress
	PPE Training	In Progress
Los Altos Hills, Town of	Hearing Conservation Program Review and Revision	Awaiting Member
	Heat Illness Prevention Program Review and Revision	Awaiting Member
	Accident Investigation Training	Completed
	Hearing Conservation/Bloodborne Pathogens and Eye Wash Training	Completed
	Hazard Communication & Lockout/Tagout Training	Completed
	Personal Protection Equipment Training	Completed
	Traffic Control and Flagging Training	Completed
	Fall Protection/Ladder Safety & Confined Space Awareness Training	Completed
	Heat Illness/Wildfire Smoke & Outdoor Hazards Training	Completed
	Respiratory Protection & Silica Dust Training	Scheduled
Los Gatos, Town of	Safety Committee Meeting	Completed
Milpitas, City of	Driver Safety Program Development	Completed
	Hot Work Policy	In Progress
Morgan Hill, City of	Traffic Control & Flagger Training	In Progress
	Fall Protection & Ladder Training	Completed



Risk Control Services Summary  
July 1, 2022, to May 26, 2023

Member	Activity	Project Status
	Asbestos Awareness Training	Completed
	Respiratory Protection Certification and Training	In Progress
	Tool Safety Training	In Progress
	Workplace Violence Prevention Training	Completed
	IIPP Training	Completed
	IIPP Program Development	Completed
	Emergency Action Plan Training	Completed
	Ergonomics Training	Completed
Newark, City of	Office Ergonomics Training	Completed
	EAP Consultation	Completed
	Drug and Alcohol Policy Development	Awaiting Member
	Workplace Violence Training	Completed
	Workplace Violence Policy	In Progress
	Ergonomic Evaluation (1)	Completed
	Ergonomic Evaluation	Scheduled
	FAA Consultation	Completed
	ADA Consultation	Completed
	Indoor Air Quality Consultation	Completed
	Pre-placement Medical Exams Consultation	Completed
	Safety Boots Consultation	Completed
PLAN JPA	None	
Pacifica, City of	Ergonomic Evaluations (3)	Completed
	Ergonomic Evaluation	Scheduled
Ross, Town of	None	
San Bruno, City of	Drug and Alcohol Training	In Progress
	Towing Policy Consultation	In Progress



Risk Control Services Summary  
July 1, 2022, to May 26, 2023

Member	Activity	Project Status
	Urban Forest Management Consultation	Completed
	Volunteer Management	In Progress
	Cal/OSHA Consultation	Completed
	IIPP Program Development	Completed
	Liability Exposures Consultation	In Progress
	Heat Illness Program Development	In Progress

Member	Activity	Project Status
San Carlos, City of	Ergonomic Evaluations (14)	Completed
	Hearing Conservation Program Development	In Progress
	Heat Illness Prevention Program Review and Revision	In Progress
	Hot Work Permit Program Development	In Progress
	PPE Program Development	In Progress
	Continuity of Operations Plan	Awaiting Member
	Asbestos Consultation	Completed
	Lockout/Tagout Program Review	Completed
	Contractor Safety Policy Consultation	Completed
	Forklift Training	Completed
	Traffic Control and Flagging Training	Scheduled
	Risk Management Committee Meeting	Completed
	Defensive Driver Training	Scheduled
	Heavy Equipment Training	Scheduled
Bloodborne Pathogens Training	Scheduled	
Heat Illness Prevention Training	Scheduled	
Outdoor Hazards Training	Scheduled	
Saratoga, City of	Ladder Safety Training	Completed



Risk Control Services Summary  
 July 1, 2022, to May 26, 2023

Member	Activity	Project Status
	Facility Inspections	Completed
	Safety Committee Meeting	Completed
	IIPP & CPP Program Development	In Progress
	Contractual Risk Transfer	In Progress
South San Francisco, City of	Ergonomic Evaluations (9)	Completed
Suisun City, City of	Traffic Control and Flagger Training	Completed
	IIPP and Training Matrix	In Progress
	Heat Illness Program Consultation	Completed
	COVID-19 Prevention Program	In Progress
Tiburon, City of	None	

