

# **CSAC EXCESS INSURANCE AUTHORITY**

**CALIFORNIA**



## **ADOPTED BUDGET**

For the Fiscal Year  
July 1, 2016 to June 30, 2017

# **CSAC EXCESS INSURANCE AUTHORITY**

## **ADOPTED BUDGET**

**FOR THE FISCAL YEAR JULY 1, 2016 TO JUNE 30, 2017**

### **EXECUTIVE COMMITTEE**

<b>Name</b>	<b>Entity</b>
Scott Schimke	Glenn County
James Brown	Merced County
Ann Richey	ACCEL
Barbara Lubben	Alameda County
Ken Hernandez	San Bernardino County
Kerry John Whitney	Napa County
Kimberly Greer	City of Richmond
Lance Sposito	Santa Clara County
Peter W. Heubner	Sierra County
Richard Egan	Lassen County
Roberta Allen	Plumas County
Stephen Underwood	EIA General Counsel

### **SENIOR MANAGEMENT**

Michael Fleming	Chief Executive Officer
Gina Dean	Chief Operating Officer
Michael Pott	Chief Claims Officer
Marianne Stuart	Chief Financial Officer
George Reynolds	Chief Information Officer
Rick Brush	Chief Member Services Officer

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Trina Johnson, CPA, Senior Accountant  
Donna McClanahan, Accounting Technician  
Mercy Penales, Accounting Technician

**CSAC Excess Insurance Authority**  
**Adopted Budget**  
**For the Fiscal Year 2016/17**

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June 3, 2016

Members, Board of Directors  
Folsom, California

Ladies and Gentlemen:

We respectfully submit the authority's proposed budget for fiscal year 2016/17 for your approval.

This budget is driven by member participation in our committee structure. Their decisions determine program structure and what services will enhance their risk financing options. Always, members are cognizant of our mission statement goals to provide, competitive, affordable, responsive, equitable and stable products and services that address the unique risk financing needs of California's public entities.

With the Board's approval, on July 1 we will begin operating a captive insurance company, domiciled in Utah, to enhance our investment returns. This concept was discussed at the 2015 strategic planning retreat, and after feasibility studies and months of due diligence vetting the process through various committees the concept was given the go-ahead. In all, about \$66M in aggregate corridor funding will be transferred to the captive, the Excess Insurance Organization, which will be a component unit of the EIA.

Significant progress has been made this past year on multi-year funded initiatives.

- The Risk Assessment tool is in beta testing and a demonstration is planned at the June Board meeting. This tool will help members identify where they meet standards and where they need to improve.
- Our Member Services Department has contracted for Crisis Management Services should the members have a Critical Incident like the recent San Bernardino terrorist event. Various programs have adopted a model Critical Incident Policy to govern response and funding. Members are already using our contracted vendor for upgrading their response and safety protocols.
- Our new Data Analytics team has reworked our loss data collection process to make it less time consuming for the member. In addition they are working on a pilot data collection program to support the development of new reports, dashboards, web-based data driven applications focusing on member and program performance, and benchmarking.
- Eight School Districts or Joint Powers Authorities have been added to our new Educational Tower in our Excess Workers' Compensation Program.

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EXECUTIVE COMMITTEE:

Scott Schimke President Glenn County	James Brown Vice President Merced County	Ann Richey ACCEL / City of Ontario	Barbara Lubben Alameda County	Richard Egan Lassen County	Kerry John Whitney Napa County	Roberta Allen Plumas County	Kimberly Greer City of Richmond	Ken Hernandez San Bernardino County	Lance Sposito Santa Clara County	Peter W. Huebner Sierra County
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Chief Executive Officer: Michael Fleming

Legal Counsel: Stephen Underwood

Chief Operating Officer: Gina Dean

- The EIA has continued development of our pool management program and enhanced, updated website.
- We are in the process of completing the migration of another two of the five third party administrators (TPAs) for our Primary Workers' compensation Program. That will bring the total on our system to three with the last two scheduled for migration in the 2016/17 year.
- A strategic IT plan has been developed and all committees have had, and will continue to have, input in the focus of IT efforts.

Our Major program renewal details follow.

In the **Primary Workers' Compensation Program (PWC)** the structure has changed with an aggregate \$5M pool in the \$115K layer in excess of the \$10K deductible per claim. This aggregate will be transferred to the captive. Above the aggregate, the program is insured with AmTrust with a multi-year rate stabilization plan. Because net position exceeds the target equity range, a dividend is budgeted for \$2M.

The **Excess Workers' Compensation Program (EWC)** has added all the schools to the new educational tower. Safety National, the carrier has renewed with no increase in rates. Our Core program structure remains the same. Coverage for the Self Insured Retention (SIR) to \$5M layer renewed with a 4% increase in rate with AmTrust on the \$5M excess of SIR layer, and an 8.5% increase in the ACE, \$45M excess of \$5M layer. The \$5M excess of SIR layer has corridor retentions with an aggregate limit of \$31.2M. This aggregate corridor will be transferred to the captive for a new premium of \$28.75M. Additional excess insurance by Liberty Mutual expands coverage to statutory, per occurrence limits.

The **Primary General Liability Program (PGL)** renewed with no increase in rate. The program has assets in excess of target equity and has budgeted another \$250K dividend.

The **General Liability Program 1 (GL1)** renewed with no change in carriers or structure. Because the program is well above its target equity a dividend of \$3 million was declared and is payable to members as of July 1. This program will also transfer their two year corridor retention of \$5M to the captive.

The **General Liability 2 Program (GL2)** is for members with large (in the millions) self-insured retentions (SIRs), such as large counties, cities and a Joint Powers Authority of cities. This program once again had a challenging renewal because of losses and reluctance in the market to provide coverage for these entities. SIRs have been increased, and the program's aggregate corridor has been increased from \$9.4M to over \$20M.

The **Property Program**, one of our oldest and largest programs, was renewed at a 9.3% rate decrease which was partially used to purchase higher flood and earthquake limits. In addition, the flood pool has been replaced with a new catastrophic risk pool which includes new earthquake deductible buy down coverage. The balance in the 16/17 \$10M all-risk aggregate pool will be transferred to the captive.

The **Medical Malpractice Program** renews October 1, 2016. The program is in its second year of a guaranteed rate renewal. Premiums are estimated at this point. The Medical Malpractice Committee will be approving final terms for the 2016/17 renewal over the summer.

The **Master Rolling Owner Controlled Insurance Program, (MROCIP)** allows an “owner” public entity, embarking on a large construction project, to provide workers compensation and liability coverage for all eligible parties, owner, general contractor and sub-contractors, in lieu of each contractor providing insurance with potential overlapping or gaps in coverage. The program can cover construction projects as low as \$10M up to \$100M on a pooled basis, and a number of under \$100M projects are approved for the program. Large projects, over \$100M, such as new jails or airports, written on an individual basis, are also covered by the program. Most projects are multi-year and revenue and expense are reported as earned.

The **EIAHealth Program**, a fully insured program is operated with our partner, Self-Insured Schools of California (SISC). Both PPO and HMO plans are available and in 2016, the EIA entered into an agreement with Kaiser Health Plans to be able to offer a Kaiser HMO option. Members are underwritten individually. The program also offers a small group plan for very small members, under 250 employee lives which is underwritten as a group. The plans renew in January to correspond with members’ open enrollment processes. Rates are expected to increase in the 7-10% range for the upcoming January 1, renewal.

The **Dental Program** is continuing to add new members. The program is using in excess of \$1M of surplus again this year to partially offset premium based on each member’s benefit level and claims experience.

The **Miscellaneous Program** budget is used to account for employee benefits and other property and casualty programs not associated with another EIA major program. These programs are offered to EIA members, as well as all other California public entities. Program revenues cover the cost of coverage provided without any administrative load.

The **General Administration** budget is used to pay the day-to-day operation of the EIA, and support for its member driven governance structure. The adopted budget includes six new positions which include actuarial staff. This will allow us to bring the authority’s actuarial work in house and provide continual program analysis which would be more thorough, accurate, and timely. We would also have staff to quickly respond to last minute proposals by reinsurers and members. See schedule 1 for details.

The **Building Fund** is used to account for operations of the EIA’s office building. Resources include rents from EIA tenants and transfers from the General Administration program for the EIA office space. Expenses include general building operations, depreciation of the building and tenant improvements. Depreciation is estimated based on asset lives ranging from 10 to 30 years.



The **Capital Outlay** budget includes the capital costs of the claims system, another phase of our pool management system, maintaining the EIA computer systems, building costs, and furniture and equipment. The impact of the capital budget is less than 1% of total expenses.

Finally, we would like to thank the EIA staff for their dedication and service providing quality programs and services to EIA members. We would also like to thank our Board of Directors and the members of all EIA committees for their support and efforts to make the EIA one of the largest and best run property and casualty pools in the nation.

Sincerely,



Michael Fleming  
Chief Executive Officer



Marianne I. Stuart, CPA  
Chief Financial Officer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**CSAC Excess Insurance Authority  
California**

For the Fiscal Year Beginning

**July 1, 2015**

Executive Director

## **Organization and Reporting Entity**

The CSAC Excess Insurance Authority (Authority or EIA) is a Joint Powers Authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of the Authority is to develop and fund insurance programs, as determined by member counties and other public entities. Such programs may include the creation of insurance funds, including primary and excess insurance funds, the pooling of self-insured claims and losses, purchase of insurance, including reinsurance, and the provision of necessary administrative services.

The Authority is under the control and direction of the Board of Directors, which consists of representatives of the member counties and other public entities. For purposes of control and daily management, the Authority annually elects an Executive Committee consisting of a President, Vice President, and nine Directors. The immediate past president and legal advisor are non-voting members of the Executive Committee. The Executive Committee has appointed a Chief Executive Officer. The Executive Committee is responsible for the oversight of the Excess Workers' Compensation, General Liability 1, MROCIP, and the Miscellaneous Programs. Seven program committees have oversight of the other major programs.

The budget includes all programs operated by the Authority and conforms to generally accepted governmental accounting standards including the unique requirements for state and local governments set forth by the Governmental Accounting Standards Board (GASB). The accounting records and the budget are prepared and maintained using the accrual basis of accounting. Revenues (insurance and pooled premium) are recognized when earned, and expenses for claims are recognized when known or estimated, rather than when paid. The cost of acquiring capital assets is recognized through depreciation expense over the life of the asset. By approving the Capital Outlay Budget, the authority is authorized to make the capital asset purchase.

The Authority is a single enterprise fund, which is a proprietary fund used to report an activity for which a fee is charged to external users for goods or services. As such, the Authority's revenue and expenses are driven by members' (counties and public entities) insurance needs. Revenue and expense vary annually based on insurance market conditions, the amount of insurance coverage obtained and the member participation in programs, which varies from year to year. Sources of revenues are member payments for coverage, called Premiums for Transferred Risk where the amount is used to purchase insurance and Contribution for Retained Risk which is risk pool funding. Other items, like Broker Fees are pass-through where we collect (revenue) and pay out (expense) in similar amounts. Within this single enterprise fund, the EIA operates ten major insurance programs, each as a separate fund with its own set of accounts. The budget also covers a Miscellaneous Program for other programs offered to member and non-member public entities on a pass through basis, and budgets for general administration and the operation of the Authority's building.

The insurance market operates in cycles that tend to shift every few years. When rates are high and the competition is low, we are said to be in a hard market. When rates are low and competition is aggressive, we are in a soft insurance market. We are still in a relatively soft property insurance market, but markets are paying particular attention to loss

development in our worker's compensation and liability programs. There is increased scrutiny by carriers of law enforcement losses, particularly in urban areas, and this has presented a challenge to our large entity liability program.

### **Membership**

There are two classes of membership, county members and public entity members. Each member has adopted the Joint Powers Agreement and has been approved by the Board of Directors.

County membership is available to California counties whose supervisors are members of the California State Association of Counties (CSAC). Currently there are 55 member counties. Each County member is entitled to appoint one representative to the Board of Directors. County members have nine positions on the Executive Committee.

Public entity membership is open to any other California public entity. Public entity members have seven voting seats (and three alternates) on the Board of Directors. Two seats on the Executive Committee are designated for public entity members. See member table in the overview chart section of the budget for trend information on member participation in EIA programs.

### **Organization**

The Authority maintains sixteen committees to govern its operations. Representatives from member entities are elected or appointed to serve on these committees. Seven committees (EIAHealth, Employee Benefits (Dental Program), General Liability 2, Medical Malpractice, Primary General Liability, Primary Workers' Comp and Property) govern their respective insurance programs and report directly to the EIA Board of Directors. The Excess Workers' Compensation and General Liability 1 programs are monitored by the Underwriting Committee and report to the Executive Committee. Other committees have been established to assist in providing operational direction to the Authority including:

Claims Review – Provides direction on the reserving for and settlement of claims.

Finance – Provides direction on Authority financial matters including the Comprehensive Annual Financial Report (CAFR), annual budget, annual independent audit and investment portfolio.

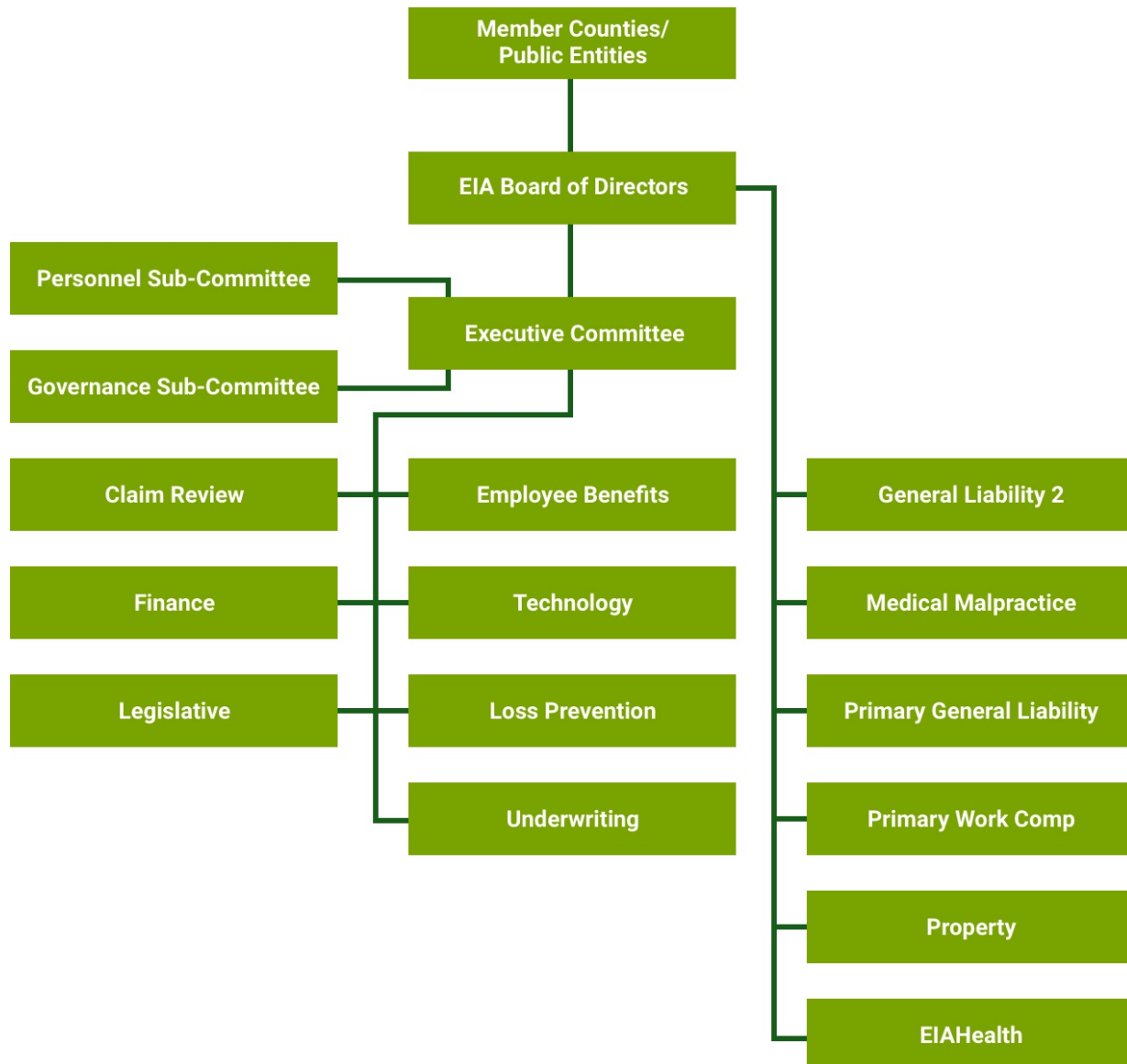
Legislative – Reviews and provides input on legislative issues that could impact the Authority's operations.

Loss Prevention – Provides direction on risk management services to be provided to members.

Technology – Provides direction on technology solutions, systems and investments of the Authority.



## CSAC Excess Insurance Authority Organization Chart



### **Mission Statement**

The Board of Directors has adopted the following Mission Statement:

The CSAC Excess Insurance Authority is a member-directed risk sharing pool of counties and public entities committed to providing risk coverage programs and risk management services, which are:

### **Competitive**

Provide programs which are competitive in scope and price over the long term.

### **Available**

Endeavoring to make available programs which are flexible in meeting member needs.

### **Responsive**

Delivering quality, timely services in claims management, loss control, education and communication.

### **Equitable**

Allocating cost and services between various members in a fair and consistent manner.

### **Stable**

Ensuring cost-effective, fiscally prudent operations and staffing, which maintains financial strength and solvency.

## **Budget Process**

The budget process consists of activities that develop, implement and evaluate a plan for the provision of services to fulfill our mission and purpose. The budget process:

- Incorporates a long-term perspective;
- Links fiscal planning with the strategic goals of each major program;
- Involves and promotes effective communication with members; and
- Provides incentives to Authority management and employees.

Each year, each governing committee establishes specific short and long term goals for their program. These can be found in the program budget policies that are in each program section of the budget.

The Authority utilizes its committee structure to involve many participants in the development and oversight of the EIA's Budget. The Finance and Executive Committees have a major role in the budget process by providing general direction for the preparation of the budget and adopting policies and providing ongoing input. Each program committee is also involved by adopting policies and providing input for each of the Authority's programs. The Board of Directors is ultimately responsible for review and adoption of the Authority's budget, and any budget revisions.

The Authority-wide budget includes revenue and expense categories for premium growth due to new members or additions to coverage by existing members, and the related expenses including actuarial adjustments for existing or new coverage. The authority has been delegated to the CEO to transfer from this category at the authority-wide budget level into any program budget as needed to cover these expenses and any dividend expense not included when the budget is adopted.

A budget revision is prepared by Authority staff whenever additional spending authority is required, or there is a major change in a program budget. The budget revision is reviewed first by the Finance Committee and then by the Executive Committee who will make a recommendation to the Board of Directors at the next meeting. Budget revisions have to be approved by the Board of Directors.

## **2016/17 Budget Calendar**

### **January 2016**

- Major budget items are presented to the Executive Committee for discussion and direction.
- Throughout the spring, governing committees review and revise the budget policies and program goals for the upcoming fiscal year.

### **April 2016**

- Personnel and salary items are presented to the Personnel Sub-Committee.
- At the Spring Strategic Retreat, major discussion takes place concerning staffing and service levels.
- The Personnel Sub-Committee presents a recommendation to the Executive Committee on personnel matters.
- The Finance Committee reviews and approves or revises the General Administration and Building budgets.
- Staff revises the General Administration and Building budgets based on the Finance Committee's recommendations.
- The Finance Committee recommends approval of the General Administration and Building budgets to the Executive Committee.

### **May 2016**

- The Executive Committee reviews and approves or revises the General Administration and Building budgets.
- The Finance Committee reviews and approves or revises the final consolidated (all programs) proposed budget.
- Staff revises the final consolidated (all programs) proposed budget based on the Finance Committee's recommendations.
- The Finance Committee recommends approval of the final consolidated proposed budget to the Executive Committee.
- 

### **June 2016**

- The Executive Committee reviews and approves or revises the final consolidated proposed budget.
- After any proposed changes are completed, the Executive Committee presents a recommendation to Board of Directors to approve the final consolidated (all programs) budget.
- The Board of Directors reviews and approves or revises the final budget.

As necessary, staff will prepare budget revisions, present them to the Finance and Executive Committees for review, and if recommended, to the Board of Directors.



## **Guiding Long-Term Fiscal Policies**

The following long-term fiscal policies were developed to give EIA members a competitive advantage. These policies have guided the Authority through the ups and downs of the economic cycles and the constantly changing insurance market. These policies are designed to keep the Authority in a sound financial position and protect the resources members have invested in the EIA.

1. Provide members with the benefits from volume discounts.
2. Blend self-insurance with the purchase of insurance.
3. Provide the opportunity of premium dividends to our members.
4. Structure programs that are responsive to member needs.
5. Maintain long-term relationships.
6. Maintain financial strength

## **Volume Discounts**

The EIA's insurance programs shall seek to obtain volume discounts from members joining together. Pooling arrangements and the purchase of insurance can both benefit from volume discounts.

### **Pooling**

Larger retained risk pools results in:

- More predictable losses
- Higher actuarial confidence
- The ability to assume more risk
- Insulation from insurance market cycles

### **Insurance Purchase**

Volume purchasing can result in:

- Lower insurance rates
- Better coverage agreements

## **Blending Self-Insurance with the Purchase of Insurance**

The EIA's insurance programs shall seek to blend the best of self- insurance or pooling with the best of insurance purchase. The benefits of blending pooling with the purchase of insurance are as follows.

### **Pooling**

- Contributions stay with members
- The pool earns investment income
- Members have the potential for dividends
- Pooling eliminates insurance cost
- Members retain program control:
  - Members define coverage agreements
  - Members control the claims

## Insurance

- Provides protection from catastrophic losses
- Protects pool funding
- Reinsurance can:
  - Offer broad coverage agreements
  - Lower acquisition costs
  - No taxes or fees

## Dividends to Members

Retaining risk through the many EIA risk pools has allowed the EIA to return \$81M in dividends to members during the past ten years.

## Structure programs that are responsive to members needs

The EIA has ten major programs designed to serve our members as follows:

1. Primary Workers' Compensation (PWC)
2. Excess Workers' Compensation (EWC)
3. Primary General Liability (PGL)
4. General Liability, Program 1 (GL1)
5. General Liability, Program 2 (GL2)
6. Property
7. Master Rolling Owner Controlled Insurance Program (MROCIP)
8. Medical Malpractice
9. EIAHealth
10. Dental

The structure of each of these programs has changed over the years based on market conditions and member needs. Each program structure has taken the best of pooling and purchase of insurance to create a program responsive to current member needs.

## Long-term Relationships

Many EIA programs have benefited from long-term relationships with various underwriters. Multi-year agreements have stabilized costs, improved coverage and saved premium resources. Long-term programs have proven to be effective in both hard and soft insurance markets. In addition, the Authority seeks to maintain or increase member participation in its programs. The Authority has consistently increased member participation and currently has 55 county members and 1905 public entity members (counties, cities, school districts, fire departments, etc.) participating in its programs. See member table in the overview chart section of the budget for trend information on member participation in Authority programs.

## **Maintain Financial Strength**

### **Target Equity Funding**

The Authority has established target equity guidelines for the major pooled programs, which assist in keeping equity (net position) at levels designed to meet future claims obligations of that particular program. These ranges are based on confidence levels higher than the expected discounted claims liabilities because of the high degree of uncertainty in actuarial estimates (due to the possibility of occasional catastrophic claims) and inconsistent or inaccurate case reserving. A confidence level of 50% means half the time claim costs will come in lower, but conversely, half the time claim costs will be higher.

If a program has net position above the target equity range, a plan is put in place to lower premiums or provide dividends over time to return to the target range. If the program has net position below the target equity range, a plan is put in place to increase premiums or collect additional funds over time to return to the target range. Where the program is within its target equity range and efforts to stay within the range, is a significant measure of the program's performance. This benchmark is closely monitored, year over year, by the governing committees. The target equity ranges are shown as the last line on each program's budget.

### **Capitalization and Debt Policy**

The original capitalization of the Authority in October 1979 was provided by certificates of participation by the founding member counties. The Authority has paid off these certificates of participation and has incurred no debt since the extinguishment of these obligations. While the Authority's by-laws do allow for debt capitalization, the Authority has no immediate plans to use debt to finance its operations.

### **Investment Policy**

The Authority blends self-insurance (or pooling) with the purchase of insurance. The Authority retains the risk for the self-insured portion, and thus retains member premiums (sometimes for decades) to satisfy future claim liabilities. The Authority has an investment policy designed for safety and liquidity of invested funds while providing a reasonable yield.

The Authority accounts for the cash and investments within each of the programs. Investment income is allocated to the programs based on projected earnings from the portfolio of investments and the average projected investment balances in each program. Inter-program borrowing expense is based on the established internal borrowing rate, which reflects the anticipated yield on investments.

# **CSAC EXCESS INSURANCE AUTHORITY**

**CALIFORNIA**



## **AUTHORITY-WIDE ADOPTED BUDGET**

For the Fiscal Year  
July 1, 2016 to June 30, 2017

## **Authority-wide Budget**

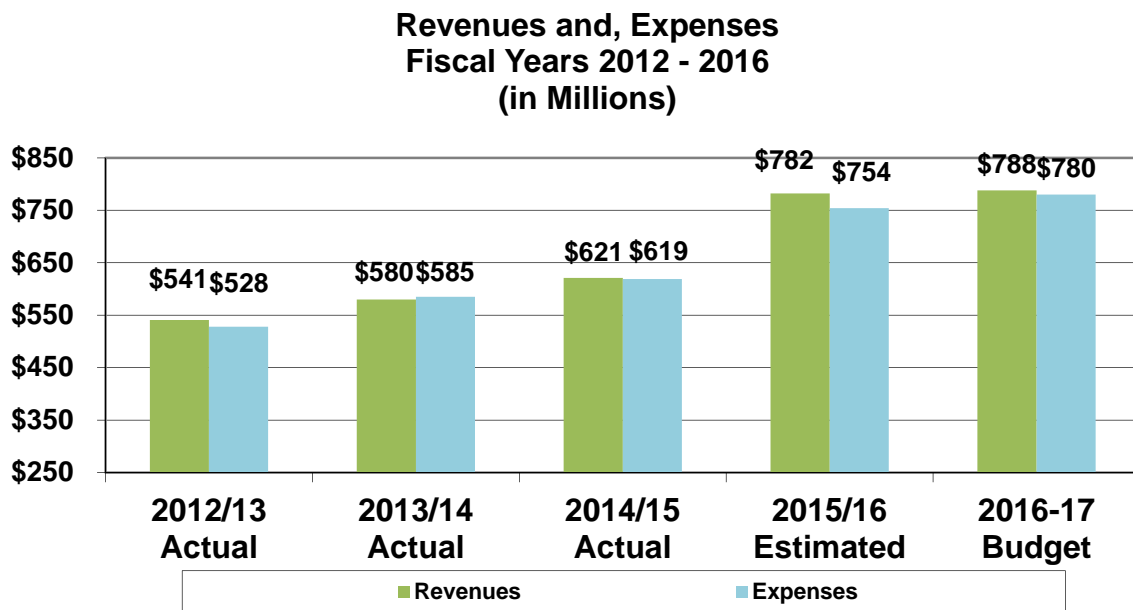
The Budget has \$10.9M increase in net position before dividends, and a dividend expense of \$2.2M, producing an \$8.7M increase to net position. This is a balanced budget, meaning that budgeted revenue exceeds expenditures and provides a budgeted increase to net position. The budget includes a number of new initiatives as outlined in the transmittal letter. Included is the Authority-wide Budget and individual program budgets. Highlights of the 2016/17 proposed budget are as follows:

Total revenues are \$788M, an increase of \$60M over budgeted 2015/16.

Total expenses are \$780M, an increase of \$61.5M. Expenses include returning dividends of \$2.2M to members.

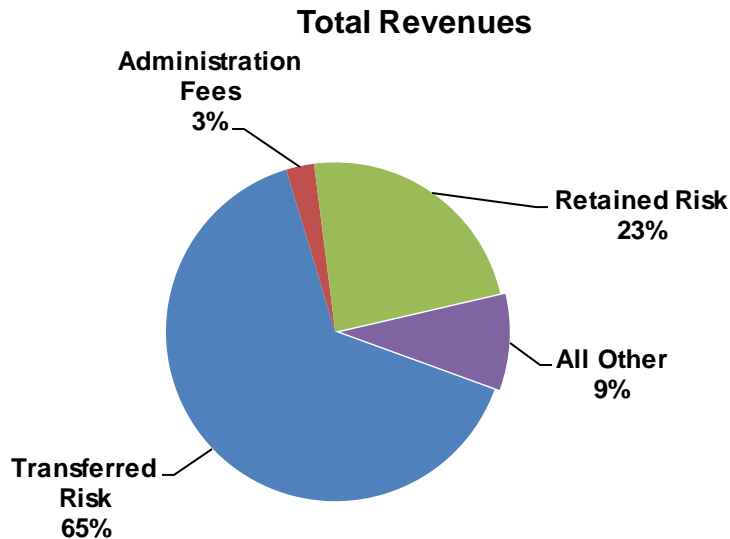
Net position will increase from an estimated \$140M to \$148.7M.