**GRANT FUND ALLOCATION  
For FISCAL YEAR 2023-2024**

Member	2023/24 Liability Program Funding	Allocation Percentage	2023/24 GRANT FUND	CarryOver From 22/23	Total Available at start of fiscal year	July 2023	Aug 2023	Sept 2023	Total Grants Expensed in 23/24	Risk Mgmt Grant Available for Use
AMERICAN CANYON	\$ 530,737	2.36%	\$ 11,808	\$ 14,712.62	\$ 26,520.62				0.00	\$ 26,520.62
ATHERTON	285,607	1.27%	6,354	29,753.86	36,107.86				0.00	36,107.86
BENICIA	1,109,128	4.94%	24,676	31,030.95	55,706.95	2,040.00			2,040.00	53,666.95
BURLINGAME	1,042,150	4.64%	23,186	58,424.71	81,610.71				0.00	81,610.71
CAMPBELL	1,110,923	4.94%	24,716	3,139.41	27,855.41				0.00	27,855.41
COLMA	146,635	0.65%	3,262	7,502.41	10,764.41				0.00	10,764.41
CUPERTINO	1,231,725	5.48%	27,404	36,833.46	64,237.46				0.00	64,237.46
DUBLIN	1,609,914	7.16%	35,818	0.20	35,818.20				0.00	35,818.20
EAST PALO ALTO	714,359	3.18%	15,893	50,037.17	65,930.17				0.00	65,930.17
FOSTER CITY	796,891	3.55%	17,729	44,630.95	62,359.95				0.00	62,359.95
HALF MOON BAY	309,245	1.38%	6,880	28,108.71	34,988.71				0.00	34,988.71
HILLSBOROUGH	398,478	1.77%	8,865	13,355.90	22,220.90				0.00	22,220.90
LOS ALTOS HILLS	222,350	0.99%	4,947	13,737.86	18,684.86				0.00	18,684.86
LOS GATOS	765,879	3.41%	17,039	54,696.40	71,735.40			54,696.00	54,696.00	17,039.40
MILLBRAE	622,972	2.77%	13,860	54,939.60	68,799.60				0.00	68,799.60
MILPITAS	2,112,548	9.40%	47,000	10,000.15	57,000.15				0.00	57,000.15
MORGAN HILL	1,223,523	5.44%	27,221	117,344.69	144,565.69				0.00	144,565.69
NEWARK	1,131,751	5.04%	25,179	96,709.81	121,888.81		22,760.00		22,760.00	99,128.81
PACIFICA	1,256,303	5.59%	27,950	106,861.89	134,811.89				0.00	134,811.89
PORTOLA VALLEY	135,350	0.60%	3,011	13,404.12	16,415.12				0.00	16,415.12
ROSS	93,737	0.42%	2,085	(0.00)	2,085.00				0.00	2,085.00
SAN BRUNO	1,333,296	5.93%	29,663	73,696.65	103,359.65				0.00	103,359.65
SAN CARLOS	850,969	3.79%	18,932	9,196.58	28,128.58				0.00	28,128.58
SARATOGA	773,769	3.44%	17,215	46,135.69	63,350.69				0.00	63,350.69
SOUTH SAN FRANCISCO	1,468,714	6.54%	32,676	160,150.29	192,826.29				0.00	192,826.29
SUISUN CITY	758,855	3.38%	16,883	44,831.41	61,714.41				0.00	61,714.41
TIBURON	273,970	1.22%	6,095	25,943.06	32,038.06				0.00	32,038.06
WOODSIDE	164,061	0.73%	3,653	14,072.66	17,725.66		1,865.00		1,865.00	15,860.66
<b>GRAND TOTAL</b>	<b>\$ 22,473,839</b>	<b>100%</b>	<b>\$ 500,000</b>	<b>\$ 1,159,251.24</b>	<b>\$ 1,659,251.24</b>	<b>\$ 2,040.00</b>	<b>\$ 24,625.00</b>	<b>\$ 54,696.00</b>	<b>\$ 81,361.00</b>	<b>\$ 1,577,890.24</b>

**SESSION ONE:**  
**UNDERSTANDING POOLING RESOURCES**

**SUBJECT:   Litigation Management & Claims Handling Resources**

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**BACKGROUND AND HISTORY:**

PLAN JPA provides general liability, auto liability and property coverage to its members. For liability claims, PLAN provides currently up to \$1,000,000 per occurrence to its members for covered claims. Each member retains the portion of every loss that falls within their SIR ranging from \$25,000 to \$250,000. PLAN JPA is also a member of California Affiliated Risk Management Authorities (CARMA), a risk sharing joint powers authority. Reinsurance and excess carriers are included above CARMA on PLAN JPA's coverage tower.

The purpose of this session will be to provide members with insight into Litigation Management's role in claim handling. The Litigation Manager provides oversight and administration of claims by working with members, the third-party administrator, defense counsel, carriers, and other stakeholders to resolve claims effectively and efficiently. The Litigation Manager does and assists with the following tasks:

- Quarterly review of all reported claims with the Third-Party Administrator.
- Report to the Executive Committee and the Board on claims of interest.
- Formulate strategy for motions, settlement, and trial.
- Set reserves, review invoices, and manage budgets.
- Drafts and proposes PLAN JPA management policies to the pool.
- Review national/state litigation trends and jury verdicts for potential exposure and make suggestions to the pool regarding the same.
- Alert members regarding new legislation.
- Work with members to select appropriate panel counsel for claims and gather feedback regarding pool attorneys.
- Suggest and select mediators and experts.
- Attend and assist with mediation, settlement conferences, and trial.
- Monitor and make recommendations for government claims.
- Assist with training on responses to government claims.
- Evaluate exposure and make recommendations as to resolutions.
- Continually evaluate defense counsel handling of claims and lawsuit for effectiveness, and take steps to correct.
- Propose next steps in litigation.

Litigation Management has prepared a Claims Manual available to members that provides information with respect to handling and responding to California Government Claims. The Manual also provides a list of immunities that could help with early resolution of a claim or lawsuit. PLAN JPA's Litigation Manager Susan DeNardo will provide further information regarding the Claims Manual, and other resources provided by the Litigation Management Department.

**REFERENCE MATERIALS ATTACHED:**

None



**SESSION ONE:**  
**UNDERSTANDING POOLING RESOURCES**

**SUBJECT: Administrative Resources**

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**BACKGROUND AND HISTORY:**

Daily operations and management of PLAN JPA has been assigned to Sedgwick (previously Bickmore/York) since 2017. This includes the day-to-day tasks of the JPA and provide numerous resources to members to assist with their individual administrative duties.

**PLAN JPA Website**

The PLAN JPA website is divided into two sections: Public and Member's Only.

Public Website: The public website (planjpa.org) provides access to program information, agendas & minutes, member forms, coverage forms, member and staff directory, certain governing documents, calendar of events, and links to access additional resources such as risk control.

Member's Only Website: the member's only website (pooling.sedgwick.com/secured-documents/secured-documents-plan-jpa) is accessible only by individual member logins issued by staff. This website includes access to financial audits and budget information, Evidence Only certificates, claims forms, town hall recordings and meeting presentations.

**Certificates of Coverage**

PLAN JPA offers four types of certificates to its members: Liability - Evidence Only, Liability – Additional Covered Party, Property – Evidence of Coverage, Property – Loss Payee.

Liability – Evidence Only: This certificate is available to members to issue as needed when proof of coverage is required. This certificate is evidence of coverage **only** and does not extend coverage to a third-party. Members can download and save this certificate for ease of access, eliminating the need to contact staff.

Liability – Additional Covered Party: This certificate must be requested from staff by completing the online form (pooling.sedgwick.com/certificate-form) and providing a copy of the contract/agreement along with the submission. Once received, staff reviews the agreement and either contacts the member for more information or approves the request and sends the request off for issuance. As a best practice to ensure PLAN JPA's coverage is being extended appropriately, this certificate cannot be issued by members.

Property – Evidence of Coverage: This certificate must be requested from staff and only pertains to first-party property coverage. Once the request is received by staff, staff requests the certificate from Alliant. Similar to the Liability – Evidence Only certificate, this certificate only provides proof of property coverage. Since PLAN JPA participates in the APIP program with Alliant, this certificate can only be issued by Alliant; however, the request must still be submitted to staff.