Revenues and expenses for the 2016/17 budget and the past four years are as follows:

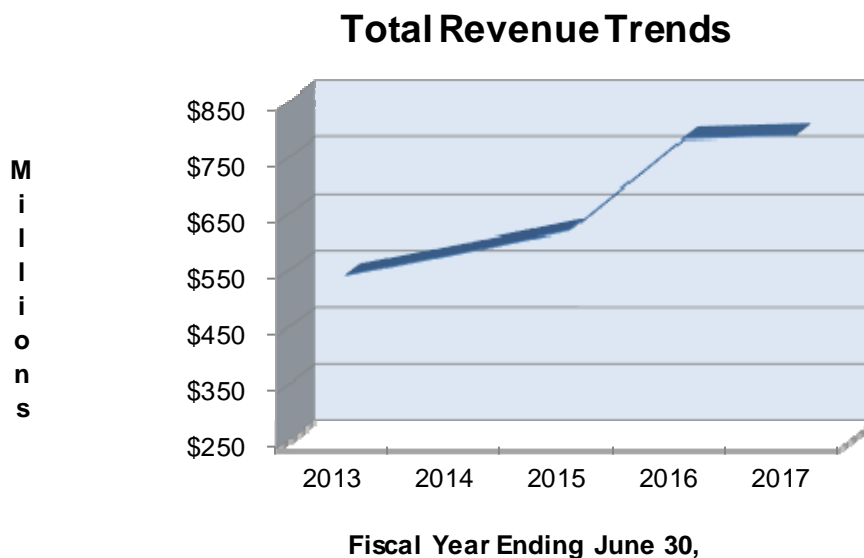


## Revenues

Sources of revenues are illustrated in the following chart:

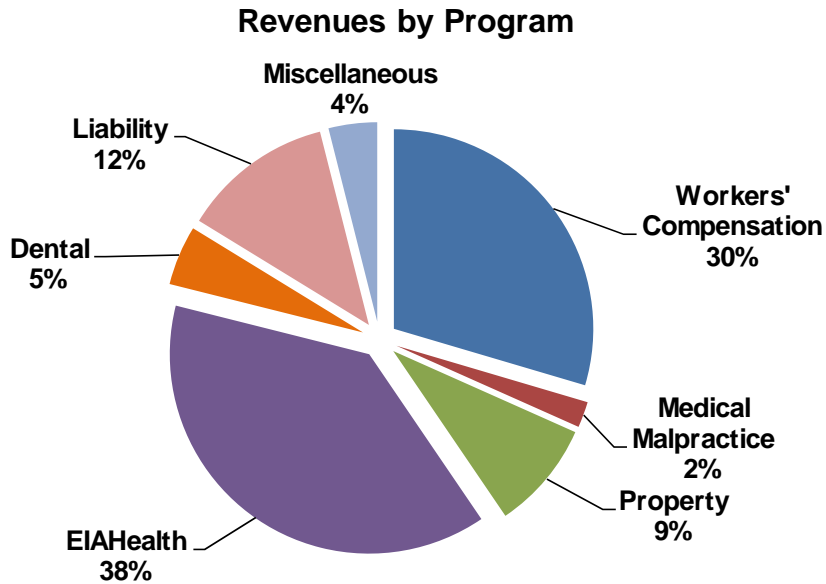


The \$788M in revenues represents a \$60M increase or 8.2% over the 15/16 budget, and a 46% increase over the last five years. Growth in membership, new programs and additional pool funding accounts for much of the increase in revenues and expenses year over year. The following chart illustrates the growth of Authority revenues:



## Revenues

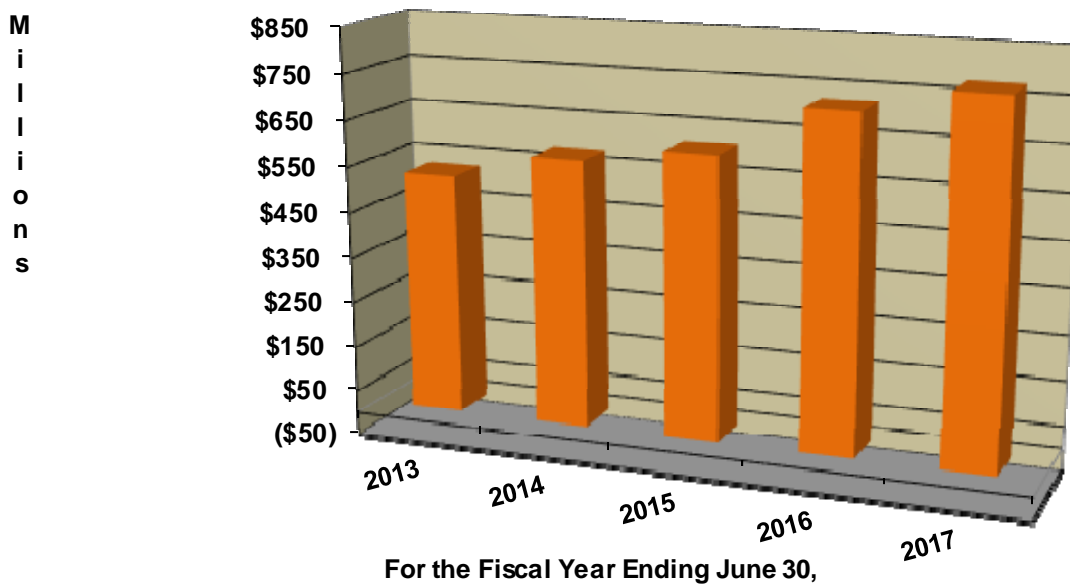
The following chart shows revenues by program.



## Expenses

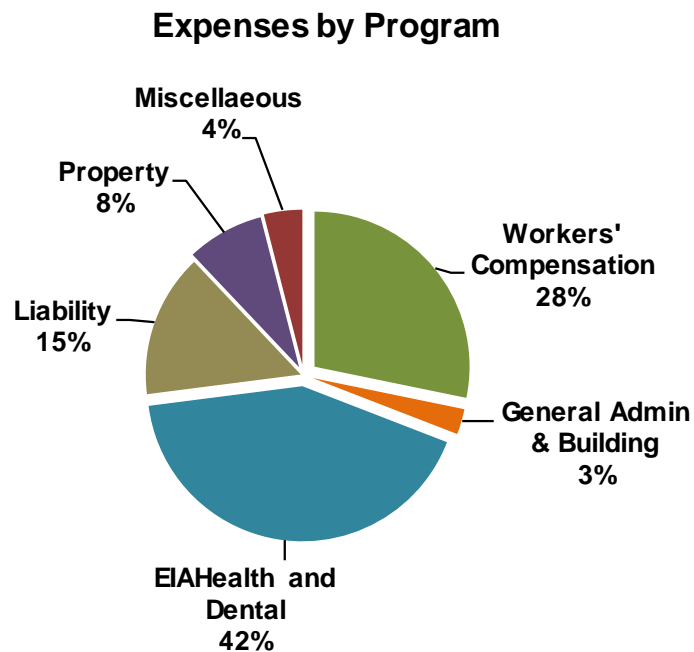
Authority budgeted expenses for fiscal year 2016/17 have increased \$60M over last year's budget. The following chart illustrates the increase of Authority expenses:

**Total Expense Trends**



Budgeted expenses support all Authority programs. These programs include primary and excess workers' compensation programs, a primary general liability program, two excess liability programs, a combined workers' compensation and liability program, a property program, a medical malpractice program and two employee benefits programs.

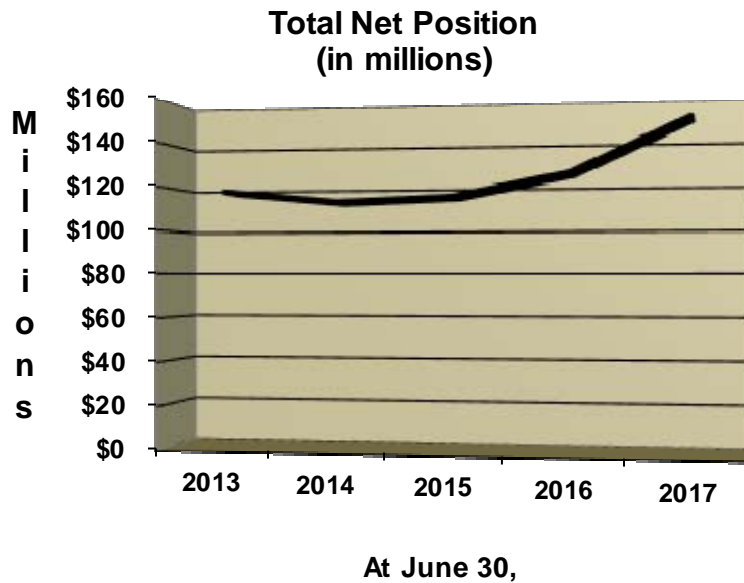
The distribution of expenses by program is illustrated in the following chart:



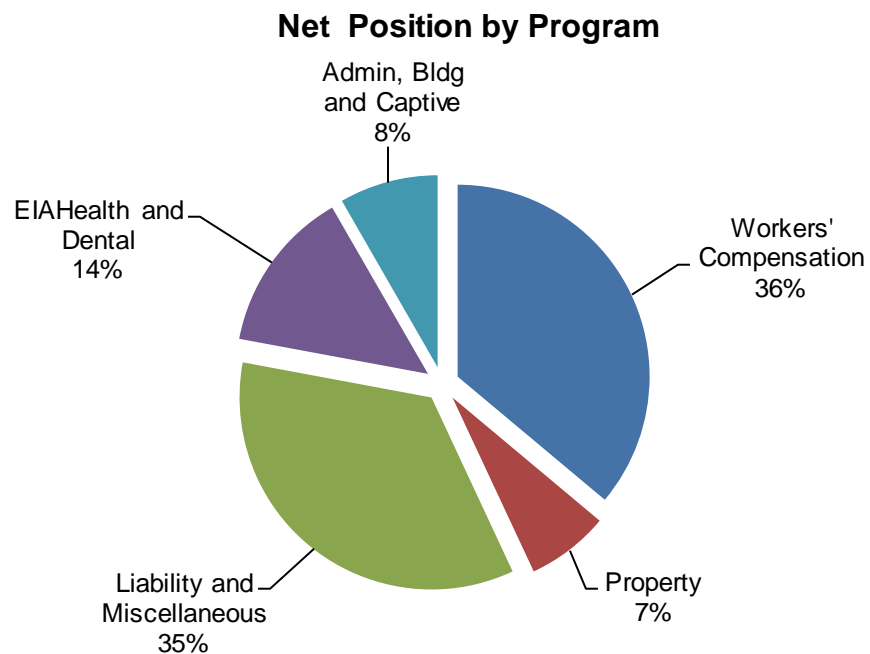


## Net Position

The budget includes a return of net position in the form of dividends of \$2.2M. The past five year history of the net position balance is illustrated in the following chart:



The distribution of net position by program is illustrated in the following chart:



## Capital Budget

The Capital Outlay Budget presents our anticipated investments in property, equipment, and software. The related depreciation and amortization of capital assets represents less than 1% of the Authority's combined budget.

## Member Participation

The Authority provides insurance programs and risk management services for its county and public entity members. Member participation is counted in terms of units. If a member participates in one program, it is considered one unit. If a member participates in three different programs, it is considered three units. The table indicates both the number of members participating as well as the number of units, i.e., total programs in which the members participate. Maintaining and increasing membership at both the program and entity wide level is an overall goal, and a measure of the strength and vitality of the EIA. Of note is that some of our public entity members are Joint Powers Authorities (JPA) that cover many members.

Total public entities, including sub-members that participate through their JPA, include 1900 special districts, cities and other government agencies.

	Fiscal Year-End			
	2013	2014	2015	2016
<b>Member Units</b>				
Primary Workers' Comp	38	40	39	38
Excess Workers' Comp	161	167	168	170
Primary General Liability	23	23	23	23
General Liability 1	100	104	105	119
General Liability 2	11	11	11	12
Property	82	83	85	101
Medical Malpractice	50	49	49	49
EIAHealth	25	25	26	30
Dental	126	133	142	155
<b>Total Member Units</b>	<b>616</b>	<b>635</b>	<b>648</b>	<b>697</b>
Member Counties	54	55	55	55
Member Public Entities	245	255	262	273
<b>Total Members</b>	<b>299</b>	<b>310</b>	<b>317</b>	<b>328</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**REVENUE AND EXPENSE ADOPTED BUDGET**  
**Line Item Summary for All Programs**  
**July 1, 2016 to June 30, 2017**

	CAFR Actual 2014/15	Budget 2015/16	Estimated 2015/16	Percent of Total Revenue or Total Expense	Budget 2016/17	Percent of Total Revenue or Total Expense	Budget Increase (Decrease) Compared to 2015/16 Budget
<b>REVENUES:</b>							
Premiums for Transferred Risk	443,008,816	480,254,305	490,583,026	65.92%	510,653,186	64.76%	30,398,881
Dividend Income	241,593	95,000	216,728	0.01%	201,750	0.03%	106,750
Broker Fees	8,775,741	9,274,774	9,362,951	1.27%	9,748,615	1.24%	473,841
Contributions for Retained Risk	143,354,781	161,077,847	164,338,624	22.11%	184,314,061	23.38%	23,236,214
Public Entity Participation Fees	604,556	671,262	655,380	0.09%	721,019	0.09%	49,757
Member Growth	0	50,000,000	0	6.86%	50,000,000	6.34%	0
Investment Income	5,837,596	6,677,700	10,948,516	0.92%	10,417,014	1.32%	3,739,314
Financing Charges	445,491	32,000	74,247	0.00%	60,000	0.01%	28,000
Administration Fees	16,107,839	18,205,454	18,850,205	2.50%	20,041,786	2.54%	1,836,332
Member Services	1,111,493	878,891	789,236	0.12%	1,027,941	0.13%	149,050
Tenant Income	423,319	441,884	443,848	0.06%	460,580	0.06%	18,696
Other Income	1,454,932	940,959	85,531,463	0.13%	849,886	0.11%	(91,073)
<b>TOTAL REVENUES</b>	<b>621,366,157</b>	<b>728,550,076</b>	<b>781,795,274</b>	<b>100.00%</b>	<b>788,495,838</b>	<b>100.00%</b>	<b>59,945,762</b>
<b>Expenditures</b>							
Member Dividends	4,703,871	3,370,000	5,531,728	0.47%	2,216,750	0.28%	(1,153,250)
Insurance Purchased	444,479,808	470,280,381	476,635,234	65.48%	498,673,649	63.95%	28,393,268
Broker Fees	8,559,724	9,274,774	9,355,365	1.29%	9,748,615	1.25%	473,841
Provision for Claims	135,224,386	139,257,089	212,725,333	19.39%	167,013,797	21.42%	27,756,708
Unallocated Loss Adjustment Expense	2,119,213	1,972,300	4,629,200	0.27%	1,731,000	0.22%	(241,300)
Member Growth Premium/Provision for Claims	0	50,000,000	0	6.96%	50,000,000	6.41%	0
Program Services	12,005,843	24,598,750	28,256,596	3.43%	30,661,552	3.93%	6,062,802
Member Services	1,488,265	2,250,691	2,048,965	0.31%	2,390,841	0.31%	140,150
Member Subsidies	1,363,822	2,000,000	1,300,000	0.28%	2,000,000	0.26%	0
General Administration Expense	8,993,823	13,641,048	12,772,290	1.90%	13,698,381	1.76%	57,333
Building Operation Expense	311,538	332,888	311,580	0.05%	361,420	0.05%	28,532
Depreciation	576,833	655,203	609,970	0.09%	682,300	0.09%	27,097
Delegated to Committees	0	570,000	0	0.08%	570,000	0.07%	0
<b>TOTAL EXPENDITURES</b>	<b>619,827,126</b>	<b>718,203,124</b>	<b>754,176,261</b>	<b>100%</b>	<b>779,748,304</b>	<b>100.00%</b>	<b>61,545,181</b>
Net Increase or (Decrease)	1,539,031	10,346,952	27,619,013		8,747,534		(1,599,418)
<b>NET POSITION - JULY 1</b>	<b>113,329,001</b>	<b>114,509,707</b>	<b>112,406,645</b>		<b>140,025,658</b>		
Cumulative Effect of Change in Accounting							
Principle - Pension	(2,461,387)	0	0		0		
<b>NET POSITION - JUNE 30</b>	<b>112,406,645</b>	<b>124,856,659</b>	<b>140,025,658</b>		<b>148,773,192</b>		

**CSAC Excess Insurance Authority**  
**Summary of All Programs**  
**July 1, 2016 to June 30, 2017**

Combining 2016/17 Budget	PRIMARY WORKERS' COMP.	EXCESS WORKERS' COMP.	PRIMARY GENERAL LIABILITY	GENERAL LIABILITY 1	GENERAL LIABILITY 2	PROPERTY	MEDICAL MALPRACTICE	MR OCIP	EIAHEALTH	DENTAL	MISC. PROGRAMS	TOTAL ALL INSURANCE PROGRAMS
<b>REVENUES:</b>												
Premiums for Transferred Risk	44,987,676	104,676,135	1,940,988	8,084,400	41,000,000	58,000,000	6,071,900	10,000,000	272,256,660	0	29,186,900	576,204,659
Dividend Income	0	0	0	0	0	100,000	0	0	0	0	101,750	201,750
Broker Fees	1,432,473	2,858,501	27,461	970,000	628,462	13,670	6,564	0	2,296,484	1,515,000	0	9,748,615
Contributions for Retained Risk	21,138,309	21,590,279	0	33,858,700	0	2,500,000	7,269,300	0	0	32,406,000	0	118,762,588
Public Entity Participation Fees	170,485	327,137	1,989	78,580	65,000	77,500	328	0	0	0	0	721,019
Member Growth	0	0	0	0	0	0	0	0	0	0	0	50,000,000
Investment Income	884,100	4,790,200	15,900	1,980,000	108,000	595,000	420,000	0	114,000	204,000	26,414	9,137,614
Financing Charges	40,000	15,000	0	0	0	5,000	0	0	0	0	0	60,000
Administration Fees	6,235,070	6,824,576	464,850	2,643,681	1,375,254	853,888	1,022,467	140,000	482,000	0	0	20,041,786
Program Development Fees	0	0	0	0	0	0	0	0	0	0	0	0
Member Services	0	0	0	0	0	0	0	0	0	0	0	0
Tenant Income	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	2,500	0	0	500,000	0	0	5,000	0	0	507,500
<b>TOTAL REVENUES</b>	<b>74,888,113</b>	<b>141,081,828</b>	<b>2,453,688</b>	<b>47,615,361</b>	<b>43,176,716</b>	<b>62,645,058</b>	<b>14,790,559</b>	<b>10,140,000</b>	<b>275,154,144</b>	<b>34,125,000</b>	<b>29,315,064</b>	<b>785,385,531</b>
<b>EXPENSES:</b>												
Member Dividends	2,000,000	0	0	0	0	100,000	0	0	15,000	0	101,750	2,216,750
Insurance Purchased	46,199,306	105,469,219	1,960,397	10,384,400	41,000,000	58,000,000	6,071,900	10,000,000	255,908,000	0	29,231,900	564,225,122
Broker Fees	1,432,473	2,858,501	27,461	970,000	628,462	13,670	6,564	0	2,296,484	1,515,000	0	9,748,615
Provision for Claims	10,062,238	24,990,000	0	30,364,750	0	0	6,650,000	0	0	31,854,000	0	103,920,988
Unallocated Loss Adjustment Expense	1,350,000	300,000	10,000	50,000	10,000	1,000	10,000	0	0	0	0	1,731,000
Program Services	10,845,000	1,216,000	38,150	478,100	292,750	310,000	527,671	0	16,472,180	391,180	0	30,571,031
Member Services	0	0	0	0	0	0	0	0	0	0	0	0
Member Subsidies	0	0	0	0	0	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0
Financing Expenses	0	0	0	0	0	600,000	0	800	0	0	0	600,800
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	0	0	0	0	0	50,000,000
Delegated to Committees	50,000	50,000	50,000	50,000	50,000	25,000	25,000	0	25,000	25,000	0	350,000
<b>TOTAL EXPENSES</b>	<b>71,939,017</b>	<b>134,883,720</b>	<b>2,086,008</b>	<b>42,297,250</b>	<b>41,981,212</b>	<b>59,049,670</b>	<b>13,291,135</b>	<b>10,000,800</b>	<b>274,716,664</b>	<b>33,785,180</b>	<b>29,333,650</b>	<b>763,364,306</b>
<b>TRANSFERS:</b>												
Transfers out to:												
General Administration	(3,719,516)	(4,033,519)	(536,365)	(2,082,121)	(1,315,307)	(543,103)	(487,850)	(95,683)	(442,029)	(221,015)	(15,000)	(13,491,508)
Loss Prevention Subsidies	(38,000)	(165,000)	(13,000)	(101,000)	(11,000)	(85,000)	(48,000)	0	0	0	0	(461,000)
Claims System	(741,344)	(221,297)	0	(66,389)	(33,195)	0	(44,259)	0	0	0	0	(1,106,484)
Risk Management Subsidy Dividend	(163,017)	(283,989)	(1,808)	(73,189)	(57,623)	(75,494)	(260)	0	0	0	0	(655,380)
Investment Fees	(31,468)	(145,676)	(426)	(66,071)	(6,461)	(13,717)	(13,404)	(70)	(4,312)	(7,381)	(1,014)	(290,000)
Building Rent	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL TRANSFERS</b>	<b>(4,693,345)</b>	<b>(4,849,481)</b>	<b>(551,599)</b>	<b>(2,388,770)</b>	<b>(1,423,586)</b>	<b>(717,314)</b>	<b>(593,773)</b>	<b>(95,753)</b>	<b>(446,341)</b>	<b>(228,396)</b>	<b>(16,014)</b>	<b>(16,004,372)</b>
Net Increase or (Decrease)	(1,744,249)	1,348,627	(183,919)	2,929,341	(228,082)	2,878,074	905,651	43,447	(8,861)	111,424	(34,600)	6,016,853
<b>NET POSITION - JULY 1, 2016</b>	<b>21,535,944</b>	<b>32,553,520</b>	<b>1,424,389</b>	<b>37,831,547</b>	<b>796,032</b>	<b>7,461,201</b>	<b>6,360,978</b>	<b>141,665</b>	<b>1,606,578</b>	<b>18,757,734</b>	<b>1,924,631</b>	<b>130,394,219</b>
<b>NET POSITION - JUNE 30, 2017</b>	<b>19,791,695</b>	<b>33,902,147</b>	<b>1,240,470</b>	<b>40,760,888</b>	<b>567,950</b>	<b>10,339,275</b>	<b>7,266,629</b>	<b>185,112</b>	<b>1,597,717</b>	<b>18,869,158</b>	<b>1,890,031</b>	<b>136,411,072</b>

**CSAC Excess Insurance Authority**  
**Summary of All Programs**  
**July 1, 2016 to June 30, 2017**

Combining 2016/17 Budget	TOTAL ALL INSURANCE PROGRAMS	GENERAL ADMIN	IRON POINT BUILDING	Captive Insurance Company	ELIMINATION	AUTHORITY WIDE BUDGET
<b>REVENUES:</b>						
Premiums for Transferred Risk	576,204,659	0	0	0	(65,551,473)	510,653,186
Dividend Income	201,750	0	0	0	0	201,750
Broker Fees	9,748,615	0	0	0	0	9,748,615
Contributions for Retained Risk	118,762,588	0	0	65,551,473	0	184,314,061
Public Entity Participation Fees	721,019	0	0	0	0	721,019
Member Growth	50,000,000	0	0	0	0	50,000,000
Investment Income	9,137,614	132,000	0	1,825,000	(677,600)	10,417,014
Financing Charges	60,000	0	0	0	0	60,000
Administration Fees	20,041,786	0	0	0	0	20,041,786
Program Development Fees	0	0	0	0	0	0
Member Services	0	1,027,941	0	0	0	1,027,941
Tenant Income	0	0	460,580	0	0	460,580
Other Income	507,500	342,386	0	0	0	849,886
<b>TOTAL REVENUES</b>	<b>785,385,531</b>	<b>1,502,327</b>	<b>460,580</b>	<b>67,376,473</b>	<b>(66,229,073)</b>	<b>788,495,838</b>
<b>EXPENSES:</b>						
Member Dividends	2,216,750	0	0	0	0	2,216,750
Insurance Purchased	564,225,122	0	0	0	(65,551,473)	498,673,649
Broker Fees	9,748,615	0	0	0	0	9,748,615
Provision for Claims	103,920,988	0	0	63,092,809	0	167,013,797
Unallocated Loss Adjustment Expense	1,731,000	0	0	0	0	1,731,000
Program Services	30,571,031	0	0	90,521	0	30,661,552
Member Services	0	2,390,841	0	0	0	2,390,841
Member Subsidies	0	2,000,000	0	0	0	2,000,000
General Administration Expense	0	13,698,381	0	0	0	13,698,381
Building Operation Expense	0	0	361,420	0	0	361,420
Depreciation	0	375,100	307,200	0	0	682,300
Financing Expenses	600,800	0	76,800	0	(677,600)	0
Member Growth Prem/Prov for Claims	50,000,000	0	0	0	0	50,000,000
Delegated to Committees	350,000	200,000	20,000	0	0	570,000
<b>TOTAL EXPENSES</b>	<b>763,364,306</b>	<b>18,664,321</b>	<b>765,420</b>	<b>63,183,330</b>	<b>(66,229,073)</b>	<b>779,748,304</b>
<b>TRANSFERS:</b>						
Transfers out to:						
General Administration	(13,491,508)	13,491,508	0	0	0	0
Loss Prevention Subsidies	(461,000)	461,000	0	0	0	0
Claims System	(1,106,484)	1,106,484	0	0	0	0
Risk Management Subsidy Dividend	(655,380)	655,380	0	0	0	0
Investment Fees	(290,000)	290,000	0	0	0	0
Building Rent	0	(481,657)	481,657	0	0	0
<b>TOTAL TRANSFERS</b>	<b>(16,004,372)</b>	<b>15,522,715</b>	<b>481,657</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Increase or (Decrease)	6,016,853	(1,639,279)	176,817	4,193,143	0	8,747,534
<b>NET POSITION - JULY 1, 2016</b>	<b>130,394,219</b>	<b>8,773,490</b>	<b>857,949</b>	<b>0</b>	<b>0</b>	<b>140,025,658</b>
<b>NET POSITION - JUNE 30, 2017</b>	<b>136,411,072</b>	<b>7,134,211</b>	<b>1,034,766</b>	<b>4,193,143</b>	<b>0</b>	<b>148,773,192</b>

# **CSAC EXCESS INSURANCE AUTHORITY**

**CALIFORNIA**



## **PROGRAM BUDGETS**

For the Fiscal Year  
July 1, 2016 to June 30, 2017

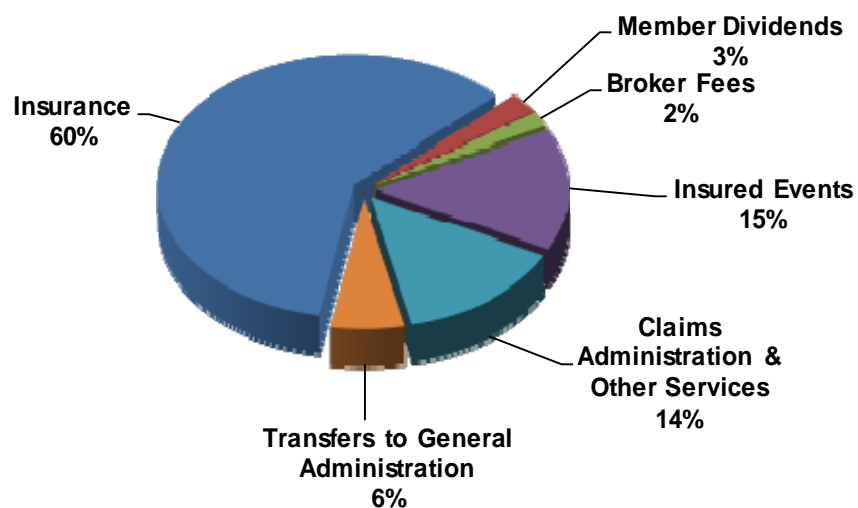
## **Primary Workers' Compensation**

The objective of the Primary Workers' Compensation (PWC) Program is to provide members with an option to eliminate the Excess Workers' Compensation (EWC) self-insured retention and purchase first dollar coverage. The Program pools the first \$10k of loss expense, and then has excess coverage in place to cover the next \$115k of loss. Above \$125k, members participate in the EWC Program. Since this is a first dollar program, the PWC Program also includes the cost of claims administration.

Number of Members	38
Covered Payroll	\$3.1 Billion
Pool Premium	\$11 Million
Insurance	\$45.0 Million
Public Entity Broker Fees	\$1.4 Million
ULAE Premiums	\$9.7 Million
Administration and Fees	\$6.4 Million

A summary of the PWC Program budget is as follows:

### **Primary Workers' Compensation Program - Expense Summary**



At June 30, 2017, net position in the PWC Program is projected to be \$19.8M, which is within the target range of \$14.3M - \$40.5M. As a result, a \$2M member dividend has been budgeted for this program.

## **Primary Workers' Compensation (PWC)**

### **Program Goals**

#### Short-term

- Increase service offerings.
- Conduct risk assessments for members and develop solutions for loss control.
- Development of marketing and educational materials for members.
- Have all Program TPAs using the EIA's claims system. York, Intercare, and Hazelrigg should be operational by June 30, 2016. Adminsure, LWP and Corvel should be operational by June 30, 2017. Evaluate a commutation of the AmRe years
- Evaluate transfer of risk opportunities in the EIA Captive.

#### Medium-term

- Preserve a structure that minimizes/eliminates assessment risk.
- Retain 80% of current members and show strategic growth regarding payroll and number of members.
- Develop a more robust loss prevention program.
- Continue work on Strategic Goals as updated.

#### Long-term

- Each member receives annual claims analysis report with benchmark data (frequency, severity, deviation from norm).
- TPAs have consistency in claims handling practices.
- The PWC risk tolerance is low to very low. We will protect pool assets through appropriate risk transfer with a bias toward risk transfer rather than pooling in order to provide members with a guaranteed cost program when possible.

### **Revenues**

- Premiums for retained risk are calculated based on each member's actuarially determined estimate of the discounted ultimate cost of claims. The actuarial confidence level and discount rate is determined annually by the PWC Committee.
- Premiums for transferred risk are calculated based on each member's estimated payroll and experience rate, as determined by the Program's actuary. A two-year smoothing technique is used to minimize rate changes.
- At the end of each year, members are required to update payroll estimates with actual payroll totals. Adjusting for actual payroll is commonly referred to as the payroll audit. Premium changes resulting from the prior year's payroll audit are recognized in the current year as additional or return premiums due to or from each member.



- Unallocated Loss Adjust Expense (ULAE) premium is based on an estimate from the Program's actuaries of the cost of external TPA Fees and Self Insurance Plans fees for the life of the claim, at the confidence level determined annually by the PWC Committee.
- Broker fees are charged to all public entity members. The amount charged is based on our broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100,000 of premiums, plus 5% of premiums from \$100,000 to \$1,000,000, and 3% of premiums excess of \$1,000,000.
- Public entity participation fees equal 0.5% of the premiums for transferred risk and retained risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy.
- Members may elect to pay their premium on a monthly, or quarterly, basis. Finance fees are charged based on the rate approved in the Inter-Fund Borrowing Policy and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The PWC Committee has established a development fee of \$400, per member. Program development fees are one time charges to new members joining the Program.