Property – Loss Payee: This certificate must also be requested from staff and a contract/agreement provided with the request. This certificate is similar to the Liability – Additional Covered Party certificate where it extends coverage to a third-party for first-party property damage (i.e., a member is renting equipment from a third-party). Since PLAN JPA participates in the APIP program with Alliant, this certificate can only be issued by Alliant; however, the request must still be submitted to staff.

**Administrative Staff**

The most valuable resource available to PLAN JPA members is the staff provided by Sedgwick to assist PLAN members with their insurance needs.

Katie Sullivan, Assistant General Manager (Primary Point of Contact)

John Burdette, Administrative Assistant (Primary Point of Contact)

Eric Dahlen, General Manager

Min Su, Finance Manager

Bill Taylor, Risk Control Manager

Susan DeNardo, Litigation Manager

**REFERENCE MATERIALS ATTACHED:**

None

**SESSION TWO:  
PLAN JPA FINANCIAL STABILITY**

**SUBJECT: Pooled Liability Program and Financial Overview**

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**BACKGROUND AND HISTORY:**

The Pooled Liability Program (PLP) provides general, auto, and public official's errors and omissions liability coverage with total coverage limits up to \$35 million per claim occurrence. PLAN provides coverage to the membership through a risk sharing layer of losses, also known as the primary pool layer, up to \$1 million. PLAN participates in California Affiliated Risk Management Authorities (CARMA), which is an excess liability Joint Powers Authority (JPA). CARMA risk shares from \$1 million to \$10 million. PLAN purchases excess coverage through carriers in the excess insurance markets from \$10 million to \$35 million.

**Member Self-Insured Retention (SIR) Limit**

This is the amount for which each member is ultimately responsible for on a per occurrence basis. Members may select a retained limit of \$25,000, \$50,000, \$100,000, \$250,000, and \$500,000.

- Currently, there are no PLAN members with a \$500,000 SIR.

**Risk Sharing Layer**

The amount of each occurrence excess of member's SIR is shared between the members up to \$1 million, which is the attachment point to CARMA.

- Since joining CARMA in 2021/22, PLAN's retention decreased by \$1.5 million, from \$2.5 million to \$1.0 million.

**Confidence Level Funding and Discount Rates**

- Future costs of claims for an upcoming program year are actuarially determined, and recommendations are provided at various Confidence Levels (CL). CL is an estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 80% confidence level refers to an estimate for which there is an 80% chance the funds collected will be sufficient to pay for claims in the forecasted year.
  - Since 2015/16, PLAN has funded the PLP at the 60% confidence level for each program year.
- CL funding can also be referred to, as the overall level of funding for a coverage program's outstanding liabilities. If the confidence level is 90% or above, this means the assets maintained in the program is greater than the liabilities. Signifying financial stability in the pooled program, and 90% chance assets held are adequate to pay for upcoming claims expenses.
  - As of June 30, 2023, PLAN's Pooled Liability Program is funded above the 90% confidence level.

- Discount Rate, or Factor, is to adjust the estimated losses to reflect anticipated investment income from assets held prior to actual claim payout. PLAN lowered the discount factor from 3% to 2% in the 2020/21 program year. In an everchanging economy, lowering the discount rate, provides a conversative approach to not over discount future liabilities.

To further examine the financial condition of the Pooled Liability Program, staff has prepared the Target Net Position Ratios. These ratios are required as part of the PLAN's Target Net Position Policy and are completed after fiscal year end.

Along with the results of the Target Net Position Ratios, the Financial Overview presentation of the Pooled Liability Program will be distributed during this session.

**REFERENCE MATERIALS ATTACHED:**

None

**SESSION TWO:  
PLAN JPA FINANCIAL STABILITY**

**SUBJECT: Pooled Property Program and Financial Overview**

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**BACKGROUND AND HISTORY:**

The Pooled Property Program (PPP) provides for the lesser of repair or replacement cost coverage for members and contents through a combination of pooling and group purchased insurance through Alliant Property Insurance Program (APIP). Each member has a \$5,000 deductible and coverage limit of \$1 billion per occurrence, and \$100 million coverage for boiler & machinery. Total Insured Values of the PLAN members, per the 2023/24 budget, are \$3,578,514,443.