#### Expenses

- The PWC Committee annually considers returning available net assets to members in the form of member dividends. The PWC Committee generally evaluates the amount of net assets available for dividends as the balance in excess of the 90% confidence level.
- PWC insurance premiums include the cost of insurance for claims transferred to an insurance company. Coverage limits are determined annually by the PWC Committee. Claim costs in excess of \$125,000 are covered by the EWC Program.
- The provision for claims current and the provision for claims prior years, is the actuarial adjustment to claim liabilities.
- The Provision for ULAE accrues the cost not directly associated with specific claims but related to claims administration and settlement for the remaining life of the claims, and is charged as part of the Admin Fee. The provision includes both the actuarial amount related to the external TPA fees and Self Insurance Plans Fee and the internal (EIA) program administration costs.
- The Claims Administration line item provides for the fees to the approved PWC claims administrators (Third Party Administrators). TPA contracts are reviewed and considered for renewal by the PWC Committee.
- Member claims audits are scheduled for each TPA every two years, or as determined by the PWC Committee.

- Banking services and fees are used to maintain separate claim bank accounts for each TPA.
- The California State assessment fees are levied by the Department of Industrial Relation to pay for the self-insured employer assessments for:
  - Administration of the State Workers' Compensation System
  - Uninsured Employers Benefit Trust
  - Subsequent Injuries Benefit Trust
  - Workers' Compensation Fraud Fund
  - CA Occupational Safety and Health Fund
  - Labor Enforcement and Compliance Fund
- The claims system expense includes the cost to operate our claims system. These expenses also include converting data from the TPAs to our Systema claims system. Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees and any other expenses approved by the Committee.
- An expense budget of \$50,000 has been delegated to the PWC Committee for any unforeseen budget expenses. The PWC Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

#### Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000, per member, is transferred to the General Administration Program and added to each member's loss prevention subsidy account.
- The claims system transfer is based on program usage.
- Public entity participation fees, collected in the prior fiscal year, are transferred to the General Administration Program and distributed to county members as a risk management subsidy dividend.
- Investment Fees are charged on the average daily balance of program funds invested.

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**CSAC EXCESS INSURANCE AUTHORITY**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	40,948,454	42,158,960	42,158,960	42,158,960	44,987,676	2,828,716	New \$5M corridor deductible in the \$10 - \$125k layer reinsured by EIA Captive
Payroll Adjustment, Excess Insurance	858,027	1,229,736	1,229,736	0	0	0	
Contributions for Retained Risk	11,785,691	12,047,175	12,047,175	12,047,175	11,477,309	(569,866)	Billed at 90% confidence level undiscounted.
Payroll Adjustment, Pool Premiums	324,686	73,251	73,251	0	0	0	
ULAE Premium	8,634,172	8,042,604	8,042,604	8,024,604	9,661,000	1,636,396	Billed at 80% CL; discounting reduced from 4.0% to 1.5%.
Public Entity Broker Fees	1,340,347	1,384,660	1,384,660	1,295,698	1,432,473	136,775	
Public Entity Participation Fees	158,491	163,017	163,017	163,017	170,485	7,468	
Administration Fees	4,025,964	5,198,596	5,198,596	5,186,318	6,235,070	1,048,752	
Investment Income	811,119	1,023,844	1,125,000	770,000	884,100	114,100	
Member Finance Charges	28,276	45,022	45,022	20,000	40,000	20,000	
Other Income	33,916	259,847	259,847	0	0	0	TPA reimbursement in FY15/16.
<b>TOTAL REVENUES</b>	<b>68,949,143</b>	<b>71,626,712</b>	<b>71,727,868</b>	<b>69,665,772</b>	<b>74,888,113</b>	<b>5,222,341</b>	
<b>EXPENDITURES:</b>							
Member Dividends	3,998,408	0	2,300,000	3,000,000	2,000,000	(1,000,000)	
Retained and Transferred Risk							
Insurance Premium Expense	42,085,865	43,423,730	43,423,730	43,420,855	46,199,306	2,778,451	Broker Fee of \$1.2M paid through Admin charges
Primary W.C. Reinsurance Prem. PR Audit	876,015	1,310,156	1,310,156	0	0	0	
Broker Fees	1,340,451	1,385,306	1,385,306	1,295,698	1,432,473	136,775	
Provision for Claims, Current Year	13,325,000	10,000,000	10,000,000	9,994,415	9,862,238	(132,177)	Provision for claims at expected
Provision for Claims, Prior Years	(2,524,908)	0	0	200,000	200,000	0	Estimated change in discounted AMRE and SC Fire liabilities
Provision for ULAE	2,204,998	0	4,482,600	1,825,700	1,350,000	(475,700)	Actuarial adjustment to the liability for future claims administration
CA State W.C. Assessments	1,207,042	1,464,366	1,464,366	1,650,000	1,900,000	250,000	DIR fees based on indemnity payments included in ULAE
Total Retained and Transferred Risk	58,514,463	57,583,558	62,066,158	58,386,668	60,944,017	2,557,349	
Program Administration							
Claims Administration	6,071,418	4,285,529	7,000,000	7,310,000	8,500,000	1,190,000	TPA fees to administer claims for the life of the claim
EIA Actuarial and Consulting Serv.	78,000	0	82,000	82,000	0	(82,000)	Actuarial services brought in-house
ISO Index Fees	86,346	(11,243)	25,000	65,000	65,000	0	Claims indexing service
Member Claims Audits	55,232	57,360	207,500	207,500	140,000	(67,500)	TPA's locations are audited on a biannual basis
Labor Law Services	37,500	56,250	75,000	75,000	75,000	0	New service effective 1/1/15 with Eyres Law Group
Legal Fees	1,932	1,260	10,000	10,000	10,000	0	
Banking Services and Fees	35,002	28,390	39,000	40,000	42,000	2,000	
Managed Care Program Monitoring	97,080	51,000	103,500	112,000	113,000	1,000	Bill review fee monitoring and negotiating
Total Program Administration	6,462,510	4,468,546	7,542,000	7,901,500	8,945,000	1,043,500	
Appropriations Delegated to PWC Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of PWC Committee
<b>TOTAL EXPENDITURES</b>	<b>68,975,381</b>	<b>62,052,104</b>	<b>71,908,158</b>	<b>69,338,168</b>	<b>71,939,017</b>	<b>2,600,849</b>	

**CSAC EXCESS INSURANCE AUTHORITY**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b><u>TRANSFERS:</u></b>							
Transfers out to:							
General Administration	(2,321,330)	(2,990,154)	(2,990,154)	(2,990,154)	(3,719,516)	(729,362)	
GASB 68 Pension Funding	0	(416,254)	(416,254)	(416,254)	0	416,254	
Loss Prevention Subsidies	(39,000)	(38,000)	(38,000)	(38,000)	(38,000)	0	
Claims System Costs	(616,703)	(540,317)	(540,317)	(540,317)	(741,344)	(201,027)	
Risk Management Subsidy Dividend	(162,586)	(158,491)	(158,491)	(158,491)	(163,017)	(4,526)	
Investment Fees	(36,689)	(20,964)	(29,000)	(29,941)	(31,468)	(1,527)	
<b>TOTAL TRANSFERS</b>	<b>(3,176,308)</b>	<b>(4,164,180)</b>	<b>(4,172,216)</b>	<b>(4,173,157)</b>	<b>(4,693,345)</b>	<b>(520,188)</b>	
Net Increase or (Decrease)	(3,202,546)	5,410,428	(4,352,506)	(3,845,553)	(1,744,249)	2,101,304	
<b>NET POSITION - JULY 1</b>	<b>29,090,996</b>	<b>25,888,450</b>	<b>25,888,450</b>	<b>25,543,479</b>	<b>21,535,944</b>		
<b>NET POSITION - JUNE 30</b>	<b>25,888,450</b>	<b>31,298,878</b>	<b>21,535,944</b>	<b>21,697,926</b>	<b>19,791,695</b>		
Net Position Designated for:							
Target Equity	13,000,000	14,000,000	14,000,000	14,000,000	14,338,000		
Risk Management Dividend	162,585	163,017	163,017	163,017	170,485		
GASB 68 funding & Labor Law funding	632,747	0	0	575,626	-		
PWC Conversion Project	676,330	568,383	568,383	568,380	277,039		
Unrestricted Net Position and Admin	11,416,788	16,567,478	6,804,544	6,390,903	5,006,171		
<b>Total Net Position</b>	<b>25,888,450</b>	<b>31,298,878</b>	<b>21,535,944</b>	<b>21,697,926</b>	<b>19,791,695</b>		
Target Equity							
Low Range	14,000,000	14,000,000		4,700,000	14,338,000		
High Range	44,000,000	38,800,000		38,800,000	40,466,200		

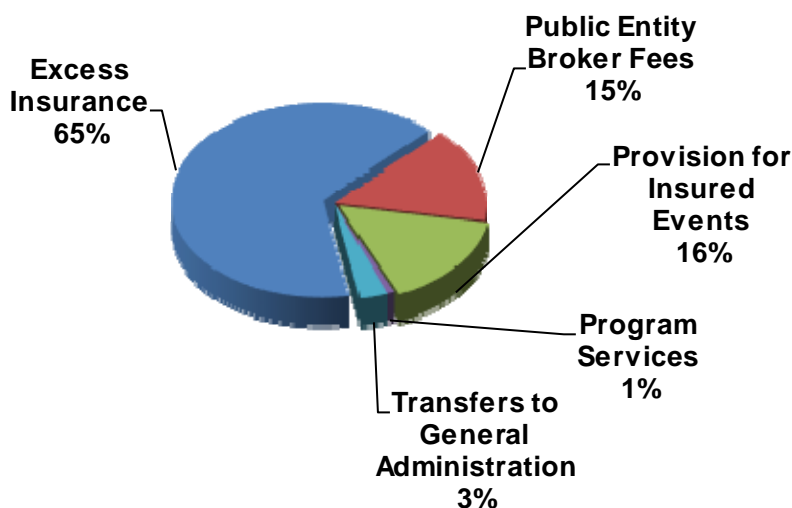
## **Excess Workers' Compensation**

The objective of the Excess Workers' Compensation (EWC) program is to provide members an affordable Excess Workers' Compensation Program. The EWC Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

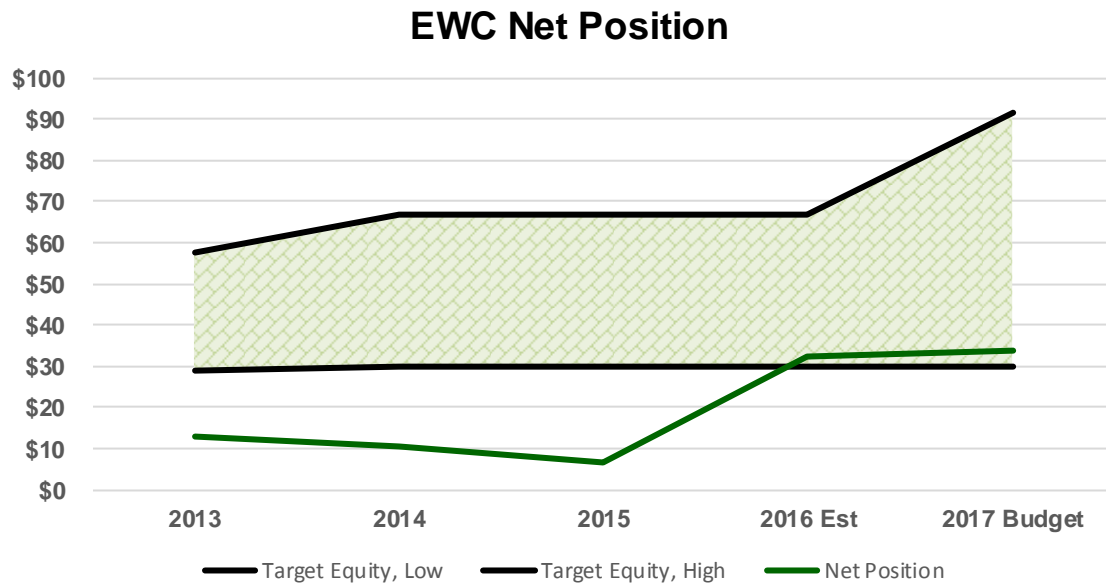
Number of Members	170
Covered Payroll	\$27.8 Billion
Pool Premium	\$21.6 Million
Insurance	\$104.7 Million
Broker Fees	\$2.9 Million
Administration and Fees	\$7.2 Million
Loss Prevention Subsidies	\$1,000 per member

A summary of the EWC Program budget is as follows:

### **Excess Workers' Compensation Program**



The EWC Program proposed budget would result in an ending net position of \$34M. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$30 - \$92M. The following chart illustrates the EWC's net position in relation to the target equity range.



## **Excess Workers' Compensation**

### **Program Goals**

#### Short-term

- Set rates for the upcoming year at a level designed to reach the pool's target funding range within 5 - 7 years.
- Create a fourth rating group, by breaking out the City/other rating group, into two separate rating groups (High-Safety – those with 40% of their overall payroll, being for safety, and Low-Safety – those with less than 40% of their overall payroll being for safety).
- Phase in the new premium allocation methodology to reflect the new High/Low-Safety rating group over a 3-year period to provide those members with premium stability.
- Look to move all schools from the Core Tower into the Ed Tower.
- Use multi-year underwriting matrices, where ever possible, to help ensure renewal pricing from underwriters at a “not-to-exceed” amount of 15% for the upcoming year.
- Continue to monitor the long-term discount assumption and make conservative adjustments, as needed.
- Continue standardizing California EDI codes for workers' compensation to allow for better claims analysis and trend identification.
- Implement a new data analytics platform to allow for benchmarking of claims data.
- Increase focus on settling problematic, long-term, high-exposure claims via compromise and release.
- Evaluate portfolio transfer options on the EWC claims commuted in FY2015/16.
- Evaluate transfer of risk opportunities in an EIA Captive.
- Evaluate replacement options for the current Statutory Excess of \$50M Layer to replace the current market in 2017 and/or restructure the core tower limits.

#### Long-term

- Maintain funding levels in accordance with the Target Funding Guidelines.
- Maintain an equitable distribution of costs amongst the members through a premium allocation process, with appropriate consideration for loss experience within the pool layer and excess layers.
- Maintain stable pricing year-over-year not to exceed a 20% variance.
- The EWC risk tolerance is neutral. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).
- Continue to seek legislative changes to stop the expansion of workers' compensation benefits beyond its original intent.



Budget Policies for the Excess Workers' Compensation (EWC) Program include the following, established by the Board of Directors:

### Revenues

- Premiums for retained risk and transferred risk are calculated based on participating member's self-insured retention, payroll and loss data. Based on actuarial information and market conditions, the Underwriting and Executive Committees advise on program funding mechanisms including how much risk to self-fund and at what discount rate and confidence level, and how much risk to transfer. Funding includes consideration of the Target Equity guidelines adopted by the Board. Final funding decisions and premium allocation is approved by the Board of Directors. At the end of each year, members are required to update payroll estimates with actual payroll totals. Adjusting for actual payroll is commonly referred to as the payroll audit. The effect of the payroll audit will increase, or decrease, premium revenues for transferred and retained risk recognized in the previous year. Premium changes resulting from the prior year's payroll audit are recognized in the current year as additional premiums due to or from each member.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and 3% of premiums excess of \$1M.
- Public entity participation fees equal 0.5% of the premiums for transferred risk and retained risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The Underwriting and Executive Committees have established a development fee of \$350, per member. Program development fees are one time charges to new members joining the Program.

### Expenses

- Upon recommendation of the Underwriting and Executive Committees, the Board may annually consider returning available net assets to members in the form of member dividends.

- Premium for transferred risk is the expense for insurance purchased based on the risk financing decisions made.
- The provision for claims, current and provision for claims prior years' are the actuarial adjustments to claim liabilities.
- The provision for ULAE, (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim, and is charged as part of the admin fee. Member claims audits are scheduled for each member or Third Party Administrator (TPA) every two years, or as determined by the Claims Review Committee.
- A claims audit for the EIA's Claims Department is scheduled every two years.
- Each member is entitled to a subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees and any other expenses approved by the various committees.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this program.
- There is a \$50,000 contingency budget line item for unforeseen expenses, which is available for use with a two-thirds vote of the Executive Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. These services will be funded from the Program's Surplus Fund.

### Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs, based on a three-year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000, per member, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The Web Enabled Claims System transfer is based on program usage.
- Investment Fees are charged to the programs based on the average daily balance of program funds invested.
- Public entity participation fees collected in the prior fiscal year are transferred to the General Administration Program and distributed to county members as a risk management subsidy dividend.

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**CSAC EXCESS INSURANCE AUTHORITY**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premium for Transferred Risk	57,198,059	68,258,846	68,258,846	67,243,000	104,676,135	37,433,135	Includes \$28.8M in stop loss prem transferred to the EIA Captive.
Payroll Audit, Excess Premiums	622,884	582,641	582,641	0	0	0	
Contribution for Retained Risk	38,181,066	48,863,398	48,863,398	50,308,033	21,590,279	(28,717,754)	Funded at 75% confidence level on an actuarial basis.
Payroll Adjustments, Retained Risk	459,864	1,861,024	1,861,024	0	0	0	
Administration Fees	5,962,411	6,657,327	6,657,327	6,185,739	6,824,576	638,837	
Public Entity Broker Fees	2,647,487	2,818,856	2,818,856	3,009,000	2,858,501	(150,499)	
Public Entity Participation Fees	257,276	283,989	283,989	307,850	327,137	19,287	
Investment Income	3,060,676	5,317,096	6,200,000	3,575,000	4,790,200	1,215,200	
Member Finance Fees	14,175	20,602	20,602	8,000	15,000	7,000	
Development Fees	1,049	1,050	1,050	0	0	0	
Other Income	10	84,289,524	84,289,524	0	0	0	AmRe commutation of the 1997 - 2004 years for \$84.3M in FY15/16
<b>TOTAL REVENUES</b>	<b>108,404,957</b>	<b>218,954,353</b>	<b>219,837,257</b>	<b>130,636,622</b>	<b>141,081,828</b>	<b>10,445,206</b>	
<b>EXPENDITURES:</b>							
Retained and Transferred Risk							
Excess Workers' Comp. Premiums	57,835,968	68,995,859	68,995,859	67,998,430	105,469,219	37,470,789	Reflects the captive premium
Payroll Adjustments	743,156	1,567,171	1,567,171	0	0	0	
Broker Fees	2,646,255	2,810,625	2,810,625	3,009,000	2,858,501	(150,499)	
Provision for Claims, Current Year	31,397,445	33,207,200	33,207,200	33,207,200	14,100,000	(19,107,200)	Provision for claims at expected
Provision for Claims, Prior Years	16,983,336	70,483,844	78,302,481	10,474,500	10,890,000	415,500	Disc rate decreased from 3.75% to 3%, therefore, provision increases
Provision for ULAE	595,252	0	100,100	100,100	300,000	199,900	Cost to run off portfolio
Total Retained and Transferred Risk	110,201,412	177,064,699	184,983,436	114,789,230	133,617,720	18,828,490	
Program Administration							
Actuarial and Consulting	76,300	7,000	79,000	79,000	1,000	(78,000)	Actuarial services brought in-house
Legal Fees	37,915	17,148	50,000	50,000	50,000	0	
ISO Index Fees	205,804	150,619	260,300	270,000	275,000	5,000	Claims indexing service
Member Claims Audits	500,900	290,706	610,000	650,000	630,000	(20,000)	
EIA Claims Audits	0	0	12,500	12,500	0	(12,500)	Due in 2017/18
Crisis Management Services	0	0	0	0	100,000	100,000	To be taken from program net position
Member Actuarial Studies	131,900	152,000	188,000	140,000	160,000	20,000	
Total Program Administration	952,819	617,473	1,199,800	1,201,500	1,216,000	14,500	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	Available with a two-thirds vote of Executive Committee
<b>TOTAL EXPENDITURES</b>	<b>111,154,231</b>	<b>177,682,172</b>	<b>186,183,236</b>	<b>116,040,730</b>	<b>134,883,720</b>	<b>18,842,990</b>	

**CSAC EXCESS INSURANCE AUTHORITY**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(3,284,430)	(3,655,954)	(3,655,954)	(3,655,954)	(4,033,519)	(377,565)	
GASB 68 Pension Funding	0	(588,945)	(588,945)	(588,945)	0	588,945	
Loss Prevention Subsidies	(164,016)	(164,000)	(164,000)	(164,000)	(165,000)	(1,000)	
Claims System Costs	(184,090)	(161,289)	(161,289)	(161,289)	(221,297)	(60,008)	New claims system conversion
Risk Management Subsidy Dividend	(217,632)	(257,276)	(257,276)	(257,123)	(283,989)	(26,866)	Public entity fees distributed to counties as a risk management dividend
Investment Fees	(161,479)	(102,715)	(137,000)	(129,609)	(145,676)	(16,067)	External investment management fees
<b>TOTAL TRANSFERS</b>	<b>(4,011,647)</b>	<b>(4,930,179)</b>	<b>(4,964,464)</b>	<b>(4,956,919)</b>	<b>(4,849,481)</b>	<b>107,438</b>	
Net Increase or (Decrease)	(6,760,921)	36,342,002	28,689,557	9,638,973	1,348,627	(8,290,346)	
<b>NET POSITION - JULY 1</b>	<b>10,624,884</b>	<b>3,863,963</b>	<b>3,863,963</b>	<b>6,849,170</b>	<b>32,553,520</b>		
<b>NET POSITION - JUNE 30</b>	<b>3,863,963</b>	<b>40,205,965</b>	<b>32,553,520</b>	<b>16,488,143</b>	<b>33,902,147</b>		
Net Position Designated for:							
Target Equity	3,606,687	39,921,976	32,269,531	16,180,293	33,575,010		
Risk Management Dividend	257,276	283,989	283,989	307,850	327,137		
Total Net Position	3,863,963	40,205,965	32,553,520	16,488,143	33,902,147		
Target Equity							
Low Range	30,000,000	30,000,000	30,000,000	30,000,000	29,973,000		
High Range	67,000,000	67,000,000	67,000,000	75,000,000	91,624,000		

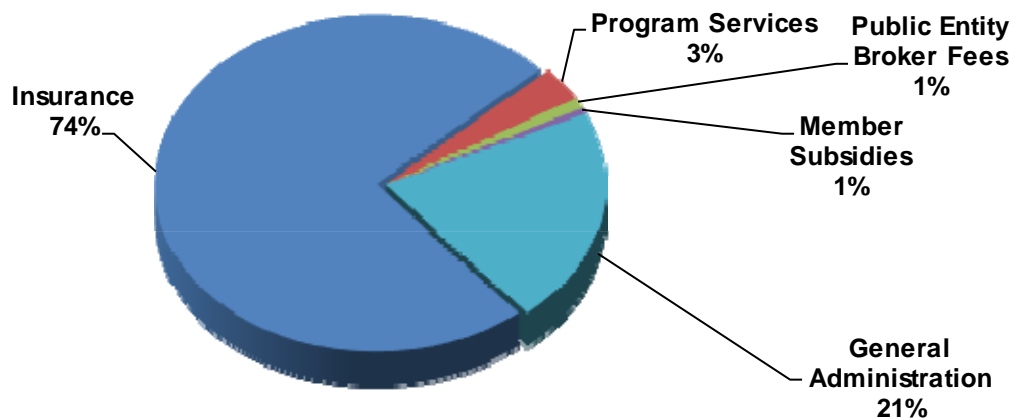
### **Primary General Liability**

The objective of the Primary General Liability (PGL) Program is to provide members with an opportunity to eliminate the General Liability self-insured retention. The Program provides for the joint purchase of low cost insurance with low per claim deductibles.

Number of Members	23
Insurance	\$1.9 Million
Public Entity Broker Fees	\$27 Thousand
Administration and Fees	\$467 Thousand
Loss Prevention Subsidy	\$1,000 per member

A summary of the PGL program budget is as follows:

#### **Primary General Liability Program**



Net position is budgeted to be \$1.2M at June 30, 2017, which is above the target equity range of \$11K to \$1.2M. As a result a portion of the 2016/17 administration fees are budgeted to be paid from net position.

## **Primary General Liability**

### **Program Goals**

#### Short-term:

- Consider use of multi-year rate or premium guarantees where appropriate and feasible.

#### Long Term:

- Maintain an adequate amount of equity such that, should the Program lose its reinsurance, the increase between reinsurance premiums and funding to the 80% confidence level can be smoothed over two years, as documented in the Target Funding Guidelines.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, third party administrators).
- Move Program TPAs onto the EIA's Systema claims system, within the next 2-4 years.

Budget Policies for the Primary General Liability (PGL) Program include the following:

### **Revenues**

- Premiums for transferred risk are calculated based on each Member's estimated payroll and experience rates as determined by the Program's actuary. A two-year smoothing technique is used to minimize rate changes.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and plus 3% of premiums excess of \$1M.
- Public entity participation fees equal 0.5% of the premiums for transferred risk and retained risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. .
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program cost are defined below.

- The PGL Committee has established a development fee of \$250 per member. Program development fees are one time charges to new members joining the Program.

### Expenses

- The PGL Committee annually considers returning available net assets to members in the form of member dividends.
- PGL insurance premiums include the cost of insurance for claims in excess of \$10k up to the Program limits of \$100k. Claim cost in excess of \$100k are covered by the General Liability I (GLI) Program.
- The provisions for claims current, and the provision for claims prior years, are the actuarial adjustments to claim liabilities.
- The provision for ULAE, (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for administrative costs of handling the claims for the life of the claim.
- Member claims audits are scheduled for each TPA every two years, or as determined by the PGL Committee.
- Banking services and fees are used to maintain separate claim bank accounts for each TPA.
- Other program expenses include program actuarial studies, legal expenses and any other expenses approved by the PGL Committee.
- An expense budget of \$50K has been delegated to the PGL Committee for any unforeseen budget expenses. The PGL Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

### Transfers

- Transfers out to the general administration program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time. Based on member election, a loss prevention subsidy of \$1k per member is transferred to the general administration program and added to each member's loss prevention subsidy account.
- Investment Fees are charged on the average daily balance of program funds invested.
- Public entity participation fees collected in the prior fiscal year are transferred to General Administration program and distributed to county members as a risk management subsidy dividend.



**CSAC EXCESS INSURANCE AUTHORITY**  
**PRIMARY GENERAL LIABILITY PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

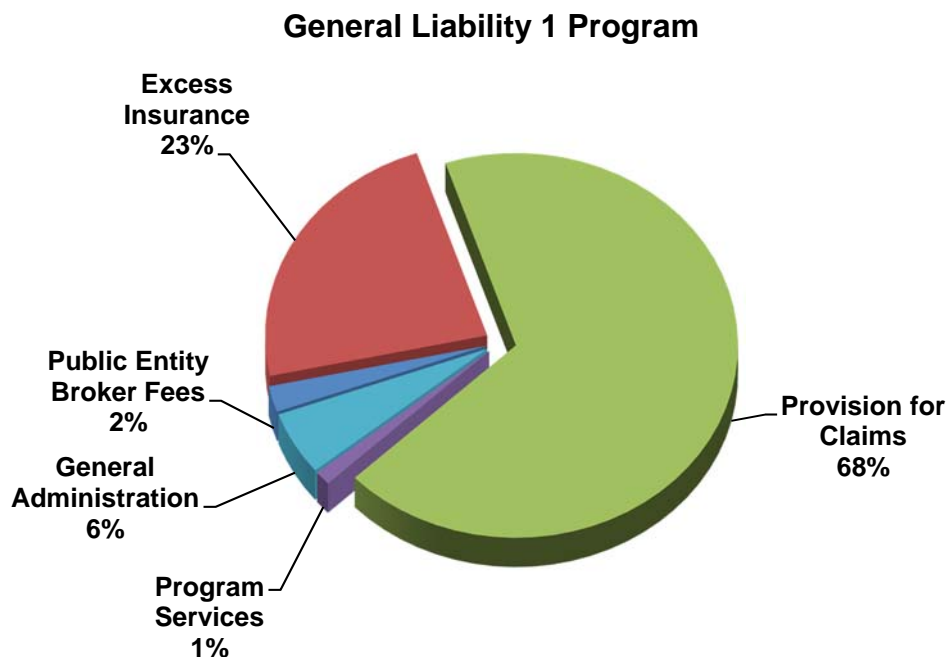
Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premium for Transferred Risk	1,756,708	1,917,598	1,917,598	1,917,598	1,940,988	23,390	Member payroll increasing; partially offset by 3% rate reduction
Public Entity Broker Fees	42,083	44,672	44,672	25,495	27,461	1,966	
General Administration Fees	331,432	412,582	412,582	431,754	464,850	33,096	\$200K from equity applied to Admin Fee per Committee
Public Entity Participation Fees	1,708	1,808	1,808	1,808	1,989	181	
Investment Income	8,925	16,984	18,000	15,400	15,900	500	Estimated on average balance of \$1.325M at 1.2%
Development Fees	0	0	0	0	0	0	
Other Income	14,720	183	183	0	2,500	2,500	Berkley is funding a small amount towards EPL claim loss prevention
<b>TOTAL REVENUES</b>	<b>2,155,576</b>	<b>2,393,827</b>	<b>2,394,843</b>	<b>2,392,055</b>	<b>2,453,688</b>	<b>61,633</b>	
<b>EXPENDITURES:</b>							
Dividend Expense	450,000	-	-	250,000	-	(250,000)	Potential future dividend subject to Committee approval
<b>Retained and Transferred Risk</b>							
Premium for Transferred Risk	1,756,706	1,917,598	1,917,598	1,936,775	1,960,397	23,622	
Broker Fees	42,084	44,671	44,671	25,495	27,461	1,966	
Provisions for Member Deductible Pmts.	578,738	280,184	405,500	900,000	900,000	0	Members invoiced for \$0 - \$10K in claims expense
Less Member Deductible Billings	(578,738)	(268,229)	(400,000)	(900,000)	(900,000)	0	
Provision for Prior Year claims	158,555	0	0	0	0	0	
Provision for ULAE	12,605	0	1,000	1,000	10,000	9,000	
Total Retained and Transferred Risk	1,969,950	1,974,224	1,968,769	1,963,270	1,997,858	34,588	
<b>Program Expenses</b>							
EIA Actuarial and Consulting Services	19,375	0	21,000	21,000	0	(21,000)	
Claim Audits	4,250	6,250	13,000	13,000	13,650	650	
Legal Services	1,820	15,660	25,000	25,000	20,000	(5,000)	
ISO index Fees	0	0	1,000	1,000	500	(500)	
Bank Fees and Services	2,905	2,586	4,000	4,000	4,000	0	
Total Program Expenses	28,350	24,496	64,000	64,000	38,150	(25,850)	
Appropriation Delegated to PGL Committee	0	0	0	50,000	50,000	-	Available with two-thirds vote of PGL Committee
<b>TOTAL EXPENDITURES</b>	<b>2,448,300</b>	<b>1,998,720</b>	<b>2,032,769</b>	<b>2,327,270</b>	<b>2,086,008</b>	<b>(241,262)</b>	
<b>TRANSFERS:</b>							
<b>Transfers out to:</b>							
General Administration	(400,680)	(413,747)	(413,747)	(413,747)	(536,365)	(122,618)	
GASB 68 Pension Funding	0	(71,848)	(71,848)	(71,848)	0	71,848	
Loss Prevention Subsidies	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	0	
Risk Management Admin. Dividend	(2,332)	(1,708)	(1,708)	(1,708)	(1,808)	(100)	
Investment Fees	(354)	(307)	(500)	(500)	(426)	74	
<b>TOTAL TRANSFERS</b>	<b>(416,366)</b>	<b>(500,610)</b>	<b>(500,803)</b>	<b>(500,803)</b>	<b>(551,599)</b>	<b>(50,796)</b>	
Net Increase or (Decrease)	(709,090)	(105,503)	(138,729)	(436,018)	(183,919)	252,099	
<b>NET POSITION - JULY 1</b>	<b>2,272,208</b>	<b>1,563,118</b>	<b>1,563,118</b>	<b>1,692,660</b>	<b>1,424,389</b>		
<b>NET POSITION - JUNE 30</b>	<b>1,563,118</b>	<b>1,457,615</b>	<b>1,424,389</b>	<b>1,256,642</b>	<b>1,240,470</b>		
<b>Net Position Designated for:</b>							
Target Equity	410,000	410,000	410,000	73,000	11,300		
Risk Management Dividend	1,708	2,905	1,808	1,808	1,989		
Unrestricted Net Position	1,151,410	1,044,710	1,012,581	1,153,664	1,227,181		
Total Net Position	1,563,118	1,457,615	1,424,389	1,228,472	1,240,470		
<b>Target Equity</b>							
Low Range	410,000				11,300		
High Range	1,900,000				1,243,000		

## **General Liability 1**

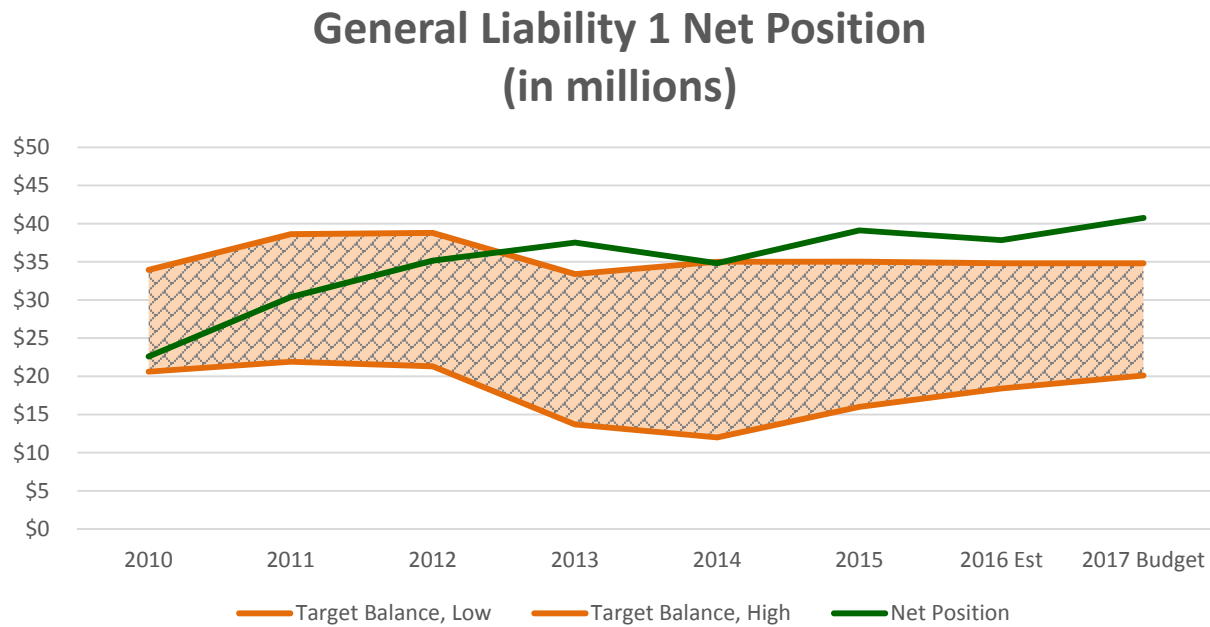
The objective of the General Liability 1 (GL1) Program is to provide members with a long-term, stable and financially strong alternative to traditional insurance. The GL1 Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Number of Members	119
Covered Payroll	\$5.7 Billion
Pool Premium	\$33.9 Million
Insurance	\$8.1 Million
Public Entity Broker Fees	\$970 Thousand
Administration and Fees	\$2.6 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the GLI Program budget is as follows:



The GL1 Program proposed budget would result in an ending net position of \$41M. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$20.1 - \$34.8M. The following chart illustrated the GL1's net position in relation to the target equity range.



## **General Liability 1**

### **Program Goals**

#### Short-term

- Set rates for the upcoming year at a level designed to reduce net assets so that the pool's funding is near the top of the target surplus range in three years.
- Where the pool's funding is in excess of the top of the target surplus range, evaluate declaring dividends and/or use some surplus to offset administrative costs.
- Continue using standardized EIAGL codes for general liability to allow for better claims analysis and trend identification.
- Implement a new data analytics platform to allow for benchmarking of claims data.
- Use multi-year underwriting matrices, where possible, to help ensure renewal pricing from underwriters at a "not-to-exceed" amount of 10% for the upcoming year.
- Continue to monitor the long-term discount assumption, keeping the assumption conservatively lower than what is anticipated.
- Evaluate transfer of risk opportunities in an EIA Captive.

#### Long-term

- Maintain funding levels in accordance with the Target Funding Guidelines.
- Maintain an equitable distribution of costs amongst the members through a premium allocation process with appropriate consideration for exposure and loss experience within the pool layer and excess layers.
- Maintain stable pricing year-over-year not to exceed a 10% variance.
- The GL1 risk tolerance is neutral. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).

Budget Policies for the General Liability 1 (GL1) Program include the following established by the Board of Directors:

### **Revenues**

- Premiums for retained risk and transferred risk are calculated based on

participating member's self-insured retention, exposure, and loss data. Based on actuarial information and market conditions, the Underwriting and Executive Committees advise on program funding mechanisms including how much risk to self-fund, and at what discount rate and confidence level, and how much risk to transfer. Funding includes consideration of the Target Equity Policy adopted by the Board. Final funding decisions and premium allocation is approved by the Board of Directors.

- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and 3% of premiums excess of \$1M.
- Public entity participation fees equal 0.5% of the premiums for transferred risk and retained risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing. Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The Underwriting and Executive Committees has established a development fee of \$350, per member. Program development fees are one-time charges to new members joining the Program.

### Expenses

- Upon recommendation of the Underwriting and Executive Committees, the Board may annually consider returning available net assets to members in the form of member dividends. Premium for Transferred Risk is the expense for insurance purchased based on the risk financing decisions made.
- The provisions for claims, current year, and provision for claims prior years', are the actuarial adjustments to claim liabilities.
- The provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim and is charged as part of the admin fee.
- Member claims audits are scheduled for each member or Third Party Administrator (TPA), every two years, or as determined by the Claims Review Committee.

- A claims audit for the EIA's Claims Department is scheduled every two years.
- Each member is entitled to subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees and any other expenses approved by the various committees.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this program.
- There is a \$50,000 contingency budget line item for unforeseen expenses, which is available for use with a two-thirds vote of the Executive Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. These services will be funded from the Program's Surplus Fund.

#### Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000 per member is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The Web Enabled Claim system transfer is based on program usage.
- Investment Fees are charged to the program based on the average daily balance of program funds invested.
- Public entity participation fees collected in the prior fiscal year are transferred to the General Administration Program and distributed to county members as a risk management subsidy dividend.

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**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
Adopted Budget  
July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	6,267,249	5,684,454	5,684,454	5,000,000	8,084,400	3,084,400	Corridor deductible reinsured by EIA Captive
Contributions for Retained Risk	28,658,551	34,507,839	34,507,839	32,714,750	33,858,700	1,143,950	Funded at the 65% confidence level
Public Entity Broker Fees	729,210	923,440	923,440	766,050	970,000	203,950	
Public Entity Participation Fees	57,690	73,189	73,189	61,500	78,580	17,080	
Investment Income	1,507,981	2,167,915	2,400,000	1,595,000	1,980,000	385,000	Estimated on average balance of \$165M at 1.2%
Administration Fees	2,282,628	2,522,893	2,522,893	2,470,809	2,643,681	172,872	Staff additions; GASB 68 pension funding
Program Development Fees	350	0	0	0	0	0	
Other Income	16	667	667	0	0	0	
<b>TOTAL REVENUES</b>	<b>39,503,675</b>	<b>45,880,397</b>	<b>46,112,482</b>	<b>42,608,109</b>	<b>47,615,361</b>	<b>5,007,252</b>	
<b>EXPENDITURES:</b>							
Pool Dividends	0	3,000,000	3,000,000	0	0	0	
Retained and Transferred Risk							
Premium for Transferred Risk	5,908,399	5,259,108	5,259,108	5,000,000	10,384,400	5,384,400	Prior year corridor retention transferred to EIA Captive
Broker Fees	729,138	923,440	923,440	766,050	970,000	203,950	
Provision for Claims, Current Year	23,484,390	31,280,000	31,280,000	27,861,730	30,950,000	3,088,270	Provision for claims at expected
Provision for Claims, Prior Years	3,494,901	4,000,000	4,000,000	1,715,000	(585,250)	(2,300,250)	Estimated outstanding of \$106 million discounted at 1.75%
Provision for ULAE	(770,467)	0	23,100	23,100	50,000	26,900	
Total Retained and Transferred Risk	32,846,361	41,462,548	41,485,648	35,365,880	41,769,150	6,403,270	
Program Administration							
Actuarial fees	51,910	3,000	48,000	48,000	0	(48,000)	Actuarial services brought in-house
ISO Fees	673	798	2,000	4,000	3,000	(1,000)	
Member Claims Audits	11,679	20,116	50,000	55,000	65,100	10,100	
EIA Claims Audit	19,747	6,437	7,000	7,000	0	(7,000)	Due in 2017/18
Labor Law Services	75,000	112,500	150,000	150,000	150,000	0	New service effective 1/1/15 with Eyres Law Group; full year in FY15/16
Legal Expenses	128,000	34,676	80,000	80,000	80,000	0	
Crisis Management Services	0	0	0	0	100,000	100,000	
Member Actuarial Studies	82,000	62,000	80,000	80,000	80,000	0	
Total Program Administration	369,009	239,527	417,000	424,000	478,100	54,100	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of the Executive Committee
<b>TOTAL EXPENDITURES</b>	<b>33,215,370</b>	<b>44,702,075</b>	<b>44,902,648</b>	<b>35,839,880</b>	<b>42,297,250</b>	<b>6,457,370</b>	
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(1,730,660)	(1,923,686)	(1,923,686)	(1,923,686)	(2,082,121)	(158,435)	
GASB 68 Pension Funding	0	(310,337)	(310,337)	(310,337)	0	310,337	
Loss Prevention Subsidies	(88,000)	(88,000)	(88,000)	(88,000)	(101,000)	(13,000)	
Claims System Costs	(55,227)	(48,387)	(48,387)	(48,387)	(66,389)	(18,002)	
Risk Management Subsidy Dividend	(50,000)	(57,690)	(57,690)	(57,659)	(73,189)	(15,530)	
Investment Fees	(77,660)	(43,812)	(60,000)	(63,637)	(66,071)	(2,434)	
<b>TOTAL TRANSFERS</b>	<b>(2,001,547)</b>	<b>(2,471,912)</b>	<b>(2,488,100)</b>	<b>(2,491,705)</b>	<b>(2,388,770)</b>	<b>102,935</b>	



**CSAC EXCESS INSURANCE AUTHORITY**  
**GENERAL LIABILITY 1 PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

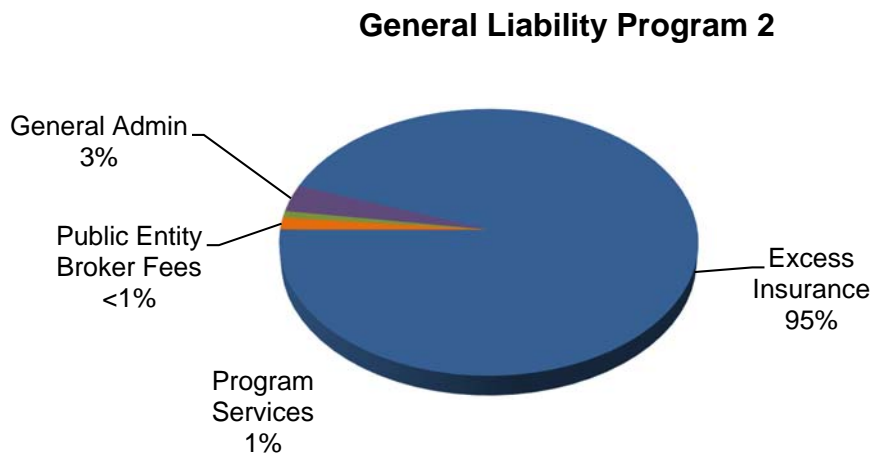
Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
Net Increase or (Decrease)	4,286,758	(1,293,590)	(1,278,266)	4,276,524	2,929,341	(1,347,183)	
<b>NET POSITION - JULY 1</b>	34,823,055	39,109,813	39,109,813	38,700,447	37,831,547		
<b>NET POSITION - JUNE 30</b>	39,109,813	37,816,223	37,831,547	42,976,971	40,760,888		
Net Position Designated for:							
Target Equity	35,000,000	34,800,000	34,800,000	34,800,000	34,800,000		
Risk Management Dividend	57,690	73,189	73,189	61,500	78,580		
Funding of 2-year Aggregate Corridor Deductible	0	0	0	2,350,000	0		
Unrestricted Net Position	4,052,123	2,943,034	2,958,358	5,765,471	5,882,308		Risk is transferred to captive
<b>Total Net Position</b>	<b>39,109,813</b>	<b>37,816,223</b>	<b>37,831,547</b>	<b>42,976,971</b>	<b>40,760,888</b>		
Target Equity							
Low Range	16,000,000	18,400,000	18,400,000	18,400,000	20,100,000		
High Range	35,000,000	34,800,000	34,800,000	34,800,000	34,800,000		

## **General Liability 2**

The objective of the General Liability 2 (GL2) Program is to provide members who can afford a high self-insured retention an affordable excess liability program with limited pool exposure, and insured coverage when available.

Number of Members	12
Self Insured Retentions	\$1 to \$3 Million
Insurance	\$41.0 Million
Public Entity Broker Fees	\$628 Thousand
Administration and Fees	\$1.5 Million

A summary of the General Liability 2 Program budget is as follows:



## **General Liability 2**

### **Program Goals**

#### Short-term

- Use multi-year underwriting matrices, where ever possible, to help ensure stable renewal pricing from underwriters.
- Evaluate different risk financing strategies in challenging renewal times; such as evaluating pooling/risk sharing, evaluate SIR changes, and assess different retention and layering strategies.
- Evaluate transfer of risk opportunities in an EIA Captive.
- Explore providing crisis management service.

#### Long Term

- Maintain an equitable, market-based premium allocation with appropriate consideration given to exposure and loss experience. A market based allocation is designed to avoid adverse selection by the members.
- Maintain stable pricing year-over-year, not to exceed a 10% variance overall, or 15% variance by member.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, ANML Program).
- Expand program to new members.

Budget Policies for the GL2 Program include the following:

### **Revenues**

- Based on market conditions, coverage for the Program is provided by insurance, or a combination of insurance and an aggregate pool or Mega Fund, which provides coverage between the member's SIR and the insured layer.
- The allocation of premiums between participating members is approved annually by the GL2 Committee.
- Broker fees are charged to all public entity members. The amount charged is based on the broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M. Currently the broker is refunding a portion of broker fees to the Program to offset program expenses.
- Public entity participation fees are 0.5% of the premiums for transferred risk and retained risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The

estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.

- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The GL2 Committee has established a development fee of \$500, per member. Program development fees are one time charges to new members joining the Program.

### Expenses

- GL2 premiums for transferred risk include the cost of insurance for claims in excess of each member's SIRs and the GL2 Pool or Mega Fund. Policy limits are determined annually by the GL2 Committee. Members can obtain optional excess insurance through the Miscellaneous Programs that extends coverage limits.
- The provision for claims provides for claims costs within any corridor deductible or mega Fund layer.
- The provision for Unallocated Loss Adjustment Expenses (ULAE) accrues the costs not directly associated with specific claims, but related to claims administration and settlement processes for the remaining life of the claims. ULAE includes salaries and other internal costs of the Authority's claims department.
- The legal services line item provides for coverage opinions and other services provided to the GL2 Committee.
- Claims audits will be done every two years and paid for through the premium allocation.
- An expense budget of \$50,000 has been delegated to the GL2 Committee for any unforeseen budget expenses. The GL2 Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The program has adopted a policy to provide Crisis Incident Management Services. These services will be funded from program Net Position.

### Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000 per member is transferred to the General Administration Program and added to each member's loss prevention subsidy account.
- The Claims System transfer was established based on program usage.
- Investment Fees are charged on the average daily balance of program funds invested.

- Public entity participation fees collected during the prior fiscal year are transferred to the General Administration Program and distributed to county members as a risk management subsidy dividend, if approved by the Board of Directors.

**CSAC EXCESS INSURANCE AUTHORITY**  
**GENERAL LIABILITY 2 PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	19,484,455	22,998,092	22,998,092	21,773,987	41,000,000	19,226,013	\$13.8M in group corridor deductible transferred to EIA Captive
Contributions for Retained Risk	7,000,000	9,142,250	9,142,250	8,730,000	0	(8,730,000)	Corridor retention
Public Entity Broker Fees	367,136	419,435	419,435	430,000	628,462	198,462	
Public Entity Participation Fees	49,335	57,623	57,623	59,300	65,000	5,700	
Investment Income and Finance Fees	39,693	131,516	159,016	52,500	108,000	55,500	Used to offset General Admin Fees
General Administration Fees	1,506,263	1,804,445	1,804,445	1,712,343	1,375,254	(337,089)	
Other Income, Legal Expense Reimbursement	81,819	0	0	0	0	0	
<b>TOTAL REVENUES</b>	<b>28,528,701</b>	<b>34,553,361</b>	<b>34,580,861</b>	<b>32,758,130</b>	<b>43,176,716</b>	<b>10,418,586</b>	
<b>EXPENDITURES:</b>							
<b>Retained and Transferred Risk</b>							
Premium for Transferred Risk	19,484,451	22,998,092	22,998,092	21,773,987	41,000,000	19,226,013	
Provision for Claims, Current Year	7,000,000	9,425,000	9,425,000	8,730,000	0	(8,730,000)	
Provision for Claims - Prior Year	0	0	0	0	0	0	all liability fully accrued in prior years
GLII Commission Rebate	(214,818)	(252,170)	(252,170)	(240,326)	0	240,326	No more rebate
Broker Fees	367,136	419,435	419,435	430,000	628,462	198,462	
Provision for ULAE	(2,634)	0	4,900	4,900	10,000	5,100	
<b>Total Retained and Transferred Risk</b>	<b>26,634,135</b>	<b>32,590,357</b>	<b>32,595,257</b>	<b>30,698,561</b>	<b>41,638,462</b>	<b>10,939,901</b>	
<b>Program Administration</b>							
ISO Fees	2,532	8,238	8,000	8,000	7,000	(1,000)	
Member Actuarial Studies	12,000	18,000	22,000	22,000	24,000	2,000	Actuarial Services brought in-house
Loss Data Collection	2,690	0	0	0	0	0	
Legal Services	83,763	86,044	125,000	200,000	125,000	(75,000)	
Member Claims Audit	0	5,500	35,000	35,000	36,750	1,750	EIA pays the full cost of claims audits
EIA Claims Audit	26,723	0	0	0	0	0	
Crisis Management Services	0	0	0	0	100,000	100,000	To be taken from program equity.
Financing Expense	0	0	0	0	0	0	
<b>Total Program Administration</b>	<b>127,708</b>	<b>117,782</b>	<b>190,000</b>	<b>265,000</b>	<b>292,750</b>	<b>27,750</b>	
Appropriation Delegated to GLII Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of GLII Committee
<b>TOTAL EXPENDITURES</b>	<b>26,761,843</b>	<b>32,708,139</b>	<b>32,785,257</b>	<b>31,013,561</b>	<b>41,981,212</b>	<b>10,967,651</b>	
<b>TRANSFERS:</b>							
<b>Transfers out to:</b>							
General Administration	(1,140,650)	(1,259,075)	(1,259,075)	(1,259,075)	(1,315,307)	(56,232)	
GASB 68 Pension Funding	0	(204,538)	(204,538)	(204,538)	0	204,538	
Loss Prevention Subsidies	(10,000)	(10,000)	(10,000)	(10,000)	(11,000)	(1,000)	
Claims System Costs	(27,614)	(24,193)	(24,193)	(24,193)	(33,195)	(9,002)	
Risk Management Subsidy Dividend	(40,622)	(49,335)	(49,335)	(49,335)	(57,623)	(8,288)	
Investment Fees	(2,717)	(3,781)	(3,781)	(2,036)	(6,461)	(4,425)	
<b>TOTAL TRANSFERS</b>	<b>(1,221,603)</b>	<b>(1,550,922)</b>	<b>(1,550,922)</b>	<b>(1,549,177)</b>	<b>(1,423,586)</b>	<b>125,591</b>	
Net Increase or (Decrease)	545,255	294,300	244,682	195,392	(228,082)	(423,474)	
<b>NET POSITION - JULY 1</b>	<b>6,095</b>	<b>551,350</b>	<b>551,350</b>	<b>339,693</b>	<b>796,032</b>		
<b>NET POSITION - JUNE 30</b>	<b>551,350</b>	<b>845,650</b>	<b>796,032</b>	<b>535,085</b>	<b>567,950</b>		

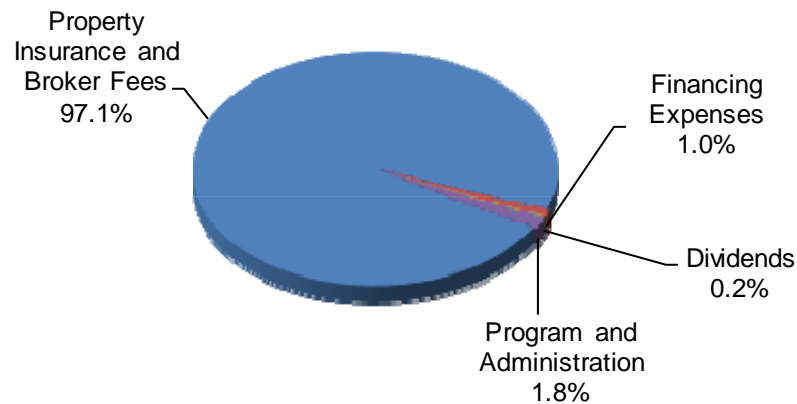
## **Property**

The objective of the Property Program is to provide a broad range of all-risk property coverage to members, including flood and earthquake. Members' property is divided into groups known as "towers". Each tower offers up to \$600M of property coverage.

Number of Members	101
Member deductibles	\$5,000 to \$150,000
Insured Values	\$65 Billion
Insurance	\$58 Million
Catastrophic Pool	\$2.5 Million
Administration and Fees	\$1.0 Million

A summary of the Property Program budget is as follows:

### **Property Program**



## **Property**

### **Program Goals**

#### Short-term

- Cancel/rewrite primary coverage to maintain a three-year prepaid policy term.
- Evaluate and implement, if feasible, changes in the aggregate pool retention to decrease dependency on the primary market.
- Evaluate and implement, if feasible, quota share risk-sharing opportunities in the primary coverage layer to reduce dependency.
- Evaluate the quality of claims services and Oasys-Net.
- Evaluate enhancements to coverage including a 2% earthquake deductible.
- Evaluate transfer of risk opportunities in an EIA captive.

#### Long-term

- Maintain beneficial long-term relationships with insurance markets.
- Mitigate dependence on the primary insurance carrier.
- Maintain program stability through strategies of broad spread of risk and market-based premium allocation.
- Maintain superior quality services in claims, underwriting and loss control.
- Continue to increase funding in the Program's Catastrophic Risk Pool.
- Budget Policies for the Property Program include the following:

### **Revenues**

- Premiums for retained and transferred risk are allocated based on each member's insured values, exposures, deductibles and coverage elections. Any difference between the collected premium for retained and transferred risk and premium expenses paid, is retained as a Property Program Stabilization Fund.
- Public entity participation fees equal 0.5% of the premiums for retained and transferred risk. Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Ceding commissions, refunded by the primary carrier will be added to Catastrophic Risk Pool.
- Program finance fees are based on the cost to finance insurance premiums. The Property Program renews on March 31<sup>st</sup> with premiums due to underwriters within 30 days. The EIA allows members to pay property premiums on a fiscal year cycle beginning July 1<sup>st</sup>. The EIA internally finances the prepayment of property premiums, including the second and third year premiums using the Inter-Fund



Borrowing Policy. An estimated finance fee is billed to each member as a “Prepaid Balance Adjustment”. Actual cost is charged to the Property Program quarterly, based on the average daily balance borrowed. Any differences between the estimated Prepaid Balance Adjustment and the actual financing expense is added or deducted from the Catastrophic Risk Pool.

- Members may elect to pay their premium on a monthly or quarterly basis. Member finance fees are charged based on the internal borrowing rate and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The Property Committee has established a development fee of \$500, per member. Program development fees are one-time charges to new members joining the Program.

### Expenses

- Our primary property insurance policy has a provision for “No Claims” dividends. These dividends are returned to members earning these benefits.
- Property insurance premiums include the cost of primary and excess insurance. The primary insurance cost includes the current portion of the three-year prepaid policy. The provision for claims provides for claim payments within the aggregate pool. A provision is not recorded for the flood pool. Instead, flood pool claims costs are recorded as incurred.
- The EIA’s premium billing to members is based on the fiscal year of July 1<sup>st</sup> through June 30<sup>th</sup>. The insurance premiums are for a policy period of March 31<sup>st</sup> through March 31<sup>st</sup>. This timing difference requires the EIA to finance a portion of the cost of insurance. The primary insurance is on a three-year, prepaid basis. The EIA internally borrows from our own treasury to pay the second and third year of the primary insurance premiums. The excess insurance renews on March 31<sup>st</sup> annually, and is due in late April. The EIA internally borrows funds from the treasury to pay these premiums until member billings are collected in July. The finance expenses are the costs to the EIA’s Treasury to internally borrow funds for the Property Program. An expense is recognized each fiscal quarter based on the average daily balance of the funds borrowed times the internal borrowing rate approved by the Board of Directors each March.
- The Risk Management and Appraisal Services line item of \$200,000, is available for services approved by the Property Committee. This includes the cost sharing arrangement approved for property appraisals.
- An expense budget of \$25,000 has been delegated to the Property Committee. The Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

- The program has adopted a policy to provide Crisis Incident Management Services. These services will be funded from the program Stabilization Fund.

### Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000 per member is transferred to the General Administration Program and added to each member's loss prevention subsidy account.
- Investment fees are charged on the average daily balance of program funds invested.
- Public entity participation fees collected during the prior fiscal year are transferred to the General Administration Program and distributed to county members as a risk management subsidy dividend.

**CSAC EXCESS INSURANCE AUTHORITY**  
**PROPERTY PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
No Claim Dividends	127,118	0	100,000	0	100,000	100,000	
Premiums for Transferred Risk	48,609,374	35,303,415	47,500,000	46,863,000	58,000,000	11,137,000	All risk pool layer transferred to captive
Retained Risk, Agg. Deductible Pool	8,820,398	8,996,430	11,000,000	11,000,000	2,500,000	(8,500,000)	
Broker Fees	28,968	14,696	14,696	30,000	13,670	(16,330)	Alliant Schools Loss Control Services
Public Entity Participation Fees	79,803	75,494	75,494	77,500	77,500	0	
Investment Income	400,335	367,230	457,000	459,000	595,000	136,000	This is financed through prepaid balance account
Member Finance Charges	4,565	5,602	5,602	4,000	5,000	1,000	
Administration Fees	642,960	761,339	761,339	762,407	853,888	91,481	
Other Income	674,665	109	500,000	500,000	500,000	0	Ceding commission from insurance placement
<b>TOTAL REVENUES</b>	<b>59,388,186</b>	<b>45,524,315</b>	<b>60,414,131</b>	<b>59,695,907</b>	<b>62,645,058</b>	<b>2,949,151</b>	
<b>EXPENDITURES:</b>							
Dividends	127,118	0	100,000	0	100,000	100,000	
Retained and Transferred Risk							
Premium for Transferred Risk	48,519,577	35,358,436	47,500,000	46,863,000	58,000,000	11,137,000	
Broker Fees	28,968	14,696	14,696	30,000	13,670	(16,330)	
Provision for claims, Aggregate Pool	7,867,267	8,138,155	10,000,000	10,000,000	0	(10,000,000)	claims for Catastrophic pool expensed as incurred
Provision for ULAE	23,601	0	1,000	1,000	1,000	0	
Total Retained and Transferred Risk	56,439,413	43,511,287	57,515,696	56,894,000	58,014,670	1,120,670	
Program Administration							
Financing Expenses	312,178	265,065	360,000	459,000	600,000	141,000	Interest on interfund borrowing at 1.2%
Legal Services					10,000	10,000	
Crisis Management Services	0	0	0	0	100,000	100,000	
Appraisal and Other Services	74,434	32,127	200,000	200,000	200,000	0	
Total Program Administration	386,612	297,192	560,000	659,000	910,000	251,000	
Appropriation for Property Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of Property Committee
<b>TOTAL EXPENDITURES</b>	<b>56,953,143</b>	<b>43,808,479</b>	<b>58,175,696</b>	<b>57,578,000</b>	<b>59,049,670</b>	<b>1,471,670</b>	
<b>TRANSFERS:</b>							
Transfers out to:							
Transfers out to Administration	(355,260)	(452,982)	(452,982)	(452,982)	(543,103)	(90,121)	
GASB 68 Pension Funding	0	(63,704)	(63,704)	(63,704)	0	63,704	
Loss Prevention Subsidies	(80,000)	(84,000)	(84,000)	(84,000)	(85,000)	(1,000)	
Risk Management Subsidy Dividend	(79,073)	(79,803)	(79,803)	(79,803)	(75,494)	4,309	
Investment Fees	(20,045)	(8,956)	(13,724)	(13,724)	(13,717)	7	
<b>TOTAL TRANSFERS</b>	<b>(534,378)</b>	<b>(689,445)</b>	<b>(694,213)</b>	<b>(694,213)</b>	<b>(717,314)</b>	<b>(23,101)</b>	
Net Increase or (Decrease)	1,900,665	1,026,391	1,544,222	1,423,694	2,878,074	1,454,380	
<b>NET POSITION - JULY 1</b>	<b>4,016,314</b>	<b>5,916,979</b>	<b>5,916,979</b>	<b>5,678,579</b>	<b>7,461,201</b>		
<b>NET POSITION - JUNE 30</b>	<b>5,916,979</b>	<b>6,943,370</b>	<b>7,461,201</b>	<b>7,102,273</b>	<b>10,339,275</b>		
Net Position Designated for:							
Admin	27,099	194,373	23,932	0	0		
Risk Management Dividend	79,078	75,494	75,494	77,500	77,500		
Catastrophic Pool	932,061	2,290,336	2,290,336	1,850,000	5,290,336		
Program Stabilization Fund	4,878,741	4,383,167	5,071,439	5,174,773	4,971,439		
Total Net Position	5,916,979	6,943,370	7,461,201	7,102,273	10,339,275		

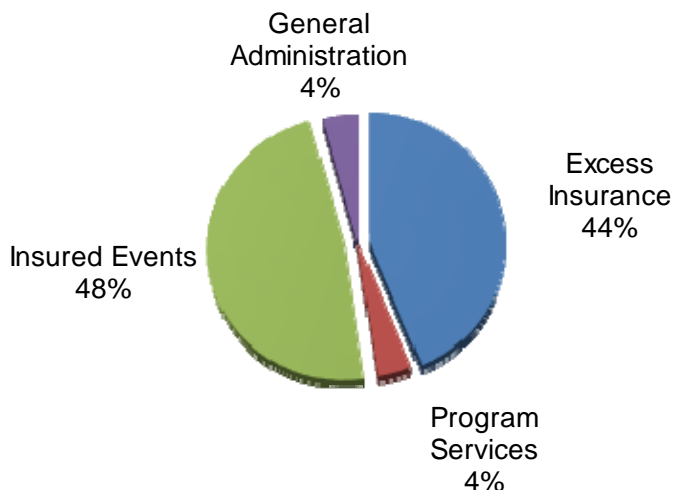
## **Medical Malpractice**

The objective of the Medical Malpractice Program is to provide members with the broadest possible General Liability and hospital or medical facilities professional liability coverage and limits at the lowest rates available. The Medical Malpractice Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Number of Members	49
Pool Premium	\$7.3 Million
Insurance	\$6.1 Million
Administration and Fees	\$1.0 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the Medical Malpractice Program budget is as follows:

### **Medical Malpractice Program**



## **Medical Malpractice**

Budget Policies for the Medical Malpractice Program include the following:

### **Short Term Goals**

- Monitor the activity of jail/civil rights claims covered by the program.
- Expand training opportunities to include the addition of web and recorded training sessions.