**Pooled Layer**

The PPP provides coverage of \$5,001 up to \$500,000 (\$100,000 for auto) for scheduled locations of buildings, structures, and assets owned. The pooled layer pays claims in excess of the member's deductible. For 2023/24, the confidence level funding for the Pooled Property Program increased by 5%, from 70% to 75%.

The Pooled Property Program net position as of June 30, 2023, was negative \$674,934. With this increase of unfunded liabilities for the property program, year one of the Property Rehabilitation Plan began in 2023/24.

**Excess Coverage**

Coverage in excess of \$500,000 per occurrence is group purchased through APIP. The all-risk coverage has limits of \$1 billion per occurrence (subject to policy exclusions, and various sublimits), boiler and machinery limits of \$100 million, and includes pollution and cyber liability coverage. The APIP coverage is broad and includes coverages for contractor's equipment, business interruption, and flood. While APIP includes cyber liability coverage, PLAN group purchased excess cyber liability with additional limits up to \$5 million.

**Property Trend Factors**

Each year, the building and contents listed on each member's property schedule of values are trended to adjust for inflation. For 2023/24 renewals, values were automatically increased by 7.5% for both real property (buildings and items permanently attached to buildings) and personal property (contents). Based on the APIP team's market analysis, the trend factors for the upcoming 2024/25 are suggesting a 20-30% increase in premiums.

**ResoluteGuard**

PLAN partnered with ResoluteGuard to help members mitigate cyber risk. This is optional for members. ResoluteGuard's Cyber Risk Management Program is designed to align a member's initiatives with insurance and regulatory objectives and support executive governance with administrative and technical activities to guard against cyber disruption of critical services.

**Property Rehabilitation Plan**

The three-year rehabilitation plan of \$2,352,253 infuses the Pooled Property Program with short-term stability. As part of the plan, increasing the CL funding will provide a more long-term approach to

rebuilding the PPP. The 5% gradual increase of confidence funding is set to reach 85% in 2025/26. This provides funding to the property program at the recommended confidence levels by PLAN's actuarial team.

To further examine the financial condition of the Pooled Property Program, staff has prepared the Target Net Position Ratios. These ratios are required as part of the PLAN's Target Net Position Policy and are completed after fiscal year end.

Along with the results of the Target Net Position Ratios, the Financial Overview presentation of the Pooled Property Program will be distributed during this session.

**REFERENCE MATERIALS ATTACHED:**

None

**SESSION THREE:**  
**PLAN JPA PROGRAMS AND STRATEGIC GROWTH**

**SUBJECT: CARMA & ERMA**

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**BACKGROUND AND HISTORY:**

**California Affiliated Risk Management Authority (CARMA)**

CARMA provides excess liability coverage for PLAN. Since PLAN covers its membership up to \$1,000,000, the coverage from CARMA begins at \$1M and extends up to \$10M. PLAN the returns to the market for excess coverage above \$10M up to \$35M.

This current program year, 2 members of CARMA have submitted to that pool their respective conditional notices of withdrawal. Should one or both members leave the pool, several things would change:

- Allocation between members as the ex-mods would change
- Administrative costs allocated per member would increase because the spread would be between fewer members
- Lower exposure base (decreased payroll, population)
- Changed loss ratio for the pool itself

**Employment Risk Management Authority (ERMA)**

ERMA provides broad employment practices liability coverage at stable rates for its members. As a benefit to PLAN members, ERMA is a “pass-through” program that is factored into the members’ annual PLAN contributions.

ERMA provides coverage above the member’s individual self-insured retention (SIR), as well as provides training and risk management programs that include reimbursement for eligible employment practices, training and loss control expenditures up to \$2,500 per policy year.

Rob Kramer, Executive Director for both CARMA and ERMA, will discuss in detail the programs, offerings, and outlook for each.

**REFERENCE MATERIALS ATTACHED:**

None

November 29, 2023

Agenda Item 4.B.

**SESSION THREE:**  
**PLAN JPA PROGRAMS AND STRATEGIC GROWTH**

**SUBJECT: Future Programs**

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**BACKGROUND AND HISTORY:**

When considering the programs and offerings available through PLAN JPA, many risk exposures are addressed with some caveats.

This strategic planning session offers an opportunity to introduce conceptual programs to meet the vision of the Board of Directors.

**REFERENCE MATERIALS ATTACHED:**

None