### **Long Term Goals**

- Evaluate occurrence v. claims made policy as market dictates.
- Maintain stable pricing year over year, not to exceed a 10% variance overall, or 15% variance by member.
- Maintain multi-year relationships with carriers, brokers and underwriters where possible.
- Maintain an equitable distribution of costs among the members and Pool I and Pool II, through a premium allocation process with appropriate consideration for exposure and loss experience within the pool and excess layers.
- Monitor the claims discount assumption, compared to the projected investment earnings rate.

### **Revenues**

- Premiums for retained risk and transferred risk are actuarially determined based on each member's exposure, claims experience and SIR or deductible. Each year the Medical Malpractice Committee determines the appropriate funding level and discount rate.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M.
- Public entity participation fees equal 0.5% of the premiums for retained risk and transferred risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Claims administration fees are based on negotiated fee contracts approved by the Committee. Claims administration fees are allocated to Program I members based on the individual member rates. Program II fees are allocated to members based on retained and transferred risk premiums.

- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The Medical Malpractice Committee has established a development fee of \$850 per member. Program development fees are one-time charges to new members joining the Program.

### Expenses

- The Medical Malpractice Committee annually considers returning available net assets to members in the form of member dividends.
- Medical Malpractice premiums for transferred risk include the cost of reinsurance and or excess insurance.
- The Provision for Claims (current), and the Provision for Claims (prior years), are the actuarial adjustments to claim liabilities.
- The Provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim.
- Member claims audits are scheduled every two (2) years, or as determined by the Medical Malpractice Committee.
- Each Program I member is entitled to a subsidy of \$2k towards the cost of member actuarial studies.
- The Medical Malpractice Committee provides a loss prevention seminar. The Committee will reimburse the travel expenses for up to three (3) representatives from each member.
- Other program expenses include program actuarial studies, legal expenses and any other expenses approved by the Medical Malpractice Committee.
- An expense budget of \$ 25K has been delegated to the Medical Malpractice Committee for any unforeseen budget expenses. The Medical Malpractice Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The program has adopted a policy to provide Crisis Incident Management Services. These services will be funded from the program Surplus Fund

### Transfers

- Transfers out to the general administration program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Investment fees are charged based on the average daily balance of program funds.

- Based on member election, a loss prevention subsidy of \$1k per member is transferred to the general administration program and added to each member's loss prevention subsidy account.
- The Claims System transfer is based on program usage.
- Public entity participation fees collected during the prior fiscal year are transferred to the General Administration program and distributed to county members as a risk management subsidy dividend.

**CSAC EXCESS INSURANCE AUTHORITY**  
**MEDICAL MALPRACTICE PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premium for Transferred Risk	5,278,341	5,587,223	5,587,223	5,792,453	6,071,900	279,447	
Contribution for Retained Risk	7,127,056	6,626,083	6,626,083	7,077,228	7,269,300	192,072	
Public Entity Broker Fees	5,053	5,192	5,192	5,731	6,564	833	
Public Entity Participation Fees	253	260	260	287	328	41	
Investment Income	308,828	473,602	500,000	330,000	420,000	90,000	Based on average balance of \$35 million at 1.20%
Finance Charges for Members	-	-	-	-	-	-	
Claims Administration Fees	354,876	372,761	372,761	376,784	387,671	10,887	
Administration Fees	642,426	682,262	682,262	686,480	634,796	(51,684)	
Other Income	15,844	9,902	9,902	-	-	-	
<b>TOTAL REVENUES</b>	<b>13,732,677</b>	<b>13,757,285</b>	<b>13,783,683</b>	<b>14,268,963</b>	<b>14,790,559</b>	<b>521,596</b>	
<b>EXPENDITURES:</b>							
Member Dividends	-	-	-	-	-	-	
Retained and Transferred Risk							
Premium for Transferred Risk	5,278,339	5,587,223	5,587,223	5,792,453	6,071,900	279,447	
Broker Fees	5,053	5,192	5,192	5,731	6,564	833	
Provision for Claims - Current Year	4,800,000	6,300,000	6,328,708	6,328,708	6,350,000	21,292	Estimated at expected discounted at 1.75%
Provision for Claims - Prior Year	2,320,868	300,000	383,250	383,250	300,000	(83,250)	Estimated pending actuarial
Provision for ULAE	55,858	0	16,500	16,500	10,000	(6,500)	
<b>Total Retained and Transferred Risk</b>	<b>12,460,118</b>	<b>12,192,415</b>	<b>12,320,873</b>	<b>12,526,642</b>	<b>12,738,464</b>	<b>211,822</b>	
Program Administration							
Actuarial and Consulting Services	27,990	3,000	30,000	30,000	0	(30,000)	Actuarial services brought in-house
ISO Index Fees	0	0	500	1,000	500	(500)	
Legal Expenses	140	1,970	24,000	28,000	10,000	(18,000)	
Claims & Loss Prevention Administration	352,281	266,159	381,000	381,000	387,671	6,671	
Member Actuarial Studies	10,000	12,000	12,000	8,000	8,000	0	
Claim Audits	0	0	8,000	8,000	0	(8,000)	
Crisis Management Services	0	0	0	0	100,000	100,000	To be taken from program equity
Loss Prevention Annual Seminar	7,441	6,500	16,000	16,000	21,500	5,500	Risk management seminar expense
<b>Total Program Administration</b>	<b>397,852</b>	<b>289,629</b>	<b>471,500</b>	<b>472,000</b>	<b>527,671</b>	<b>55,671</b>	
Appropriation Delegated to Med Mal Committee	-	-	-	25,000	25,000	-	Available with two-thirds vote of Med Mal Committee
<b>TOTAL EXPENDITURES</b>	<b>12,857,970</b>	<b>12,482,044</b>	<b>12,792,373</b>	<b>13,023,642</b>	<b>13,291,135</b>	<b>267,493</b>	



**CSAC EXCESS INSURANCE AUTHORITY**  
**MEDICAL MALPRACTICE PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(474,870)	(456,548)	(456,548)	(456,548)	(487,850)	(31,302)	
GASB 68 Pension Funding	0	(85,152)	(85,152)	(85,152)	0	85,152	
Loss Prevention Subsidies	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)	0	
Claims System Costs	(36,818)	(32,258)	(32,258)	(32,258)	(44,259)	(12,001)	
Risk Management Subsidy Dividend	(248)	(253)	(253)	(253)	(260)	(7)	
Investment Fees	(15,992)	(9,328)	(13,000)	(12,958)	(13,404)	(446)	
<b>TOTAL TRANSFERS</b>	<b>(575,928)</b>	<b>(631,539)</b>	<b>(635,211)</b>	<b>(635,169)</b>	<b>(593,773)</b>	<b>41,396</b>	
Net Increase or (Decrease)	298,779	643,702	356,099	610,152	905,651	295,499	
<b>NET POSITION - JULY 1</b>	<b>5,706,100</b>	<b>6,004,879</b>	<b>6,004,879</b>	<b>6,473,962</b>	<b>6,360,978</b>		
<b>NET POSITION - JUNE 30</b>	<b>6,004,879</b>	<b>6,648,581</b>	<b>6,360,978</b>	<b>7,084,114</b>	<b>7,266,629</b>		
Net Position Designated for:							
Target Equity	6,004,626	6,407,832	6,098,731	7,083,827	7,266,301		
Risk Management Dividend	253	260	260	287	328		
Admin Carryover	0	240,489	261,987	0	0		
<b>Total Net Position</b>	<b>6,004,879</b>	<b>6,648,581</b>	<b>6,360,978</b>	<b>7,084,114</b>	<b>7,266,629</b>		
Target Equity							
Low Range	6,000,000	5,000,000	5,000,000	3,200,000	3,200,000		
High Range	10,000,000	10,000,000	10,000,000	10,000,000	10,500,000		

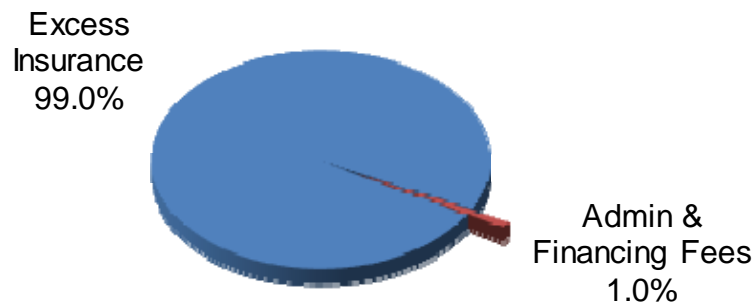
### **Master Rolling Owner Controlled Insurance Program**

The Master Rolling Owner Controlled Insurance Program (MROCIP) enables members to purchase workers compensation and general liability coverage for all eligible parties working on their construction projects. The program inceptioned in January 2013, and currently has over ten projects either approved or in progress.

Insurance	\$10 Million
EIA Administration Fees	\$140 Thousand

A summary of the MROCIP Program budget is as follows:

#### **Master Rolling Owner Controlled Insurance Program**



## **MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM (MROCIP)**

### **Program Goals**

#### Short-term

- Communicate information about the program to members.
- Extend the Tower 2 underwriting commitment.
- Expand member participation in the program.
- Finish repaying the \$500k loan based on Tower 2 participation.
- Negotiate a new three-year term for Tower 2 participants.

#### Long-term

- Maintain beneficial long-term relationships with insurance markets.
- Maintain program stability through strategies of broad spread of risk and market-based premium allocation.
- Maintain superior quality services in claims, underwriting and loss control.

### **Revenues and Expenses**

- Premiums for Retained and Transferred Risk, and other program charges are calculated based on each project's construction values, payrolls, exposures, and coverage elections.
- Program finance fees are based on the internal borrowing rate. Two loans totaling \$500k from the Property Program will be paid back to the Property Program as Tower 2 projects are billed.
- Administration fees are .03% of the Estimated Project Value.
- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Investment fees are charged on the average daily balance of program funds invested.

**CSAC EXCESS INSURANCE AUTHORITY**  
**MASTER ROLLING OCIP PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	3,340,769	7,398,033	7,500,000	5,500,000	10,000,000	4,500,000	
Broker Fees	0	0	0	0	0	0	
Investment Income	1,152	2,103	2,500	0	0	0	
Administration Fees	33,464	116,884	118,000	59,820	140,000	80,180	
Member Finance Charges	237	2,968	2,968	0	0	0	
Other Income	8,075						
<b>TOTAL REVENUES</b>	<b>3,383,697</b>	<b>7,519,988</b>	<b>7,623,468</b>	<b>5,559,820</b>	<b>10,140,000</b>	<b>4,580,180</b>	
<b>EXPENDITURES:</b>							
Retained and Transferred Risk							
Insurance Purchased	3,342,682	7,406,363	7,500,000	5,500,000	10,000,000	4,500,000	
Broker Fees	0	0	0	0	0	0	
Financing Expenses	2,206	0	2,200	3,800	800	(3,000)	Interest on interfund loan from Property Program
Total Retained and Transferred Risk	3,344,888	7,406,363	7,502,200	5,503,800	10,000,800	4,497,000	
<b>TOTAL EXPENDITURES</b>	<b>3,344,888</b>	<b>7,406,363</b>	<b>7,502,200</b>	<b>5,503,800</b>	<b>10,000,800</b>	<b>4,497,000</b>	
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(17,800)	(30,537)	(30,537)	(27,345)	(95,683)	(68,338)	
GASB 68 Pension Funding	0		0	(3,192)	0	3,192	
Investment Fees	(61)	(46)	(75)	(100)	(70)	30	
<b>TOTAL TRANSFERS</b>	<b>(17,861)</b>	<b>(30,583)</b>	<b>(30,612)</b>	<b>(30,637)</b>	<b>(95,753)</b>	<b>(65,116)</b>	
Net Increase or (Decrease)	20,948	83,042	90,656	25,383	43,447	18,064	
<b>NET POSITION - JULY 1</b>	<b>30,061</b>	<b>51,009</b>	<b>51,009</b>	<b>42,853</b>	<b>141,665</b>		
<b>NET POSITION - JUNE 30</b>	<b>51,009</b>	<b>134,051</b>	<b>141,665</b>	<b>68,236</b>	<b>185,112</b>		

## **EIAHealth**

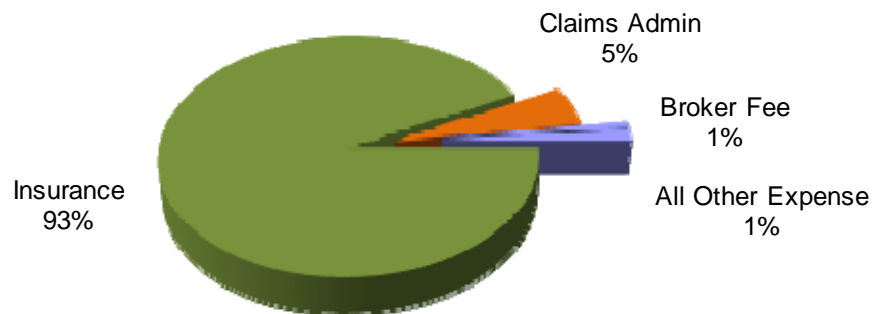
The EIAHealth Program was formed to provide CSAC Excess Insurance Authority members with a more cost-efficient alternative to their current health and benefit plans.

The EIAHealth Program creates value and long-term stability for members by securing the lowest fixed cost plan components and combining employers with similar risk profiles in a financially stable pool. In addition, the Program offers employers the flexibility to match current plan design and product offerings at lower rates for both active and retired employees. The Program has consistently outperformed the marketplace since its inception and competes effectively with standalone plans, as well as CalPERS.

Number of Members	30
Insurance	\$255 Million
Eligibility Fees	\$1.8 Million
Claims Admin Fees	\$14.6 Million
Broker Fees	\$2.3 Million
Healthcare Reform Fees	\$1.1 Million

A summary of the EIAHealth Program budget is as follows:

### **EIAHealth Program**



## **EIAHealth**

### **Program Goals**

#### Short-term

- Provide ongoing support to members on Health Care Reform compliance.
- Assist members in lower cost/lower benefit plan options to conform with Health Care Reform, as needed.
- Increase Program communication of products and services available to members and their employees.
- Increase overall member participation in committee meetings.
- Create sub-committee to develop and review RFP for an additional Third Party Administrator for the Program.
- Continue to develop Kaiser small group option.
- Review Express Scripts renewal options.

#### Long-term

- Maintain appropriate funding levels in Program.
- Maintain stable pricing.
- Maintain lower year over year increases.
- Maintain statewide and nationwide provider networks.
- Keep members updated on Health Care Reform.
- Provide wellness program options to members.
- Identify alternatives to avoid the Cadillac Tax in 2020.
- Annually review CPRA formula for any needed adjustments due to membership changes.
- Introduce health transparency tools and reference based pricing models as a way to educate and contain costs.

Budget Policies for the EIAHealth Program include the following:

### **Revenues**

- The transferred risk premiums for EIAHealth insurance is based on the benefit level selected by each member and their actual claims experience. A per month, per employee rate is established for each member.
- EIAHealth Committee has established other rates necessary to manage the EIAHealth Program. These rates, outlined below and included in the following addendum, will be updated annually with the specific amount of the fixed costs.
  - Claim eligibility fees are based on a per employee, per month rate. The rates may vary based on group size and/or products purchased by the Member.

- Broker fees are also based on a per employee, per month rate. The rate varies based on the size of each member.
- TPA fees are based on a per employee, per month rate. Administration rates are based on a per employee, per month rate.
- Investment income is budgeted at an estimated earnings rate.

### Expenses

- The health insurance premiums transferred to the EIAHealth Committee's partner, Self Insured Schools of California (SISC), equals the per employee, per month premium referred to above in the revenue section. Risk for member health cost have been transferred to SISC.
- Other EIAHealth Program revenues that pass through as an expense include:
  - Claims Administration and TPA Fees
  - Broker Fee Expense
  - Eligibility Administration Expense
- The EIAHealth Symposium expense provides for the operating cost of seminars conducted to update members on current health industry issues. The cost includes reimbursements of travel costs incurred by members to attend the seminar.
- The EIAHealth Benefit Technician Workshop is designed to train and update member health benefits staff on issues pertaining to the EIAHealth Program.
- Other program administration costs include legal expenses and actuary expenses. An expense budget of \$25,000 has been delegated to the EIAHealth Committee for any unforeseen budget expenses. The EIAHealth Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

### Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Investment Fees are charged on the average daily balance of program funds invested.

## Addendum

### EIAHEALTH 2016 Fixed Administrative Costs

<b>Program Administration (Non-Kaiser Plans)</b>	<b>Fixed Costs</b>
<b>Alliant Employee Benefits</b>	2,000+ EE's : \$3.00 PEPM 1,000 – 2,000 EE's : \$8.00 PEPM <1,000 EE's: \$11.00 PEPM Small Group: \$11.00 PEPM
<b>Alliant Underwriting Services</b>	\$3.00 PEPM
<b>Anthem Blue Cross</b>	\$45.22 to \$47.08 PEPM
<b>Benefit Coordinators Corporation (BCC)</b>	\$7.00 PEPM
<b>Blue Shield of California</b>	\$44.03 PEPM
<b>CSAC EIA Admin Fee</b>	\$1.50 PEPM
<b>Delta Health Systems</b>	\$40.87 PEPM
<b>Employee Benefit Specialists (EBS)</b>	\$6.75 PEPM
<b>SISC Pool Access Fee</b>	\$2.75 PEPM
<b>SISC Stop Loss Pooling Charge</b>	\$14.46 PEPM

<b>Program Administration (Kaiser Plans)</b>	<b>Fixed Costs</b>
<b>Alliant Employee Benefits</b>	2,000+ EE's: \$3.00 PEPM 1,000 – 2,000 EE's: \$4.00 PEPM <1,000 EE's: \$7.00 PEPM Small Group: TBD
<b>Benefit Coordinators Corporation (BCC)</b>	\$7.00 PEPM
<b>CSAC EIA Admin Fee</b>	\$1.50 PEPM
<b>Employee Benefit Specialists (EBS)</b>	\$6.75 PEPM
<b>SISC Admin Fee</b>	\$0 PEPM

*Some fees may vary by Member based on additional services purchased.*



**CSAC EXCESS INSURANCE AUTHORITY**  
**EIAHEALTH PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

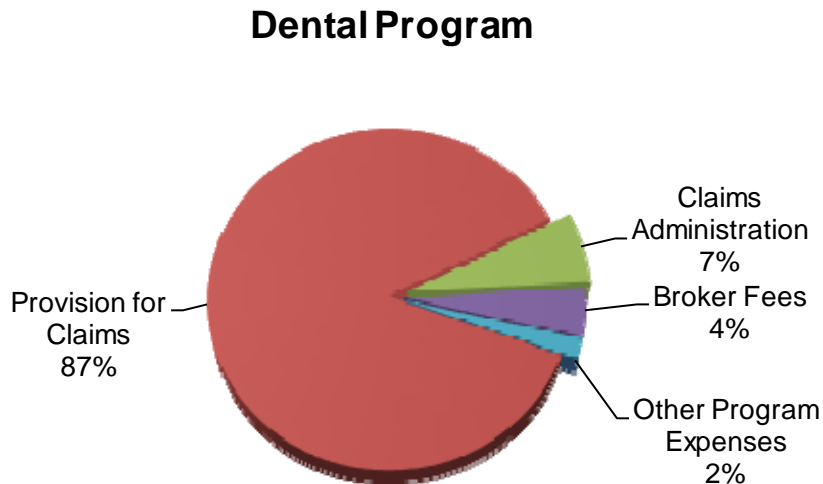
Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	217,379,646	178,029,416	241,000,000	244,058,000	254,808,000	10,750,000	Paid directly to SISC
EBS/BCC Claims Eligibility	1,694,461	1,321,161	1,766,000	1,776,600	1,779,660	3,060	Paid direct to eligibility vendor
TPA Fees for EIAHealth Program	9,907,515	10,933,220	14,500,000	10,191,000	14,569,000	4,378,000	
Broker Fees	2,150,480	1,684,797	2,252,000	2,262,800	2,296,484	33,684	Paid to Alliant & other brokers;
Administration Fees	325,415	234,471	320,000	333,000	482,000	149,000	\$1.50 per employee per month
Healthcare Reform Reinsurance Fee and PCORI Fee	1,971,385	1,136,295	1,415,000	1,500,000	1,100,000	(400,000)	
Investment Income	103,144	139,468	160,000	100,000	114,000	14,000	
Other Income	6,250	0	0	25,000	5,000	(20,000)	
<b>TOTAL REVENUES</b>	<b>233,538,296</b>	<b>193,478,828</b>	<b>261,413,000</b>	<b>260,246,400</b>	<b>275,154,144</b>	<b>14,907,744</b>	
<b>EXPENDITURES:</b>							
Member Dividends (Interest on Outstanding Balances)	13,870	0	15,000	25,000	15,000	(10,000)	
<b>Retained and Transferred Risk</b>							
Health Premiums, SISC	217,379,646	178,029,416	241,000,000	244,058,000	254,808,000	10,750,000	
Claims Admin. TPA Fees	9,907,274	10,932,975	14,500,000	10,191,000	14,569,000	4,378,000	
Broker Fees	2,150,480	1,684,797	2,252,000	2,262,800	2,296,484	33,684	
Eligibility Administration	1,694,461	1,321,161	1,766,000	1,776,600	1,779,660	3,060	
Healthcare Reform Reinsurance Fee and PCORI Fee	1,971,385	1,136,295	1,415,000	1,500,000	1,100,000	(400,000)	
Total Retained and Transferred Risk	233,103,246	193,104,644	260,933,000	259,788,400	274,553,144	14,764,744	
<b>Program Administration</b>							
EIA Actuarial, Consulting and Other	25,700	19,915	32,000	32,000	58,000	26,000	
EIAHealth Symposium and Technician Workshop	18,820	2,170	35,000	43,720	65,520	21,800	
Other Misc. Expense	0	0	10,000	15,000	-	(15,000)	
Total Program Administration	44,520	22,085	77,000	90,720	123,520	32,800	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of EIAHealth Committee
<b>TOTAL EXPENDITURES</b>	<b>233,161,636</b>	<b>193,126,729</b>	<b>261,025,000</b>	<b>259,929,120</b>	<b>274,716,664</b>	<b>14,787,544</b>	
<b>TRANSFERS:</b>							
<b>Transfers out to:</b>							
General Administration	(407,640)	(514,806)	(514,806)	(514,806)	(442,029)	72,777	
GASB 68 Pension Funding	0	(73,097)	(73,097)	(73,097)	0	73,097	
Investment Fees	(5,569)	(2,852)	(4,000)	(4,677)	(4,312)	365	
<b>TOTAL TRANSFERS</b>	<b>(413,209)</b>	<b>(590,755)</b>	<b>(591,903)</b>	<b>(592,580)</b>	<b>(446,341)</b>	<b>146,239</b>	
Net Increase or (Decrease)	(36,549)	(238,656)	(203,903)	(275,300)	(8,861)	266,439	
<b>NET POSITION - JULY 1</b>	<b>1,847,030</b>	<b>1,810,481</b>	<b>1,810,481</b>	<b>1,785,640</b>	<b>1,606,578</b>		
<b>NET POSITION - JUNE 30</b>	<b>1,810,481</b>	<b>1,571,825</b>	<b>1,606,578</b>	<b>1,510,340</b>	<b>1,597,717</b>		
Balance in Admin Carryover	562,471	-	213,568	694,785	125,707		
Unrestricted Net Position	1,248,010	1,571,825	1,393,010	815,555	1,472,010		
Total Net Position	1,810,481	1,571,825	1,606,578	1,510,340	1,597,717		

## **Dental**

The Dental Program was created to provide members with comprehensive dental coverage and flexible benefit plan designs at the lowest possible rates. As a joint purchasing program, the CSAC Excess Insurance Authority Dental Program is able to leverage the size of its pooled participants to achieve volume pricing that is significantly lower than what individual public agencies could qualify for on their own.

Number of Members	155
Pool Premium	\$32 Million
Eligibility Fees	\$360 Thousand
Broker Fees	\$1.5 Million

A summary of the Dental Program budget is as follows:



Pursuant to the 2015/16 program goals, a target equity was established and based on actuarial results, \$1.3M of program equity will be used to reduce renewal premiums for the 2016/17 year.

## **Dental**

### **Program Goals**

#### Short-term

- Reduce excess reserves.
- Continue to bring new members into the Program.
- Annually review trend levels for Program.
- Develop action plan to increase communication on available program features.
- Enhance program information available on the EIA website.
- Increase overall member participation in committee meetings.

#### Long-term

- Maintain appropriate funding levels in Program.
- Maintain stable pricing.
- Maintain lower year over year increases.
- Maintain a nationwide provider network.
- Work with Delta Dental to develop EIA Dental website for Members and employees.
- Market review for Program competitiveness.
- Create Program Specific policy statement and review Standard Operating Procedures for program relevance and adherence.

### **Revenues**

- The retained risk premiums for the EIA's Dental Program are based on the benefit level selected by each member, and the member's actual claims experience. A per month, per employee rate is established for each member.
- The EIA Employee Benefits Committee has established other rates necessary to manage the EIA Dental Program. These rates include the following:
  - Claim eligibility fees are based on a per employee, per month rate.
  - Broker fees are also based on a per employee, per month rate. The rate varies based on the size of each member.
- TPA fees are based on a per employee, per month rate.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury.

### Expenses

- Dental claim expenses equals the actual dental expenses paid for program members. The expense includes an accrual for outstanding claims incurred, and an allowance for claims incurred but not reported (IBNR).
- EIA Dental Program revenues that pass through as a like expense includes:
  - Claims administration and TPA Fees
  - Broker fee expense
  - Eligibility Administration expense
- Other program administration costs include legal expenses and actuary expenses.

### Transfers

- Transfers out to the General Administration Program are used to pay for the EIA's staff, loss prevention, and all other administrative costs. The investment income earned from the dental premiums pay for the general administration cost of the program. The Employee Benefits Committee established this procedure to operate the Dental Program without any direct administration fees.

**CSAC EXCESS INSURANCE AUTHORITY**  
**DENTAL PROGRAM**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Contribution For Retained Risk	32,028,794	23,869,258	31,830,000	30,836,057	32,046,000	1,209,943	
Stabilization Funds Transferred	0	0	0	0	0	0	
Eligibility Administration	334,103	259,015	345,000	340,000	360,000	20,000	
Broker Fees	1,464,977	1,132,968	1,500,000	1,450,000	1,515,000	65,000	
Investment Income	171,284	243,681	275,000	187,000	204,000	17,000	
Other Income	0	0	0	0	0	0	
<b>TOTAL REVENUES</b>	<b>33,999,158</b>	<b>25,504,922</b>	<b>33,950,000</b>	<b>32,813,057</b>	<b>34,125,000</b>	<b>1,311,943</b>	
<b>EXPENDITURES:</b>							
Retained and Transferred Risk							
Provision for Claims Current Year	26,917,532	21,966,492	27,200,000	28,062,286	29,496,000	1,433,714	
Provision for Claims Prior Year	0	0	100,000	100,000	100,000	0	
Claims Administration TPA Fees	2,002,695	1,583,845	2,100,000	2,200,000	2,258,000	58,000	Paid to Delta Dental
Eligibility Administration	334,102	259,015	345,000	340,000	360,000	20,000	Paid to PBIA for maintaining eligibility and billing
Broker Fees	1,464,977	1,132,968	1,500,000	1,450,000	1,515,000	65,000	Paid to Alliant and other brokers
Stabilization Funds distributed	0	393,194	393,194	0	0		
PCORI Fees	0	0	0	52,500	0	(52,500)	EIA's plan no longer required to pay PCORI fees
Total Retained and Transferred Risk	30,719,307	25,335,514	31,638,194	32,204,786	33,729,000	1,524,214	
Program Administration							
Actuarial, Consulting and Legal	4,800	3,600	8,000	10,500	14,800	4,300	
Employee Benefit & Health Symposiums	0	0	11,930	11,930	16,380	4,450	
Total Program Administration	4,800	3,600	19,930	22,430	31,180	8,750	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of Employee Benefits Committee
<b>TOTAL EXPENDITURES</b>	<b>30,724,107</b>	<b>25,339,114</b>	<b>31,658,124</b>	<b>32,252,216</b>	<b>33,785,180</b>	<b>1,532,964</b>	
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(166,970)	(194,984)	(194,984)	(194,984)	(221,015)	(26,031)	
GASB 68 Pension Funding	0	(29,941)	(29,941)	(29,941)	0	29,941	
Investment Fees	(8,617)	(4,942)	(6,600)	(6,818)	(7,381)	(563)	
<b>TOTAL TRANSFERS</b>	<b>(175,587)</b>	<b>(229,867)</b>	<b>(231,525)</b>	<b>(231,743)</b>	<b>(228,396)</b>	<b>3,347</b>	
Net Increase or (Decrease)	3,099,464	(64,059)	2,060,351	329,098	111,424	(217,674)	
<b>NET POSITION - JULY 1</b>	<b>13,597,919</b>	<b>16,697,383</b>	<b>16,697,383</b>	<b>15,393,699</b>	<b>18,757,734</b>		
<b>NET POSITION - JUNE 30</b>	<b>16,697,383</b>	<b>16,633,324</b>	<b>18,757,734</b>	<b>15,722,797</b>	<b>18,869,158</b>		
Net Position Designated for:							
Program Stabilization Funds - member designated	1,699,869		1,306,675	1,636,869	1,264,675		
Dental IBNR & Claim Fluctuation Reserves	5,400,000		5,700,000	5,370,289	5,700,000		
Admin Carryover	206,562		230,107	117,272	149,531		
Unrestricted Net Position	9,390,952		11,520,952	8,598,367	11,754,952		
Total Net Position	16,697,383		18,757,734	15,722,797	18,869,158		

### **Miscellaneous Programs**

The EIA offers various other insurance coverage to public agencies. These services include the following employee benefits programs:

- Life and Disability programs
- Employee Assistance programs

The EIA's new platform offers consolidated billing with online eligibility and enrollment.

Other coverage include:

- Optional Excess Liability programs
- Aviation Insurance
- Crime and Honesty Bonds
- Pollution Liability Insurance
- Watercraft Insurance
- Cyber Liability Insurance
- Catastrophic Inmate Medical Insurance
- Equipment Maintenance Management Program

The EIA offers these coverages to members through a group purchase program at competitive rates with no administrative fees as part of the program costs.

## **Miscellaneous Programs**

### **A. Employee Benefits**

#### **Program Goals**

##### **Short-Term**

- Program growth via new membership
- Increase communication on available program features
- Enhance program information available on the EIA website
- Increase communication with members regarding the Employee Assistance Program (EAP), resulting in increased member participation in the Program.

##### **Long Term**

- Maintain stable and competitive pricing
- Obtain multi-year agreements where ever possible
- Review impact of additional carrier being added to the Life/Disability Program.

#### **Revenues**

- The transferred risk premiums for Life, Accidental Death and Dismemberment (AD&D) Long-Term Disability, and Short-Term Disability are based on the benefit level selected by each member.
  - Life Insurance rates are based on the volume levels selected by each member.
  - AD&D rates are also based on the volume levels selected by each member.
  - Long-Term Disability rates are based on the benefit level selected by each member. The rate is applied to the monthly payroll reported by each member.
  - Short-Term Disability rates are also based on the benefit level selected by each member and is applied to the monthly payroll.
- Employee Assistance Program (EAP) revenues are based on the benefit level selected by each member. Benefit levels determine the benefits provided per incident, per employee. EAP premiums are billed quarterly, in advance by the EIA.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy, wherein a program can temporarily borrow funds from the EIA Treasury.

#### **Expenses**

- The Life, AD&D and Long and Short Term Disability premium revenues pass through to insurance companies, approved by the Employee Benefits Committee.

- EAP premium revenues also pass through to the insurance company approved by the Employee Benefits Committee. Premium expense invoices are computed monthly, based on each member's benefit level, and the reported number of employees eligible for the EAP Program.

### Transfers

- Transfers out to the general administration program are used to pay for the EIA staff, and all other administrative costs. The investment income earned from the Life, AD&D, STD and LTD Programs pay for the general administration cost of the Program. Investment income from stabilization funds used for general administration fees is limited to a minimum of \$5k and a maximum of \$10k per stabilization account.
- Transfers out for EAP administration fees is paid from investment income earned from the timing differences created by billing members quarterly, and paying the insurance companies monthly. The Employee Benefits Committee established this procedure to operate the EAP Program without any direct administration fees.
- Investment Fees are charged on the average daily balance of program funds invested.

## B. Miscellaneous Property and Casualty Programs

### Program Goals

#### Short-term

- Ensure an efficient system is in place for premium billings
- Enhance program information provided on the website

#### Long-term

- Maintain stable and competitive pricing from year to year
- Continue to evaluate new opportunities to develop coverage programs that meet members' changing risk-management needs
- Explore establishing aggregated pooling layers where it makes sense
- Maintain long-term relationships with the coverage markets
- Obtain multi-year agreements where ever possible

### Revenues

- In addition to the ten major coverage programs, the EIA provides group purchase insurance programs to offer members protection from other various exposures. These programs include:
  - Aviation
  - Bond/Crime and Faithful Performance
  - Catastrophic Inmate Medical
  - Course of Construction
  - Equipment Maintenance Management Program
  - Optional Excess Liability



- Cyber Liability
- Pollution Liability
- Special Events
- Vendor Contractors'
- Watercraft

#### Expenses

- The revenue from the group purchase of the Miscellaneous Programs listed above pass through as premium expense.

#### Transfers

- Transfers out to the general administration program are used to pay for the EIA staff and all other administrative costs. Any investment income from any timing differences for the collection of premiums and the timely payment of premiums expenses is transferred to the general administration fund.

**CSAC EXCESS INSURANCE AUTHORITY**  
**MISCELLANEOUS PROGRAMS**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Watercraft Dividend	17,867	18,495	18,495	15,000	18,500	3,500	Received from insurance carriers and paid out to members
Aircraft Dividend	96,608	98,233	98,233	80,000	83,250	3,250	Received from insurance carriers and paid out to members
EAP Premiums	1,537,446	1,189,800	1,589,800	1,613,267	1,700,000	86,733	
Life, LTD and STD Premiums	12,966,312	8,012,368	14,084,703	13,187,807	15,600,000	2,412,193	Growth in program
Vision Premiums	2,919,203	0	2,793,000	2,793,000	3,034,000	241,000	
Optional Excess	3,368,010	3,777,285	3,777,285	3,740,000	3,800,000	60,000	
Aviation Insurance	1,366,560	1,196,607	1,196,607	1,516,000	1,328,900	(187,100)	
Watercraft Insurance	189,139	199,468	199,468	201,900	211,700	9,800	
Course of Construction	1,205,545	1,046,347	1,046,347	0	0	0	No current upcoming projects
Crime and Honesty Bonds	1,211,793	1,286,831	1,286,831	1,273,100	1,287,000	13,900	
Pollution Liability Coverage	762,315	471,638	471,638	810,033	432,000	(378,033)	
Inmate Medical	665,078	425,873	425,873	567,400	427,400	(140,000)	A couple of members withdrew from the program
Owner Controlled Insurance Program	151,606	0	0	0	0	0	Nothing expected
Cyber Liability	807,948	1,113,501	1,113,501	777,200	1,015,900	238,700	
EMMP	0	0	0	0	250,000		Introduction of new line of coverage
Finance Fees	55	53	53	0	0	0	
Investment Income	46,805	32,441	37,000	25,800	26,414	614	
Other Income	540,534	499,423	499,423	100,000	100,000	0	
<b>TOTAL REVENUES</b>	<b>27,852,824</b>	<b>19,368,363</b>	<b>28,638,257</b>	<b>26,700,507</b>	<b>29,315,064</b>	<b>2,364,557</b>	
<b>EXPENDITURES:</b>							
Watercraft Dividend	17,867	18,495	18,495	15,000	18,500	3,500	These are carrier dividends paid to members who had no claims
Aviation Dividend	96,608	98,233	98,233	80,000	83,250	3,250	
Transferred Risk							
EAP Premium Expense	1,537,559	1,187,519	1,589,800	1,613,267	1,700,000	86,733	
Life, LTD Premium Expense	12,966,312	8,049,089	14,129,703	13,232,807	15,645,000	2,412,193	\$45k in stabilization funds used to offset LTD rates
Vision Premiums	2,919,203	0	2,793,000	2,793,000	3,034,000	241,000	
Optional Excess	3,368,009	3,777,286	3,777,285	3,740,000	3,800,000	60,000	
Aviation Insurance	1,366,560	1,196,607	1,196,607	1,516,000	1,328,900	(187,100)	
Watercraft Insurance	189,138	199,464	199,468	201,900	211,700	9,800	
Course of Construction	1,205,545	1,046,347	1,046,347	0	0	0	
Crime and Honesty Bonds	1,211,795	1,286,828	1,286,831	1,273,100	1,287,000	13,900	
Pollution Liability	762,236	471,639	471,638	810,033	432,000	(378,033)	
Inmate Medical	665,078	425,874	425,873	567,400	427,400	(140,000)	
Owners Controlled Insurance Program	151,606	0	0	0	0	0	
Cyber Liability	812,308	1,100,337	1,100,337	777,200	1,015,900	238,700	
EMMP	0	0	0	0	250,000	250,000	
Other	540,535	396,578	396,578	100,000	100,000	0	
Total Transferred Risk	27,695,884	19,137,568	28,413,467	26,624,707	29,231,900	2,357,193	
<b>TOTAL EXPENDITURES</b>	<b>27,810,359</b>	<b>19,254,296</b>	<b>28,530,195</b>	<b>26,719,707</b>	<b>29,333,650</b>	<b>2,363,943</b>	

**CSAC EXCESS INSURANCE AUTHORITY**  
**MISCELLANEOUS PROGRAMS**  
**Adopted Budget**  
**July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(339,452)	(15,000)	(28,000)	(15,000)	(15,000)	0	
Internal Investment Fees	(2,441)	(662)	(1,000)	(1,000)	(1,014)	(14)	
<b>TOTAL TRANSFERS</b>	<b>(341,893)</b>	<b>(15,662)</b>	<b>(29,000)</b>	<b>(16,000)</b>	<b>(16,014)</b>	<b>(14)</b>	
Net Increase or (Decrease)	(299,428)	98,405	79,062	(35,200)	(34,600)	600	
<b>NET POSITION - JULY 1</b>	<b>2,144,997</b>	<b>1,845,569</b>	<b>1,845,569</b>	<b>1,811,437</b>	<b>1,924,631</b>		
<b>NET POSITION - JUNE 30</b>	<b>1,845,569</b>	<b>1,943,974</b>	<b>1,924,631</b>	<b>1,776,237</b>	<b>1,890,031</b>		
Net Position Designated for:							
Life Stabilization Fund	891,570		891,570	884,896	892,170		
LTD Stabilization Fund	948,829		858,829	845,800	808,829		
Unrestricted Net Position	5,170		174,232	45,541	189,032		
<b>Total Net Position</b>	<b>1,845,569</b>	<b>1,943,974</b>	<b>1,924,631</b>	<b>1,776,237</b>	<b>1,890,031</b>		

Life, Disability and EAP Premium and Expense are moved to this program but remain under the purview of the Employee Benefits Committee.  
Other Miscellaneous programs are directed by the Executive Committee.

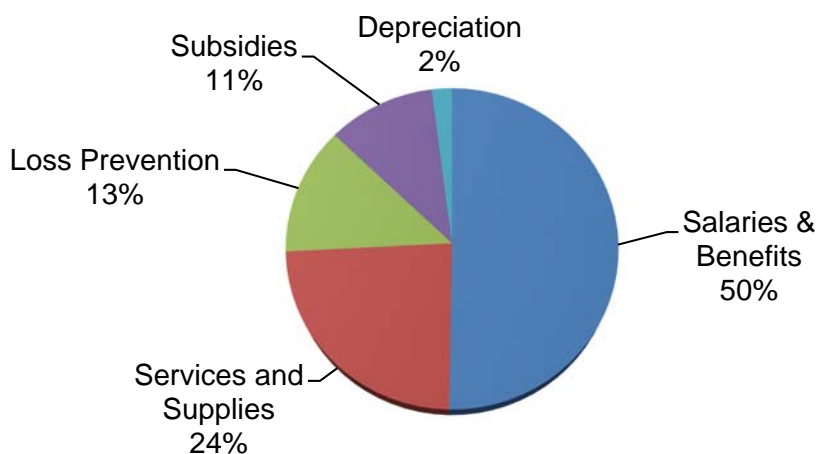
**CSAC EXCESS INSURANCE AUTHORITY  
CAPTIVE  
Adopted Budget  
July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Text Detail
<b>REVENUES:</b>						
Contribution For Retained Risk	0	0	0	0	65,551,473	
Investment Income	0	0	0	0	1,825,000	
Other Income	0	0	0	0	0	
<b>TOTAL REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67,376,473</b>	
<b>EXPENDITURES:</b>						
Retained and Transferred Risk	0	0	0	0	0	
Provision for Claims Current Year	0	0	0	0	63,092,809	
Provision for Claims Prior Year	0	0	0	0	0	
Total Retained and Transferred Risk	0	0	0	0	63,092,809	
Program Administration						
Actuarial Services	0	0	0	0	10,000	
Audit Services	0	0	0	0	5,000	
Legal Service	0	0	0	0	8,000	
Board Meetings	0	0	0	0	15,000	
Utah Captive Fees	0	0	0	0	5,250	
Investment Management Fees	0	0	0	0	20,271	
Banking and Custody Fees	0	0	0	0	2,000	
Management Services	0	0	0	0	25,000	
Other Miscellaneous Expense	0	0	0	0	0	
Total Program Administration	0	0	0	0	90,521	
Contingency Delegated to Governing Committee	0	0	0	0	0	
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63,183,330</b>	
Net Increase or (Decrease)	0	0	0	0	4,193,143	
<b>NET POSITION - JULY 1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>NET POSITION - JUNE 30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,193,143</b>	

## **General Administration**

The general administration fund is used to pay the day to day operations of the EIA. These expenses include staff salaries and benefits, staff travel and support, Authority meeting expenses, services and supplies, loss prevention, depreciation of equipment and software, and subsidies to members. The allocation of general administration expenses is as follows.

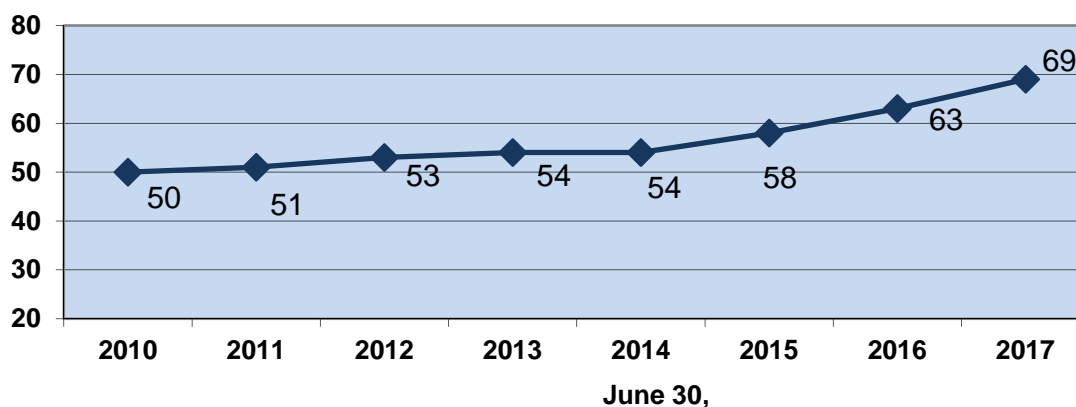
### **General Administration Budget**



Highlights of the general administration budget are as follows:

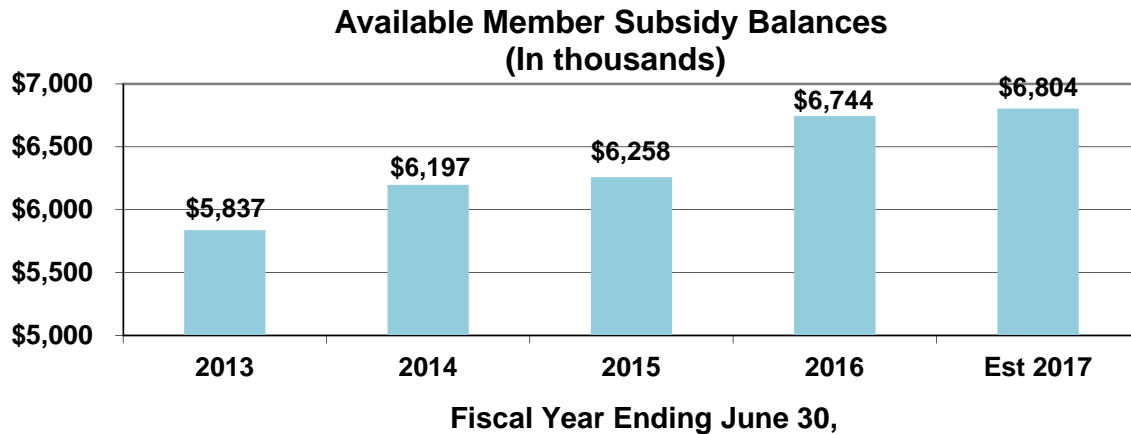
- Salaries and benefits includes six new positions to be added in 2016/17.
- The history of the number of authorized positions is illustrated in the following chart.

### **History of Authorized Staff Positions**



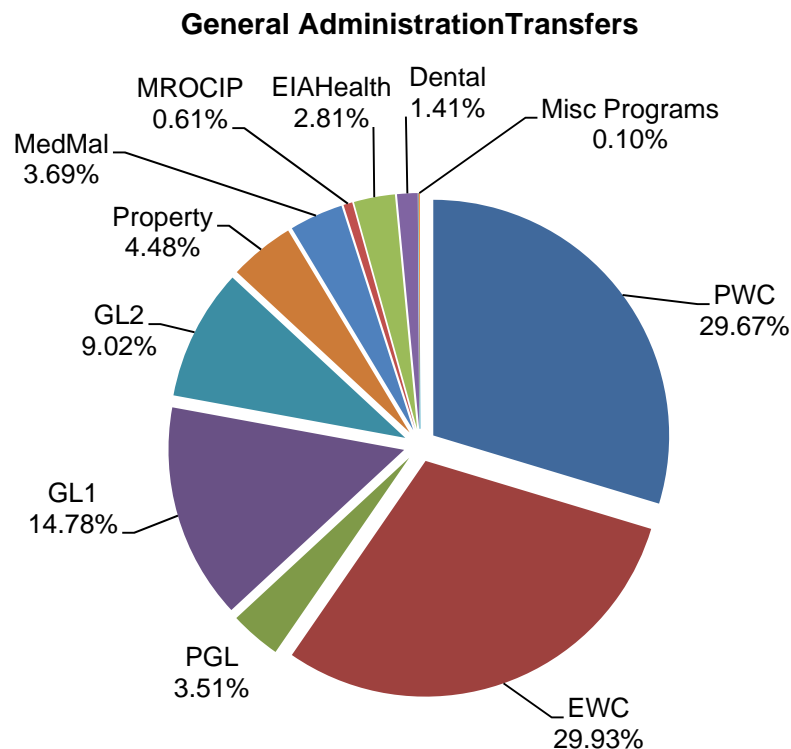
### Loss Preventions and Risk Management Subsidies

The EIA has a long history of providing loss prevention and Risk Management Subsidies to our members. The following chart illustrates the balance of subsidies amounts available to members.



### General Administration Transfers

General Administration expenses are supported from transfers from all Authority programs. Separate allocations are computed for loss prevention, the web based claims system, risk management subsidies, and general administration. The percentages of transfers from all programs are as follows.



## **General Administration**

### **Program Goals**

#### **Short Term**

- Align staff activity to support program specific short and long term goals
- Update Performance Measures for all departments
- Complete third party administrator conversion to new claims system and continue member conversion to new system
- Develop member and pool management functionality on the EIA website
- Expand data and analytics services provided to members
- Continue implementation of new schools loss prevention and repetitive motion programs.
- Annually update the Insurance Requirements in Contracts Manual.
- Strengthen and expand legislative advocacy by coordinating efforts with CSAC
- Continue the supervisory development training program to prepare technical staff for the next level of career advancement
- Perform an audit of the executed governing documents (JPA's and MOU's) to ensure we have received all required documents and they have been appropriately filed.
- Continue staff training on new claims system and provide technical training on new data analytics software.
- Develop comprehensive member outreach plan acquainting members with risk management services provided by the EIA.
- Complete development of risk assessment tool and rollout to members.
- Implement new Human Resource (HR) system.
- Deliver annual employee performance reviews by June 15<sup>th</sup> of each year.
- Evaluate development and implementation of a Captive Insurance company.
- Continue enhanced efforts to increase communication and contact with County membership through personal visits and Public Entity membership through webinars and personal visits.
- Through Member Services, enhance the awareness among the membership of existing service opportunities.
- Annually update IT strategic plan with approvals from Technology and Executive committees.

#### **Long Term**

- Foster and promote employee job satisfaction, engagement and professionalism
- Continue to foster superior customer service to members
- Continue to develop loss prevention services in response to emerging trends
- Develop loss data consistency throughout the claims reporting system and among members

- Continue to monitor our benefit package to ensure competitiveness with the market
- Maintain accurate employment records in electronic archiving system
- Promote effective policies for contracting for EIA services, including long term contracting for board meetings.
- Maintain compliance with the Brown Act and governmental reporting requirements.

Budget Policies for the General Administration Program include the following:

### Revenues

Member services revenues are used to account for the fees for a variety of cost saving services approved by EIA committees. The costs of providing these services are passed through to the members using the services. These services include:

- Insurance Certificate Tracking – The Insurance Certificate Tracking Program is an online program to obtain and record proper evidence of insurance coverage from each organization contracting with member agencies. The direct cost of the Program is billed to the participating members.
- Claims System – Members of the EIA who have been using the iVOS claims system as their primary claims handling system have the option to transition to our new claims system. In addition, members never using EIA's claims system has the opportunity to do so. There are various payment options available. The direct cost of the Program is billed to the participating members.
- Investment income is budgeted at an estimated earnings rate determined annually, based on the estimated portfolio yield on invested assets and expected cash flows, and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy, wherein a program can temporarily borrow funds from the EIA Treasury.
- PLIP Income – The Executive Committee has approved a Personal Lines Insurance Program (PLIP) allowing EIA and member employees to access group savings for personal insurance. The Program is operated in partnership with the California State Association of Counties (CSAC). Affinity fees are received quarterly and are shared equally with CSAC.
- Shared Cost Agreements – The Executive Committee has approved shared cost agreements, in which the cost of EIA staff or services is shared with EIA vendors.
- Meeting Revenues – Voluntary contributions from EIA partners and vendors, toward the cost of EIA meetings and events, are recognized as meeting revenue.
- Additional Subsidy Funds – Members may contribute additional funds to the EIA to be used for their risk management needs.



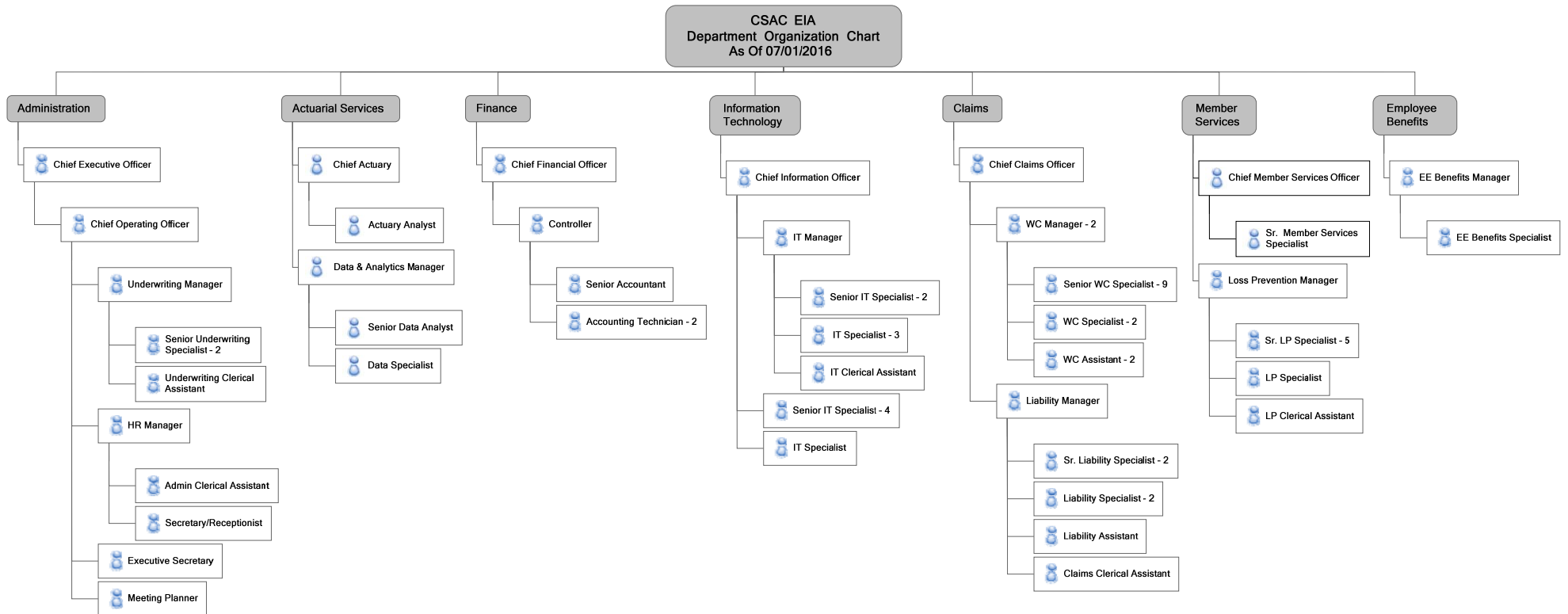
## Expenses

- Staff salaries and benefits are based on policies established by the Personnel Sub-Committee and approved by the Executive Committee. This includes approval of authorized positions, salary classifications and pay ranges, benefit levels and other personnel matters. New staff positions, classifications changes, market adjustments to pay ranges, merit pay pool limits, and defined benefit and defined contribution rates are approved annually by the Personnel Sub-Committee and Executive Committee.
- Staff Travel – Employees are reimbursed for ordinary and necessary travel cost for authorized business related purposes. Mileage cost is reimbursed at the rate established by the Internal Revenue Service. Other reimbursable travel costs include the actual cost for lodging, meals, and related ordinary and necessary incidental expenses.
- Authority Meeting Expenses – Members of the Board of Directors, or their alternates, are reimbursed for ordinary and necessary travel expenses. Reimbursements are based on the Travel Policy approved by the Board of Directors. A second county representative attending a Board of Directors meeting may be reimbursed for travel expenses, provided that the first county representative is a voting member of the Board of Directors.
- Executive and Committee Travel – Members of Authority committees are reimbursed for ordinary and necessary travel expenses to attend committee meetings and the conduct of other committee activities. Reimbursements are based on the Travel Policy approved by the Board of Directors.
- Audit Services – An independent audit examination of the EIA Comprehensive Annual Financial Report (CAFR) is completed each year by a Certified Public Accountant. The selection of the independent auditor is based on the recommendation of the Finance Committee and approved by the Executive Committee. The audit contract is based on a Request for Proposal (RFP) process determined by the Finance Committee.
- Legal Services – The Board of Directors and Authority committees may appoint Legal Counsel to provide legal services to the Board of Directors or Committees.
- Management Training – Management training expenses include the cost of periodicals and publications, education and scholarships, conferences and seminars, and membership dues. Management training expenses are approved by EIA senior management.
- Computer Hardware, Software and Technical Support includes the cost of software licenses, annual maintenance and support and computer hardware less than the \$5,000 capitalization thresh hold for all systems except the claims system. This category also includes the cost of web-based conferencing, external computer technical assistance and the costs associated with website design, hosting and support.

- Claims System – This includes the costs for data conversion, training, maintenance, cloud hosting, EIA contract project management and depreciation on capitalized costs for the claims system, for both EIA and its third-party administrators.
- Legislative advocacy services are provided by two third-party contracts to represent the pooling industry's interest, primarily at the State level.
- Investment expenses represent the cost of third-party investment management services to EIA.
- Loss Prevention Platform – An online training and safety/risk management platform is available to all members providing access to a wide range of training topics. The Platform also includes custom activity, credential tracking, a resource center, and file center functions. The cost for the Loss Prevention Platform is included in the Administration Fee, allocated to all members.
- A variety of loss prevention monitoring, educational, and awareness services are provided to members as approved by the Board.
- Other ordinary and necessary expenses are estimated and approved through the regular budget process and according to the Budget Preparation and Management Policy.
- A Contingency amount is budgeted, and may be transferred to any line item with the approval of a two-thirds vote of the Executive Committee.

### Transfers

- Transfers in from each EIA program are used to pay for EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time. Transfers from programs that access our claims system are allocated based on program use.
- Transfers in from each EIA program are used to pay for loss prevention subsidies.
- Public entity participation fees, collected during the prior fiscal year, are consolidated by transfers in to the General Administration Program. The Board of Directors considers risk management dividends at the October Board of Directors meeting. Risk management dividends, approved by the Board of Directors, are allocated to county members as a risk management subsidy dividend.
  - A transfer in for investment fees reimburses the EIA Treasury for the cost of third-party investment management services.



## ADMINISTRATION DEPARTMENT

2016/17 Staffing Budget: \$1,612,498

### Departmental Functions:

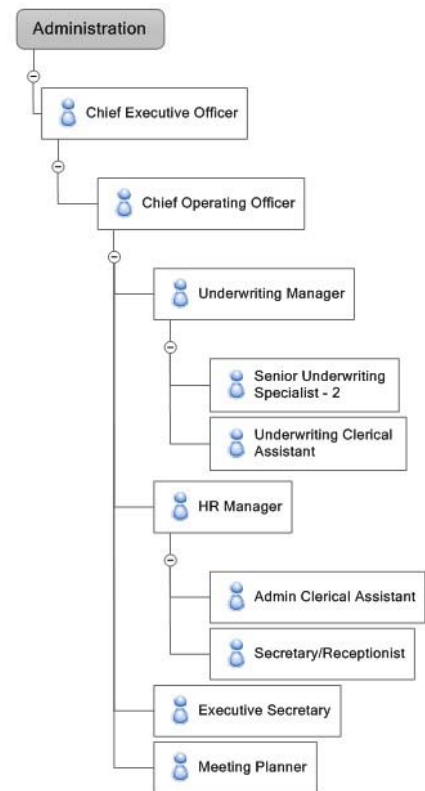
- Oversee administration of EIA programs including marketing, underwriting, and servicing all insurance programs.
- Manage member communications including agendas, minutes, web and member relationship portals, and travel and meeting arrangements.
- Manage all staff service functions including Human Resources, employee training and loss prevention.
- The offices of the CEO and COO are the face of the EIA with our partners, including our brokers, our insurers, and most importantly, our members.
- Responsible for the implementation of strategic initiatives.

### Major Accomplishments in Fiscal 2015/16:

- Retained 99% of members at renewal of the programs.
- Increased contact with public entity members with the implementation of a new process to meet with each public entity member over the next 3 years.
- Received Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association, (GFOA).
- Completed evaluation of developing an EIA captive insurance company.
- Began development of administrative communications to be distributed to members through EIA-TV.
- Continued work on staff succession plans by development of plans for the management staff.

### Performance Measures for Fiscal 2016/17:

- Take all necessary actions to fully implement the EIA captive business plan.
- Compliance 100% of the time in meeting Brown Act deadlines for agenda and meeting materials.
- Increase communication with public entity members, including contact with 91 public entity members via WebEx or personal visit.
- Continue participation in PAFR program.
- Utilize EIA-TV to produce 5 additional recorded administrative communications.
- Provide accurate underwriting information to brokers within adopted timelines.
- Continue creation of a staff succession plans, finish development of senior management and management plans and begin development of plans for the senior specialists.
- Complete the evaluation of an EIA Recognition Program and implement if approved.

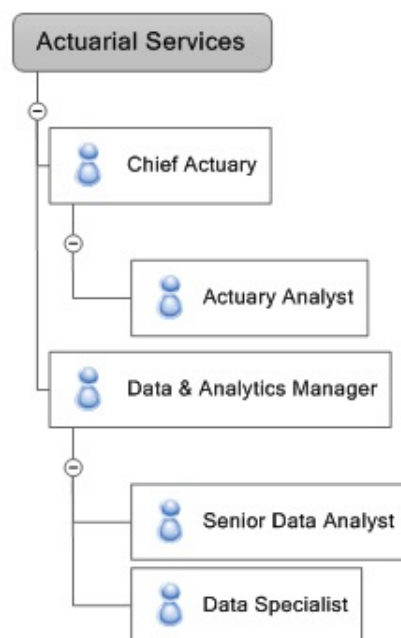


## ACTUARIAL SERVICES DEPARTMENT

2016/17 Staffing Budget: \$851,909

### Departmental Functions:

- Provide Actuarial services for the property and casualty programs including analysis of pooling layers and various insurance options.
- Provide actuarial estimates of outstanding liabilities and recommendations on member premium rates for all property and casualty programs.
- Provide in-depth loss analysis, including continued evaluation of workers' compensation future medical reserving adequacy.
- Produce the quarterly Claims Summary and Loss Portfolio Transfer reports, and the monthly Bordereaux.
- Manage the Annual Loss Data Collection process (for actuarial studies and market placement) for all major programs.
- Develop and deploy reports, analytics, and data driven applications including benchmarking.
- Work with data providers (members and TPAs) to improve the availability of loss and exposure information for the membership.
- Provide additional data analytics and benchmarking services as needed



### Major Accomplishments in Fiscal 2015/16:

- Defined the Data & Analytics (D&A) department's functions and the value it will deliver to the EIA and its membership (D&A formed on 7/1/2015). Instituted an ongoing D&A staff development program to grow data management skills and knowledge.
- Completed the Annual Loss Data Collection processes for the major programs on-time and decreased the amount of time spent converting and reporting member loss data by approximately 35%.
- Delivered the quarterly Claims Summary and Loss Portfolio Transfer reports, and monthly Bordereau reports, accurately, and on time.
- Compiled a new repository of historical membership information including member participation dates, SIRs, premiums, experience modification factors (Ex-Mods), and exposures (payroll, full-time equivalents (FTE), and average daily attendance (ADA).
- Acquired and deployed the initial D&A technology platform (hardware and database, reporting, and dashboard development software).
- Designed and developed the new "DnA" database which will support all Data and Analytics activities going forward.
- Began automating the annual data collection process and eliminating manual processed used for scrubbing, converting, and reviewing member loss data.
- Implemented a new pilot loss data collection and reporting program:
  - Began the transition to monthly loss data reporting with all of the major third party claims administrators (TPAs) and several self-administered members.

- Developed and implemented new processes to extract loss data from the SIMS claims system.
- Started development of an initial prototype member dashboard and benchmarking application.

*Performance Measures for Fiscal 2016/17:*

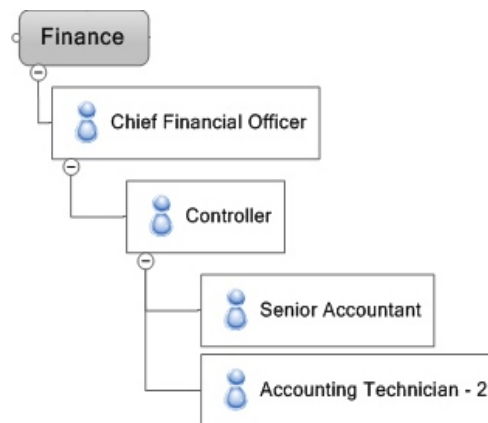
- Complete actuarial analysis for the property and casualty programs, including timely recommendations on rates for the 2017/18 year.
- Development of EIA specific trend factors for indemnity, medical, ALE and ULE for workers' compensation and property damage, bodily injury, ALE and ULE for liability.
- Produce in-depth outstanding liability and projection estimates on a quarterly basis.
- Evaluate and identify loss layers that might be better reinsured than self-insured.
- Complete Annual Loss Data Collection processes for the major programs on time and reduce staff time required by another 35% from 2015/16 levels.
- Deliver the quarterly Claims Summary and Loss Portfolio Transfer reports, and monthly Bordereaux reports accurately, and on time. Begin to automate some processes required to generate these reports and reduce the staff time needed.
- Deploy the production D&A technology platform (hardware, databases, dashboards and reports) for web and e-mail based reporting and analytics.
- Complete development of the DnA database and data intake engine in order to fully automate loss data collection and processing.
- Complete the conversion of all major TPAs from annual to monthly loss data reporting and expand monthly reporting for most self-administered members.
- Complete the pilot data collection and reporting program and move the initial dashboard and benchmarking application to a production service available for all members.
- Timely and accurate response to informational requests and ad-hoc reports and analysis.

## FINANCE DEPARTMENT

2016/2017 Staffing Budget: \$614,503

### Departmental Functions:

- Plan, organize and direct the investment and accounting functions throughout the Excess Insurance Authority.
- Support program specific financial accounting, including financial statements, budgets, and claims reconciliations.
- Provide analysis and support to internal and external customers to support EIA goals.
- Provide timely, transparent and easy to understand financial reporting to committees and members.



### Major Accomplishments in Fiscal 2015/16:

- Participated in and received the Certificate of Achievement for Excellence in Financial Reporting (CAFR), and Distinguished Budget Award from the Government Finance officers Association (GFOA) and assisted in the preparation of the Popular Annual Financial Report (PAFR).
- Met or exceeded deadlines for claims reconciliation and funding information on programs' Claim Summary Reports.
- Successful renewal billing cycle of 919 invoices with a total value of \$303.2M with only 4 outstanding at 60 days.
- Financial audit with completed on time with no findings.
- Provided HR with extensive payroll support during leave of absence.
- Collaborated in providing governance information for captive formation.

### Performance Measures for Fiscal 2016/17:

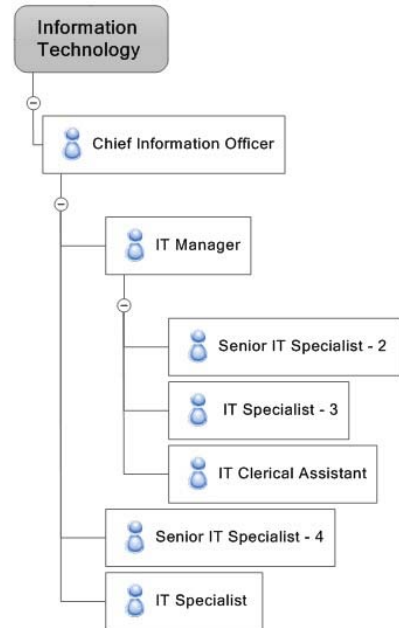
- Obtain CAFR and budget awards from GFOA.
- Bill and collect 100% of renewal billing within 60 days of the new fiscal year.
- Present financials to Board by October Board meeting that agree in substance to the final audited financials.
- Assist with Captive implementation by providing accounting for captive insurance component.
- Bill claim reimbursements and member reimbursements within 3 days of receipt from the Claims and Underwriting Departments.
- Pay all invoices within the due date and claim reimbursements within two weeks.
- Provide Claims Summary Report funding numbers within quarterly specified timeframes.
- Continue work on automating the transfer of claims payment and excess reimbursement data between the claims system and the accounting system.
- Timely and transparent reporting and preparation of quarterly Treasurer's reports.
- Support HR payroll functions including checking and timely filing of state compensation report, W2's and payroll tax returns.

## INFORMATION TECHNOLOGY DEPARTMENT

2016/17 Staffing Budget     \$1,454,797

### Departmental Functions:

- Maintain personal computer infrastructure to support automated needs of CSAC Excess Insurance Authority.
- Provide specialized reporting capabilities for claims handling.
- Provide first level of support for members who are on our AON iVOS contract or our Systema SIMS contract.
- Provide project management, system conversion, and system upgrade support for members.
- Provide development and management of all digital media and content – website, pool management, and communications.
- Support all electronic processing systems including Claims Management, Policy Management, Human Resource Management and Financial management.
- Provide auditing and editing capabilities for meeting agendas and presentations.



### Major Accomplishments in Fiscal 2015/16:

- Partnered with Claims Department to implement Systema SIMS for the Worker's Compensation Third Party Administrators; Intercare and Hazelrigg.
- Implemented Systema SIMS for final iVOS Members and two additional members.
- Implemented refreshed website and new file management system.
- Partnered with the Claims Department and Finance Department to automate transfer of claims payment and excess reimbursement data between the new SIMS system and the MIP system.
- Created Information Technology Strategic Plan with operational goals to support strategic objectives.

### Performance Measures for Fiscal 2016/17:

- Partner with Claims Department to complete the implementation of Systema SIMS for the Worker's Compensation Third Party Administrators; LWP and Adminsure.
- Continue to market the EIA Workers' Compensation and General Liability code standards.
- Further development of pool management system – subsidies, prospect/exposure data collection, JPA membership, non-members, additional coverages, coverage participation (including historical support) and Board and Committee Management
- Website – Overhaul of Named Insured tool and Application Submission Review Process and Integration of Benchmarking and Risk Assessment tools.



## CLAIMS DEPARTMENT

2016/17 Staffing Budget: \$2,641,548

### Departmental Functions:

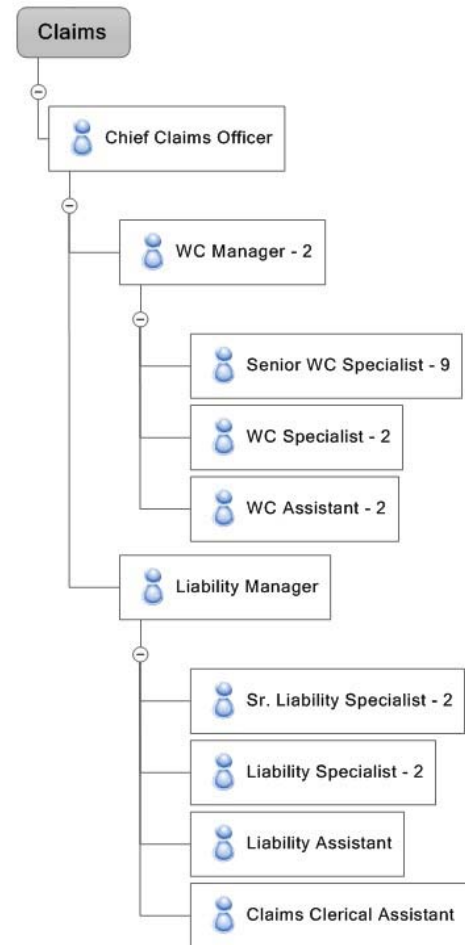
- Plan, organize and direct the claim functions throughout the Excess Insurance Authority.
- Work with members, vendors and business partners to ensure claim cost control.
- Provide analysis of loss trends to facilitate intervention for loss prevention and loss control, to address frequency and severity issues.

### Major Accomplishments in Fiscal 2015/16:

- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.
- Invoiced excess reimbursements to reinsurers/excess carriers within five days of issuing payment.
- Processed Bordereaux invoicing for EWC and PGL programs monthly.
- Began the process of converting PWC claims from Intercare's system to EIA's SIMS system and began bringing Hazelrigg onto the EIA's SIMS system.

### Performance Measures for Fiscal 2016/17:

- In coordination with IT, complete the transition of Intercare, Hazelrigg, and LWP from their claims systems to the EIA's SIMS system by June 2017.
- Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.
- Invoice excess reimbursements to reinsurers/excess carriers within five days of issuing payment. Oversee and follow up with those reinsurers to achieve at least 80% reimbursement within 30 days of invoice issuance.
- Implement claims allocation policy for PWC and EWC claims.
- Develop reports to track closing ratios for claims specialists and case status.
- Start the first phase of the claims-accounting system interface for transaction processing.
- Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.



## MEMBER SERVICES DEPARTMENT

2016/17 Staffing Budget: \$1,285,269

### Departmental Functions:

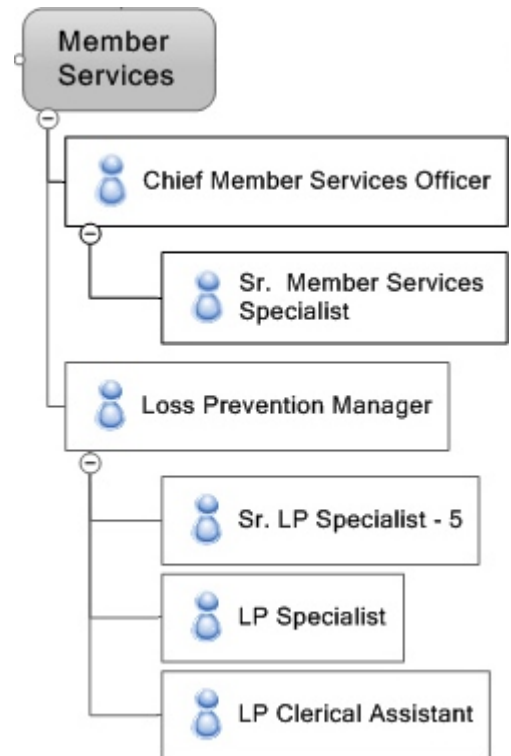
- Provide member directed risk management services that target and reduce exposure to losses
- Market existing services to ensure members are aware of opportunities that exist
- Evaluate new service offerings based on a systematic approach that considers member demand, as well as staffing & funding considerations
- Provide on-demand training & loss prevention services that continually adapt to members' changing risk needs.
- Develop & maintain informational resources & best practices
- Maintain a library of training aids & programs
- Participate in the EIA prospect evaluation process

### Major Accomplishments in Fiscal 2015/16:

- Completed development of the new, automated risk assessment tool
- Created Crisis Incident Management Policy, training and funding
- Established preferred pricing agreements for repetitive motion injury prevention and school bullying prevention programs
- Updated and published the Insurance Requirement in Contracts (IRIC) manual
- Renewed the Employment Law legal services hotline for PWC & GL1 Programs
- Replaced MyChannel with EIAtv allowing for a better overall user experience and 24/7 access to 109 on-demand presentations
- Continued expansion of loss prevention resource toolkit
- Increased member outreach through both direct email and the EIA Message Board
- Eliminated user fees for the TargetSolutions platform resulting in a 63% increase in the number of employees taking online courses, exceeding the goal by 53%
- 20% increase in the number of total course completions, exceeding the goal by 10%
- 8% increase in enrollment in the EPN program exceeding the goal by 3%

### Performance Measures and Goals for Fiscal 2015/16:

- Expand participation in EIA training programs
  - 10% increase in instructor led training program attendance
  - 10% increase in the number of employees taking online courses
  - Increase EIAtv on-demand offerings by 20%
- Target a 5% enrollment increase in the driver monitoring program
- Evaluate and enter into an agreement for an anonymous reporting tool
- Enter into an agreement for body worn camera data management services
- Develop a School Activity Liability Management Program manual
- Create an essential job description and job safety analysis repository
- Continue to foster increased member engagement through use of the EIA website

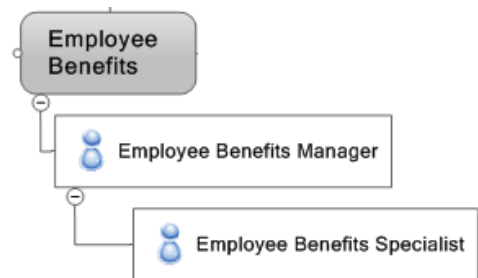


## EMPLOYEE BENEFITS DEPARTMENT

2016/17 Staffing Budget: \$241,150

### Departmental Functions:

- Educate Members on EIAHealth and Employee Benefits offerings and important issues related to industry specific compliance under the Affordable Care Act.
- Attend and assist with Health and Benefits meetings addressing open enrollment, health fairs and implementation of new coverage offerings.
- Assist in resolving service issues for members and their employees within the Health and Benefits Programs.
- Collaborate with Broker and Carrier partners in the representation of program initiatives.
- Maintain and audit complex Program Performance Reports for Health and Dental.



### Major Accomplishments in Fiscal 2015/16:

- Added Kaiser as an EIAHealth Program offering.
- Overall program growth and retention, with an increase in service levels to Members.
- EIA Healthcare Symposium conducted in Irvine, Sacramento and Pleasanton, attended by over 300 Members, Broker and Carrier representatives. Attendance increased by 25% in 2016.
- Review, reconstruction and audit of Program Performance reports.
- Modification of the EIA Dental Legacy Stabilization Fund Policy to include broader terms of disbursement and utilization.
- Increased communication of Employee Benefits services to existing Members and to those not currently participating in the programs.
- Strengthen communication and collaboration with our Broker and Carriers.
- Created efficiencies and accountability in the Life and Disability billing process by adding Cigna to the online premium billing platform.
- Documentation of Employee Benefits process and procedures.
- Continue to conduct Public Entity meetings, to educate the PE members on EIA Services.

### Performance Measures for Fiscal 2016/17:

- Increase continued visibility and education of services available to Members through the EIAHealth and Dental programs.
- Audit and update EIAHealth and Dental Member data within the Connections system.
- Continued enhancement of the Employee Benefits information available via our EIA website.
- Create an online Health newsletter than announces products and services available to EIA Members.
- Increase participation at the 2017 EIA Healthcare Symposium.
- Conduct quarterly meeting with all EIA Consultant and Carrier partners.
- Improve Program transparency with increase in reports provided to the EIAHealth and Employee Benefits Committees.
- Promote Member growth in all Employee Benefits Programs.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION PROGRAM  
Adopted Budget  
July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Member Services							
Insurance Certificate Tracking	145,683	166,581	215,000	255,000	210,000	(45,000)	
DMV Pull Program	37,243	3,386	3,400	0	0	0	Pass through program discontinued
Claims System Access	276,817	265,836	483,836	542,691	736,741	194,050	Member conversion to new SIMS claims system
Loss Prevention Platform	650,761	0	0	0	0	0	Part of general admin allocation beginning in FY15/16
Investment Advisor Services	13,776	0	0	0	0	0	No longer providing investment management services to members
Investment Income	143,340	17,147	50,000	110,000	132,000	22,000	
PLIP Income	80,982	59,551	80,000	80,000	80,000	0	
Shared Cost Agreements	38,790	19,730	38,790	39,459	41,386	1,927	50% of Employee Benefits Specialist in FY16/17
Loss Prevention Training Fees & Materials	990	6,179	7,000	1,200	1,200	0	CPR and First Aid books billed when courses are provided
Additional Subsidy funded by Members	479,600	429,543	430,000	275,500	300,000	24,500	Amounts added in premium invoicing at member discretion
Other Revenues	5,486	2,529	2,550	1,000	1,000	0	
<b>TOTAL REVENUES</b>	<b>1,873,468</b>	<b>970,482</b>	<b>1,310,576</b>	<b>1,304,850</b>	<b>1,502,327</b>	<b>197,477</b>	
<b>EXPENDITURES:</b>							
Salaries and Benefits							
Regular Salaries	5,101,546	4,179,148	5,735,000	5,970,662	6,985,019	1,014,357	See Schedule 1 for detail on all Salaries and Benefits
Retirement	431,458	388,811	2,550,600	2,442,550	806,688	(1,635,862)	Funding of 90% of GASB 68 unfunded pension liability in FY15/16
Employee Benefits	954,111	714,310	1,044,095	1,252,259	1,368,029	115,770	See Schedule 2. Benefit costs of new employees.
Employment Taxes	68,837	51,444	77,600	93,746	108,353	14,607	
Temporary Services	6,366	34,976	66,200	47,500	2,500	(45,000)	Currently no planned leaves of absences in FY16/17
Employment Services	6,242	10,773	12,800	19,660	13,450	(6,210)	
Total Salaries and Benefits	6,568,560	5,379,462	9,486,295	9,826,377	9,284,038	(542,339)	
Services and Supplies:							
Staff Travel	278,676	213,031	322,000	322,000	373,700	51,700	Travel to file reviews, settlement conferences, etc. Primarily from increase in CEO, Admin & Member Svcs travel.
Authority Meeting Expenses	162,262	99,725	275,000	351,425	362,500	11,075	See Schedule 3
Committee Expenses	124,618	65,876	135,000	142,289	140,110	(2,179)	See Schedule 4
Audit Service	38,500	37,400	50,000	50,000	65,000	15,000	
Legal Counsel	8,862	2,240	25,000	55,500	55,000	(500)	Includes \$40k for Amicus Briefs, if authorized by Executive Committee
Periodicals and Publications	5,451	3,322	7,595	7,595	7,565	(30)	See Schedule 5
Training and Education	10,665	12,784	35,000	60,195	104,300	44,105	See Schedule 5; additional IT and Data/Analytics training
Educational Scholarships	0	0	0	6,500	8,000	1,500	See Schedule 5
Conferences and Seminars	31,478	27,685	53,075	53,075	61,950	8,875	See Schedule 5; \$6k in CSAC Premiere Sponsor moved from dues to conference
Membership Dues	19,710	36,596	64,395	64,395	57,135	(7,260)	See Schedule 5; \$6k in CSAC Premiere Sponsor moved from dues to conference
Office Supplies	35,931	30,271	75,000	78,800	92,500	13,700	
Computer Supplies, Software and Annual Maint.	205,719	201,423	327,095	327,095	389,899	62,804	See Schedule 6; addt'l Microsoft licenses; new monitoring & Qlik (D&A) software
Computer Hardware, Backup Data Center	61,535	26,242	84,575	84,575	103,201	18,626	See Schedule 6; Firewalls; Data & analytics AWS environment
WebEx Conferencing	5,521	3,125	6,000	16,800	14,040	(2,760)	See Schedule 6
Computer Technical Assistance	67,071	44,965	85,000	89,400	116,900	27,500	See Schedule 6
Website Design/Hosting/Support	266,757	52,855	157,500	157,500	272,500	115,000	See Schedule 6; change in website design costs
Claims System	666,857	374,090	830,500	1,149,895	1,336,022	186,127	See Schedule 7
Insurance	150,230	184,829	184,830	206,800	220,252	13,452	See Schedule 8; primarily increase in WC
Postage	11,742	8,356	13,000	16,000	16,000	0	
Telephone	41,353	36,785	60,200	60,200	67,600	7,400	Higher data costs from increased staffing
Printing	37,473	37,680	55,000	58,000	62,500	4,500	See Schedule 9
Maintenance	1,152	0	7,000	7,000	7,000	0	

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION PROGRAM  
Adopted Budget  
July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
Accreditation and Certifications	1,780	11,780	11,780	12,575	2,500	(10,075)	CAJPA accreditation in FY15/16
Consultant	84,200	5,225	5,850	5,850	16,700	10,850	PERS actuarial for GASB 68; graphic design for new branding
Awards and Recognition	10,504	9,594	12,950	12,950	13,950	1,000	See Schedule 11
Member Development	15,786	15,136	27,650	27,657	46,918	19,261	See Schedule 10; new EIA member awards program
Legislative Advocate Contracts	49,200	74,600	100,000	120,000	105,000	(15,000)	FY15/16 budget was estimated; FY16/17 based on contracts
Bank Charges	3,762	2,468	5,000	5,600	5,600	0	
Investment Expense	123,766	175,726	270,000	265,000	290,000	25,000	Portfolio investment management services
<b>Total Services and Supplies</b>	<b>2,520,561</b>	<b>1,793,809</b>	<b>3,285,995</b>	<b>3,814,671</b>	<b>4,414,343</b>	<b>599,672</b>	
<b>Member Services</b>							
LP Seminars / Training Programs & Materials	39,068	15,030	64,500	64,500	74,500	10,000	
EIA Loss Prevention Platform	1,000,000	953,000	953,000	953,000	953,000	0	
A-Check Global EPN Program	0	143,208	143,208	144,000	144,000	0	Previously part of the LP Platform cost. Now a separate contract.
Automated Assessment Tool	0	222,500	233,000	233,000	48,500	(184,500)	System to be completed in FY15/16; maintenance & support cost in FY16/17
inexpo On Demand Program	0	15,000	15,000	15,000	15,000	0	
Educational LP Programs	0	0	20,000	20,000	120,000	100,000	Expansion of program
Member Legal Services	0	0	0	0	72,000	72,000	New program
Other LP Program Services & Materials	0	5,641	22,500	22,500	10,500	(12,000)	
Insurance Certificate Tracking Services	146,728	169,521	220,000	256,000	216,600	(39,400)	Pass through expenses (except for \$6.6k for EIA); new vendor
DMV Pull program	37,243	3,386	3,386	0	0	0	Pass through program discontinued
Claims System Access	265,227	192,095	374,371	542,691	736,741	194,050	Pass through expenses
<b>Total Member Services</b>	<b>1,488,266</b>	<b>1,719,381</b>	<b>2,048,965</b>	<b>2,250,691</b>	<b>2,390,841</b>	<b>140,150</b>	
<b>Depreciation</b>							
Furniture and Equipment	105,623	75,120	101,500	117,850	104,000	(13,850)	Some assets fully depreciated
Software	58,774	55,527	212,000	226,822	271,100	44,278	Website development; Data analytics platform; Claims system
<b>Total Depreciation</b>	<b>164,397</b>	<b>130,647</b>	<b>313,500</b>	<b>344,672</b>	<b>375,100</b>	<b>30,428</b>	
<b>Loss Prevention Subsidies</b>	<b>1,363,822</b>	<b>884,572</b>	<b>1,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>0</b>	<b>Estimate of Loss Prevention Subsidy payout</b>
<b>Contingency Delegated to Executive Committee</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200,000</b>	<b>200,000</b>	<b>0</b>	<b>Available with a two-thirds vote of the Executive Committee</b>
<b>TOTAL EXPENDITURES</b>	<b>12,105,606</b>	<b>9,907,871</b>	<b>16,434,755</b>	<b>18,436,411</b>	<b>18,664,321</b>	<b>227,910</b>	

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION PROGRAM  
Adopted Budget  
July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>TRANSFERS:</b>							
Transfer In (Out) from:							
General Admin Transfer - PWC	2,321,330	3,406,408	3,406,408	3,406,408	3,719,516	313,108	Based on 3 year average time study of EIA staff
General Admin Transfer - EWC	3,284,430	4,244,899	4,244,899	4,244,899	4,033,519	(211,380)	" "
General Admin Transfer - PGL	400,680	485,595	485,595	485,595	536,365	50,770	" "
General Admin Transfer - GL1	1,730,660	2,234,023	2,234,023	2,234,023	2,082,121	(151,902)	" "
General Admin Transfer - GL2	1,140,650	1,463,613	1,463,613	1,463,613	1,315,307	(148,306)	" "
General Admin Transfer - Property	355,260	516,686	516,686	516,686	543,103	26,417	" "
General Admin Transfer - Medical Malpractice	474,870	541,700	541,700	541,700	487,850	(53,850)	" "
General Admin Transfer - MROCIP	17,800	30,537	30,537	30,537	95,683	65,146	" "
General Admin Transfer - EIAHealth	407,640	587,903	587,903	587,901	442,029	(145,872)	" "
General Admin Transfer - Dental	166,970	224,925	224,925	224,925	221,015	(3,910)	" "
General Admin Transfer - Miscellaneous Programs	339,451	15,000	28,000	15,000	15,000	0	interest earned in program funds admin fees
Loss Prevention Subsidies, PWC	39,000	38,000	38,000	38,000	38,000	0	\$1,000 LP Subsidy per participating member
Loss Prevention Subsidies, EWC	164,016	164,000	164,000	164,000	165,000	1,000	" "
Loss Prevention Subsidies, PGL	13,000	13,000	13,000	13,000	13,000	0	" "
Loss Prevention Subsidies, GL1	88,000	88,000	88,000	88,000	101,000	13,000	" "
Loss Prevention Subsidies, GL2	10,000	10,000	10,000	10,000	11,000	1,000	" "
Loss Prevention Subsidies, Property	80,000	84,000	84,000	84,000	85,000	1,000	" "
Loss Prevention Subsidies, Med Mal	48,000	48,000	48,000	48,000	48,000	0	" "
Claims System Costs, PWC	616,703	540,317	540,317	540,317	741,344	201,027	Now participating in new claims system that includes all PWC TPAs
Claims System Costs, EWC	184,090	161,289	161,289	161,289	221,297	60,008	See Schedule 7
Claims System Costs, GL1	55,227	48,387	48,387	48,387	66,389	18,002	See Schedule 7
Claims System Costs, GL2	27,614	24,193	24,193	24,193	33,195	9,002	See Schedule 7
Claims System Costs, Med Mal	36,818	32,258	32,258	32,258	44,259	12,001	See Schedule 7
Risk Management Admin. Div. Subsidy, PWC	162,586	158,491	158,491	158,491	163,017	4,526	Estimate of Risk Management administrative dividend.
Risk Management Admin. Div. Subsidy, EWC	217,632	257,276	257,276	257,123	283,989	26,866	
Risk Management Admin. Div. Subsidy, PGL	2,332	1,708	1,708	1,708	1,808	100	Board may declare dividend in October 2016 and distribute
Risk Management Admin. Div. Subsidy, GL1	50,000	57,690	57,690	57,659	73,189	15,530	
Risk Management Admin. Div. Subsidy, GL2	40,622	49,335	49,335	49,335	57,623	8,288	
Risk Management Admin. Div. Subsidy, Property	79,073	79,803	79,803	79,803	75,494	(4,309)	
Risk Management Admin. Div. Subsidy, Med Mal	248	253	253	253	260	7	
EIA Rent	(429,275)	(481,657)	(481,657)	(481,657)	(481,657)	0	Transfer to building program
Investment Fees	331,624	198,364	268,680	265,000	290,000	25,000	Charge to programs based on their share of treasury funds
<b>TOTAL TRANSFERS</b>	<b>12,457,051</b>	<b>15,323,996</b>	<b>15,407,312</b>	<b>15,390,446</b>	<b>15,522,715</b>	<b>132,269</b>	
Net Increase or (Decrease)	2,224,913	6,386,607	283,133	(1,741,115)	(1,639,279)	101,836	
<b>NET POSITION - JULY 1</b>	<b>6,265,444</b>	<b>8,490,357</b>	<b>8,490,357</b>	<b>9,639,502</b>	<b>8,773,490</b>		
<b>NET POSITION - JUNE 30</b>	<b>8,490,357</b>	<b>14,876,964</b>	<b>8,773,490</b>	<b>7,898,387</b>	<b>7,134,211</b>		
Designated For:							
Self Insured Retentions	193,220	193,220	193,220	193,220	193,220		
Risk Management Subsidies	6,256,675	6,072,340	5,656,912	5,315,105	5,073,292		
Designated for Equipment Replacement	2,040,463	2,613,920	2,923,358	2,390,062	1,867,699		
Balance of budgeted expenditures		5,928,603	0	0	0		

**CSAC EXCESS INSURANCE AUTHORITY**  
**Capital Outlay Budget**  
**July 1, 2016 to June 30, 2017**

Line Item	2016/17 Budget		
General Administration Fund			
Furniture and Equipment			
BizHub Copiers	2	11,000	22,000
Phone Application Server	1	30,000	30,000
Data & Analytics Server	1	27,200	27,200
Conference Room Speaker System	1	15,000	15,000
Total Furniture and Equipment		\$	94,200
Software			
Website Pool Management Functionality		\$	710,000
Data Analytics Platform			118,000
Human Resource System			32,550
New Claims System			
Custom Development-bi-directional image interface			250,000
Systema Project Management			475,200
Line of Business Modules			22,500
User Licenses			240,000
TPA Site License Fees			50,000
New System Modules - Members			68,500
Systema Project Management - Members			138,600
User Licenses - Members			102,500
Total Software Additions		\$	2,207,850
Building Fund			
Tenant improvements - remaining TI allowance for one tenant		\$	33,500
Total Building Fund		\$	33,500
Grand Total Capital Outlay		\$	2,335,550

**CSAC Excess Insurance Authority  
2016/17 Adopted Budget  
Time Study Allocation**

Program	2016 Adjusted Time Study	2015 Adjusted Time Study	2014 Adjusted Time Study	FY 16/17 Budget Three Year Average TS with MR OCIP Not Capped	For Comparison	
					Prior Year Final Allocaton Percent Including Cap	Percentage of Prior Year
PWC	27.49%	29.40%	25.95%	27.60%	25.15%	109.75%
EWC	30.04%	29.72%	30.03%	29.93%	30.75%	97.32%
PGL	5.10%	3.64%	3.18%	3.98%	3.48%	114.47%
General Liability I	15.34%	15.10%	15.92%	15.45%	16.18%	95.50%
General Liability II	9.27%	9.42%	10.58%	9.76%	10.59%	92.17%
Property	4.01%	3.91%	4.18%	4.03%	3.81%	105.76%
Medical Malpractice	3.39%	3.64%	3.82%	3.62%	3.84%	94.10%
MR OCIP	1.03%	0.58%	0.52%	0.71%	0.23%	309.16%
EIAHealth	2.82%	2.89%	4.13%	3.28%	4.33%	75.63%
Dental	1.52%	1.71%	1.69%	1.64%	1.64%	99.74%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	

1. PGL percentage increase due to data reconciliation issues in first six months of fiscal year
2. MR OCIP percentage increase due to recommendation to not cap the increase for FY16/17.



CSAC Excess Insurance Authority  
2016/17 Budget  
Employee Salary Expense

Schedule 1

PERS employer rate for pre 1/1/13 employees	9.846%
PERS employer rate for post 12/31/12 employees	7.300%

Department	Position Count/ Full Time Equiv	Base Salary	Deferred			Life, AD&D LTD, STD & EAP			0.0145 Medicare Taxes	2016/17 Total Employee Expense	2015/16 Budget	2014/15 Budget
			PERS	Comp. 457b	Total Retirement	Flexible Benefits	Benefits	Total Benefits				
Administration	11	1,225,708	113,300	29,712	143,012	217,088	13,848	230,936	12,843	1,612,498	1,495,112	1,508,024
Finance	5	454,200	43,666	5,652	49,318	98,646	5,753	104,399	6,586	614,503	577,776	792,685
Information Technology	13	1,070,231	95,319	12,705	108,024	247,414	13,610	261,024	15,518	1,454,797	1,185,066	821,099
Claims	23	1,961,952	166,197	26,808	193,005	433,374	24,768	458,142	28,448	2,641,548	2,348,678	2,346,361
Member Services	10	968,508	84,981	14,165	99,146	191,626	11,946	203,572	14,043	1,285,269	1,177,294	837,255
Actuarial Services	5	667,620	49,433	19,716	69,149	98,646	6,814	105,460	9,680	851,909	372,422	188,325
Employee Benefits	2	181,800	14,722	2,496	17,218	37,192	2,304	39,496	2,636	241,150	225,612	212,678
Vacation Pay Liability		135,000	-	-	-	-	-	-	1,958	136,958	131,885	121,740
Salary and Benefit Savings		-	-	-	-	(100,000)	-	(100,000)	-	(100,000)	-	(56,539)
Incentive Pay		320,000	27,816	-	27,816	-	-	-	4,640	352,456	324,582	310,963
Total Salaries		6,985,019	595,434	111,254	706,688	1,223,986	79,043	1,303,029	96,353	9,091,088	7,838,427	7,082,591
Unemployment Cost		-	-	-	-	-	-	-	12,000	12,000	12,000	12,000
Temporary Help		2,500	-	-	-	-	-	-	-	2,500	47,500	2,500
Retiree Benefits		-	100,000	-	100,000	15,000	-	15,000	-	115,000	26,282	10,072
GASB 68 Pension Funding		-	-	-	-	-	-	-	-	-	1,847,008	-
Employment Services		-	-	-	-	-	-	-	-	13,450	19,660	8,200
OPEB contribution-retiree benefits		-	-	-	-	50,000	-	50,000	-	50,000	35,500	35,433
Total	69	6,987,519	695,434	111,254	806,688	1,288,986	79,043	1,368,029	108,353	9,284,038	9,826,377	7,150,796

Total Salaries	6,985,019
Total Retirement	806,688
Total Benefits	1,368,029
Total Taxes	108,353
Total Temporary Help	2,500
Total Employment Services	13,450
Grand Total	9,284,038

Notes:

- Underwriting Assistant position added mid-year FY15/16. Six positions added in FY16/17: two actuarial positions to bring actuarial services in-house, two IT positions due to continued EIA growth and additional projects, two claims positions based on claims caseload. One position upgraded due to increased staffing, complexity of tasks and related workload.
- Three new IT positions added in FY15/16 for claims system, website development and pool management system workload. Two positions upgraded based on increased staffing and related workload. Data analytics position added to enhance claims data analysis for members. Underwriting Assistant position eliminated. Two positions added for new Member Services Department.
- Investment management services were outsourced effective 3/1/15. Chief Investment Officer position discontinued with this outsourcing.
- Workers' Compensation positions added in the 2014/15 fiscal year based on an increase in claims workload. Loss Prevention positions added in the FY 2014/15 fiscal year based on increased demand in these services from members & expansion of risk management programs.
- Funding of 90% of estimated 6/30/15 unfunded pension liability in conjunction with implementation of GASB 68.

CSAC Excess Insurance Authority  
Publicly Available Pay Schedule  
Salary Range Effective July 1, 2016

Schedule 1A

Position	Salary Grade	Salary Range (annual)	
Chief Executive Officer	Contract	340,000	
Chief Actuary	16	210,420	336,672
Chief Operating Officer	15	161,664	258,660
Chief Information Officer	14	132,024	211,236
Chief Financial Officer	14	132,024	211,236
Chief Claims Officer	14	132,024	211,236
Chief Member Services Officer	14	132,024	211,236
Data & Analytics Manager	13	123,624	185,436
IT Manager	13	123,624	185,436
Risk Mngr / Pool Administrator	12	112,620	168,936
Employee Benefits Manager	12	112,620	168,936
Loss Prevention Manager	12	112,620	168,936
WC Claims Manager	11	104,328	156,492
Controller	11	104,328	156,492
Excess Liability Claims Manager	11	104,328	156,492
Human Resources Manager	11	104,328	156,492
Supervising Senior IT Specialist	10	86,640	125,628
Senior Loss Prevention Specialist	9	75,324	109,224
Senior IT Specialist	9	75,324	109,224
Senior Member Services Specialist	9	75,324	109,224
Senior Liability Claims Specialist	8	71,820	104,136
Senior WC Claims Specialist	8	71,820	104,136
Senior Underwriting Analyst	8	71,820	104,136
Senior Accountant	8	71,820	104,136
Data Analyst	8	71,820	104,136
Liability Claims Specialist	7	62,736	87,828
Actuarial Analyst	7	62,736	87,828
Loss Prevention Specialist	6	55,344	77,484
WC Claims Specialist	6	55,344	77,484
Administrative Specialist	6	55,344	77,484
IT Specialist	5	52,824	73,956
Employee Benefits Specialist	5	52,824	73,956
Meeting Planner	4	49,836	69,768
Executive Secretary	4	49,836	69,768
Liability Claims Assistant	3	44,604	62,448
WC Claims Assistant	3	44,604	62,448
Accounting Technician	2	39,852	55,788
Clerical Assistant	1	36,756	47,784
Secretary / Receptionist	1	36,756	47,784

CSAC Excess Insurance Authority  
2016/17 Budget  
Employee Benefits

## Flexible Spending Benefit Program Contribution

	Jan 2016 Rates			Estimated Rate Change	Estimated 2017 Rates		
	Emp. Only	Emp. + 1	Family		Emp. Only	Emp. + 1	Family
Anthem Blue Cross Select HMO	902.07	1,804.14	2,345.38	12%	1,010.32	2,020.64	2,626.83
Anthem Blue Cross Traditional	1,112.54	2,225.08	2,892.60	12%			
Blue Shield Access+ HMO	885.33	1,770.66	2,301.86	12%	991.57	1,983.14	2,578.08
Blue Shield NetValue	900.73	1,801.46	2,341.90	12%	1,008.82	2,017.64	2,622.93
HealthNet SmartCare	747.55	1,495.10	1,943.63	12%	837.26	1,674.51	2,176.87
Kaiser	695.11	1,390.22	1,807.29	12%	778.52	1,557.05	2,024.16
United Healthcare HMO	686.36	1,372.72	1,784.54	12%	768.72	1,537.45	1,998.68
PERS Choice	727.58	1,455.16	1,891.71	12%	814.89	1,629.78	2,118.72
PERS Select	665.35	1,330.70	1,729.91	12%			
PERS Care	810.40	1,620.80	2,107.04	12%			
Average	813.30	1,626.60	2,114.59		887.16	1,774.31	2,306.61
Dental	60.60	110.10	184.30	0%	60.60	110.10	184.30
Vision	7.30	12.90	20.30	0%	7.30	12.90	20.30
Totals	881.20	1,749.60	2,319.19		955.06	1,897.31	2,511.21
Estimated 2016 Increase							
50% of 2016 Projected Rate Increase							
	Flexible Benefit Eff 1/1/16	EIA Payment	Flexible Spending Plan		Estimated Flexible Benefit Eff 1/1/17	EIA Payment	Flexible Spending Plan
	\$ 1,673.84	\$ 125.00	\$ 1,548.84		\$ 1,769.85	\$ 128.00	\$ 1,641.85

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Authority Meeting Expense

Line Item	2015/16 Budget	Quantity	Cost per Item	2016/17 Budget
October - San Diego				
Wed. EC Dinner	\$ 12,500	100	\$ 125	\$ 12,500
Thur. Morning Meetings	6,000	100	60	6,000
Thur. EC & Seminar Lunch	7,000	100	70	7,000
Thur. Afternoon Break	1,500	75	20	1,500
Thur. BOD Dinner	14,375	115	125	14,375
Fri. BOD Morning Break	6,000	100	60	6,000
Fri. BOD Lunch	7,000	100	70	7,000
Meeting Room Rental Fees	1,000			1,000
AV Rentals	9,000			10,000
Lodging	50,000	200	265	53,000
Member Travel Expenses	16,000			18,000
Total October Meeting	\$ 130,375			\$ 136,375
March - Hilton, Sacramento				
Wed. EC Dinner	\$ 3,500	50	\$ 70	\$ 3,500
Thur. EC Meetings	4,000	80	50	4,000
Thur. EC Lunch	4,950	90	55	4,950
Thur. Afternoon Break	1,125	75	15	1,125
Thur. BOD Dinner	6,750	90	75	6,750
Fri. BOD Meeting	5,000	100	50	5,000
Fri. BOD Lunch	5,500	100	55	5,500
Meeting Room Rental Fees	1,000			1,000
AV Rentals	9,000			12,000
Lodging	15,625	125	125	15,625
Member Travel Expenses	10,000			10,000
Total March Meeting	\$ 66,450			\$ 69,450
June - Hilton, Sacramento				
Wed. EC Dinner	\$ 3,500	50	\$ 70	\$ 3,500
Thur. EC Meeting	4,000	80	50	4,000
Thur. EC Lunch	4,950	90	55	4,950
Thur. Afternoon Break	1,125	75	15	1,125
Thur. BOD Dinner	6,750	90	75	6,750
Fri. BOD Meeting	5,000	100	50	5,000
Fri. BOD Lunch	5,500	100	55	5,500
Meeting Room Rental Fees	1,000			1,000
AV Rentals	9,000			12,000
Lodging	15,625	125	125	15,625
Member Travel Expenses	10,000			10,000
Total June Meeting	\$ 66,450			\$ 69,450

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Authority Meeting Expense

Line Item	2015/16 Budget	Quantity	Cost per Item	2016/17 Budget
Public Entity Annual Meetings				
Northern California - Folsom				
Seminar Breakfast/Morning Break	\$ 300	60	\$ 5	\$ 300
Seminar Lunch	1,200	60	20	1,200
Seminar Afternoon Break	300	60	5	300
Lodging	1,250	10	125	1,250
Member Travel Expenses	4,000			3,500
Southern California - Ontario				
Seminar Breakfast/Morning Break	3,000	60	50	3,000
Seminar Lunch	2,400	60	40	2,400
Seminar Afternoon Break	600	60	10	600
AV/Equipment	2,000			2,000
Lodging	2,000	10	200	2,000
Member Travel Expenses	4,000			3,500
Total Public Entity Annual Meeting	\$ 21,050			\$ 20,050
EIA Orientation Meetings				
Northern California - Hilton, Sacramento				
Seminar Morning Break Service	\$ 350	70	\$ 40	\$ 2,800
Seminar Lunch	1,400	70	40	2,800
Seminar Afternoon Break Service	350	70	10	700
Lodging	1,250	10	125	1,250
Member Travel Expenses	4,000			1,000
Southern California - Ontario				
Seminar Morning Break Service	2,500	50	40	2,000
Seminar Lunch	2,000	50	40	2,000
Seminar Afternoon Break Service	500	50	10	500
AV/Equipment	2,000			2,000
Lodging	2,000	10	200	2,000
Member Travel Expenses	4,000			1,000
Total EIA Orientation Meetings	\$ 20,350			\$ 18,050

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Authority Meeting Expense

Line Item	2015/16 Budget	Quantity	Cost per Item	2016/17 Budget
<b>Educational Forums</b>				
<b>Northern California - Pleasanton</b>				
Seminar Morning Break Service	\$ 1,350	40	\$ 40	\$ 1,600
Seminar Lunch	1,050	40	50	2,000
Seminar Afternoon Break Service	300	40	10	400
Room Rental	900			1,000
Speaker's Fees	-			3,000
AV/Equipment	1,000			2,000
Lodging	1,000	10	200	2,000
Member Travel Expenses	2,500			1,000
<b>Southern California - Ontario</b>				
Seminar Morning Break Service	1,350	40	40	1,600
Seminar Lunch	1,050	40	50	2,000
Seminar Afternoon Break Service	300	40	10	400
Room Rental	900			1,000
Speaker's Fees	-			3,000
AV/Equipment	1,000			1,000
Lodging	1,000	10	200	2,000
Member Travel Expenses	2,500			1,000
<b>Total Educational Forums</b>	<b>\$ 16,200</b>			<b>\$ 25,000</b>
<b>Executive Committee Retreat</b>				
Pre-conference Dinner	\$ 3,000	50	\$ 75	\$ 3,750
1st Day Meeting Expense	500			500
1st Day Breakfast	1,400	50	35	1,750
1st Day Lunch	1,600	50	40	2,000
1st Day Break	400	50	10	500
1st Day Dinner	2,400	50	60	3,000
2nd Day Meeting Expense	500			500
2nd Day Breakfast	1,800	50	45	2,250
2nd Day Lunch	1,200	50	30	1,500
AV Rentals	500			500
Lodging	15,000	75	200	15,000
Facilitator	6,000			7,000
Member Travel Expense	5,000			5,000
<b>Executive Committee Retreat Totals</b>	<b>\$ 39,300</b>			<b>\$ 43,250</b>

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Authority Meeting Expense

Line Item	2015/16 Budget	Quantity	Cost per Item	2016/17 Budget
Board/Exec Committee Travel				
Property Renewal Trip	\$ 6,000			\$ 15,400
Liability Renewal Trip	3,000			\$ 4,400
Conference Travel	2,250			\$ 1,075
Board/Exec Committee Travel Total	\$ 11,250			\$ 20,875
Budget Savings	(20,000)			(40,000)
Total Authority Meeting Expenses	\$ 351,425			\$ 362,500

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Committee Expenses

Line Item	Number of Members	Number of In-Person Meetings	Cost Per In-Person Meeting	Number of Web Ex Meetings	Cost Per Web Ex Meetings	2015/16 Budget	2016/17 Budget	Budget Inc. (Dec.)
<b><u>EIA Committees</u></b>								
Claims Review	11	8	\$ 2,566	6	\$ 31	\$ 23,106	\$ 20,712	\$ (2,394)
EIAHealth	9	4	2,178	3	35	9,308	8,815	(493)
Employee Benefits	9	3	2,326	2	52	7,643	7,081	(562)
Executive	12	8	4,636	5	24	39,879	37,208	(2,671)
Finance	9	5	2,613	1	21	14,684	13,084	(1,601)
General Liability 2	11	2	3,184	3	42	5,819	6,494	675
Legislative	15	8	4,543	3	23	33,588	36,414	2,826
Loss Prevention	11	2	3,955	4	37	7,317	8,058	741
Medical Malpractice	9	2	2,210	6	26	4,794	4,576	(218)
Primary General Liability	7	1	1,702	1	25	1,752	1,727	(25)
Primary Workers' Compensation	11	4	2,845	2	28	9,364	11,436	2,072
Property	13	2	2,700	2	34	5,579	5,468	(111)
Technology	9	2	1,755	4	25	3,452	3,610	158
Underwriting	9	6	1,735	2	23	11,576	10,456	(1,120)
Less Savings		20%				(35,572)	(35,027)	545
Total Committees						<u>\$ 142,289</u>	<u>\$ 140,110</u>	<u>\$ (2,179)</u>



CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Management Training

Line Item		2015/16 Budget	2016/17 Budget	Budget Inc. (Dec.)
Periodicals and Publications				
GASB	CFO	\$ 425	\$ 450	\$ 25
Business Insurance	CFO	175	175	-
AICPA	CFO	225	470	245
California W.C. Reporter	Claims	500	500	-
Work Comp Central	Claims	550	550	-
Workers' Comp Executive	Claims	600	600	-
Pacer Online Service	Claims	150	150	-
Workers' Comp Codes	Claims	1,200	1,200	-
California Workers' Comp Handbook	Claims	750	650	(100)
Member Services Periodicals	GA	1,795	1,795	-
Employee Benefit News	GA	300	300	-
Survey Monkey	GA	200	-	(200)
Insurance Newscast	GA	25	25	-
HR Magazine & Library	GA	200	200	-
Other	GA	500	500	-
Total Periodicals and Publications		<u>\$ 7,595</u>	<u>\$ 7,565</u>	<u>\$ (30)</u>
Education & Training				
IT Education and Training		\$ 24,800	\$ 47,300	\$ 22,500
Fund Accounting/ABRA Training		3,800	3,800	-
Education and Training - Mgmt & Employee		7,600	23,600	16,000
Education Allowance Pool (\$2,000 per semester)*		23,995	29,600	5,605
Total Education & Training		<u>\$ 60,195</u>	<u>\$ 104,300</u>	<u>\$ 44,105</u>
Scholarships				
Educational Scholarships - PRIMA	All	\$ 6,500	\$ 8,000	\$ 1,500
Total Scholarships		<u>\$ 6,500</u>	<u>\$ 8,000</u>	<u>\$ 1,500</u>

\* Education Allowance is based on the CSU Sacramento tuition rates for two six-unit semesters and is estimated to be a total of \$4,000.

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Management Training

Line Item		2015/16 Budget	2016/17 Budget	Budget Inc. (Dec.)
<b>Conferences and Seminars</b>				
AGRIP Spring/Fall Conference		\$ 9,000	\$ 7,250	\$ (1,750)
AICPA / GFOA		1,800	2,000	200
CA Div. Of WC Annual Seminar		800	800	-
CAJPA		8,100	10,150	2,050
CAJPA Finance & Technology Spring Meeting		2,000	2,000	-
CAJPA Legislative Day		600	600	-
CCWC Forum		700	700	-
PARMA (Conference & Chapter Meetings)		5,575	9,150	3,575
Member Services/LP (ASSE, CSOOC, CASBO, etc.)		11,100	13,850	2,750
CalPELRA		2,250	2,250	-
Laserfiche Conference		1,600	1,600	-
PRIMA		600	-	(600)
Data and Analytics Conferences		-	4,060	4,060
Other		8,950	7,500	(1,450)
<b>Totals Conferences and Seminars</b>		<b>\$ 53,075</b>	<b>\$ 61,950</b>	<b>\$ 8,875</b>
<b>Memberships</b>				
CAJPA, PRIMA, PARMA, CalPELRA, IEA	GA	\$ 2,650	\$ 2,650	\$ -
AGRIP	CEO	3,000	3,000	-
CCWC, AWCP, CPCU, State Bar of California	WC	6,450	6,950	500
CSOOC, ASSE, PASMA, NFPA BCSP	LP	2,600	2,600	-
CFPS, WSO, ACG-IH	LP	460	460	-
American Society for Training & Development	LP	430	430	-
American Board of Industrial Hygiene	LP	125	125	-
Sacramento Claims Association	Liab	400	400	-
GFOA, GASB, AICPA, FEI	CFO	1,075	1,200	125
Costco/Sams Club	GA	170	170	-
Meeting Planners Association	GA	400	400	-
Society of Government Mtg Prof	GA	100	75	(25)
SHRM, SAHRA (HR)	HR	315	315	-
California Chamber of Commerce	GA	500	500	-
IFEBP (Emp Benefits)	EB	900	900	-
CSAC Premiere Membership	GA	36,000	25,000	(11,000)
California Health Care Coalition	EB	2,000	2,000	-
Int'l Foundation for Employee Benefit Plans	EB	-	900	900
CASBO	GA	1,320	1,400	80
League of California Cities	GA	3,000	3,000	-
Other	GA	2,500	4,660	2,160
<b>Total Memberships</b>		<b>\$ 64,395</b>	<b>\$ 57,135</b>	<b>\$ (7,260)</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**2016/17 Budget Worksheet**  
**Computer Hardware, Software, Technical Support**

	2015/16 Budget	Quantity	Cost Per Item	2016/17 Budget	Budget Incr(Decr)
<b><u>Computer Supplies and Software</u></b>					
Adobe Acrobat	\$ 19,586			\$ 10,011	\$ (9,575)
Microsoft Software and Licenses	33,552			57,800	24,248
Anti-Virus Licenses	7,500	7	\$ 75	525	(6,975)
Online subscriptions	3,000	1	3,000	3,000	-
Mindjet Mindmanager Pro 9	2,520	7	375	2,625	105
Laserfiche Additional Licenses and LSAP	6,250	10	625	6,250	-
GFI Licenses	350	10	35	350	-
Scriptlogic Desktop Authority	500	-	-	-	(500)
Zen Desk Tracking System	6,175			6,175	-
Zerto License	3,000	2	1,500	3,000	-
Monitoring Software	-	1	10,000	10,000	10,000
ShadowProtest Backup Software	-	1	2,500	2,500	2,500
VMWare vSphere Standard (per core) Hosts	-	8	1,100	8,800	8,800
VMWare vSphere Standard Server	-	1	5,400	5,400	5,400
VMWare Essentials Plus	5,600	-	-	-	(5,600)
Visual Studio & MSDN	1,302	3	1,400	4,200	2,898
SynCFusion Studio	2,165	1	2,165	2,165	-
Wrike Project Management	-	1	3,000	3,000	3,000
Unfuddle Subscription - Source code management	510	1	510	510	-
BCC - Employer ACA Reporting Software	2,500	1	2,500	2,500	-
Software for new Member Services Dept. employees	10,620			-	(10,620)
Pool Management Software - CHSI Functionality	19,000	1	30,000	30,000	11,000
Pool Management Software - CHSI	156,000	50	2,838	141,900	(14,100)
Signature Software	-	1	2,000	2,000	2,000
Wireframe Software	-	25	100	2,500	2,500
Easy Netscaler	-	1	2,227	2,227	2,227
Collaboration/Project Management Tools	-	50	100	5,000	5,000
<b><u>Annual Maintenance</u></b>					
Anti-Virus Maintenance	300	2	\$ 100	\$ 200	(100)
Mindjet Mindmanager Pro 9 1 Yr Maintenance	6,375	82	90	7,380	1,005
Symantec Anti-Virus Renewal	-	101	30	3,030	3,030
GFI MailArchiver Annual Support	1,350	90	15	1,350	-
Barracuda Annual Support	1,900			1,699	(201)
Abraxas Annual Support	2,800	1	2,800	2,800	-
Abila MIP Fund Accounting Software Annual Support	5,500	1	5,200	5,200	(300)
Laserfiche (LSAP Annual Maintenance)	11,000	1	12,000	12,000	1,000
Script Logic	1,020	-	-	-	(1,020)
VMWare vSphere Standard (per core) Hosts SSA	-	8	350	2,800	2,800
VMWare vSphere Standard Server SSA	-	1	1,350	1,350	1,350
VMWare Maintenance - vSphere Essentials	600	2	325	650	50
Zerto Annual Maintenance	2,250	5	450	2,250	-
SSL Certificates	400	8	100	800	400
CHSI Escrow Account	995	1	995	995	-
FPPC Software Maintenance and Hosting	3,500	1	3,500	3,500	-
BCC - Employer ACA Reporting Maintenance	3,000	1	3,000	3,000	-
Qlik Software Maintenance	-	1	16,458	16,458	16,458
Miscellaneous Software Expenses	2,975			7,000	4,025
Computer Supplies	3,000			5,000	2,000
Total Computer Supplies and Software	<u>\$ 327,095</u>			<u>\$ 389,899</u>	<u>\$ 62,804</u>

**Computer Hardware**

**CSAC EXCESS INSURANCE AUTHORITY**  
**2016/17 Budget Worksheet**  
**Computer Hardware, Software, Technical Support**

	2015/16 Budget	Quantity	Cost Per Item	2016/17 Budget	Budget Incr(Decr)
HP Monitors	\$ 4,800	14	\$ 300	\$ 4,200	\$ (600)
Backup Tapes	500	1	500	500	-
AWS Environment - Qlik	-	1	9,526	9,526	9,526
Next Gen Firewalls	-	4	3,200	12,800	12,800
Cloud Logging for Firewalls	-	4	300	1,200	1,200
Network Penetration Testing Service	-	8	400	3,200	3,200
WAN Firewall	-	1	600	600	600
Wireless Network	2,500	-	-	-	(2,500)
Workstation Battery Backup	1,750	1	2,000	2,000	250
Travel projectors for LP	2,000	-	-	-	(2,000)
Board Projector	5,000	-	-	-	(5,000)
Desktop Computers	18,000	12	1,500	18,000	-
Laptop Computers	27,000	12	2,500	30,000	3,000
HP ProCurve Ethernet Switch	1,800	1	1,800	1,800	-
Power Distribution Unit	1,100	2	550	1,100	-
APC UPS for Rack	4,600	-	-	-	(4,600)
HP Printer (Letter and Envelope)	-	1	750	750	750
Desktop Phones	2,625	7	375	2,625	-
Phone Headsets	2,400	8	300	2,400	-
Mobile Phones	1,500	15	100	1,500	-
Pelican Case for Board 1510LOC	-	-	-	-	-
Ergonomic Equipment	1,000	1	1,000	1,000	-
Miscellaneous Computer Hardware	3,000	1	5,000	5,000	2,000
Contingency	5,000	1	5,000	5,000	-
Total Computer Hardware	<u>\$ 84,575</u>			<u>\$ 103,201</u>	<u>\$ 18,626</u>
<b>WebEx Web Conferencing</b>	<u>\$ 16,800</u>	12	\$ 1,170	<u>\$ 14,040</u>	<u>\$ (2,760)</u>
<b>Computer Technical Assistance</b>					
Accounting System	\$ 3,500			\$ 3,500	\$ -
Data Center Usage (Colocation services)	16,800	12	1,850	22,200	5,400
ATS	3,600	12	350	4,200	600
Network Consulting	60,000			71,500	11,500
MIP Consulting - Systema/Abila interface	5,000			15,000	10,000
Printer Maintenance	500			500	-
Total Computer Technical Assistance	<u>\$ 89,400</u>			<u>\$ 116,900</u>	<u>\$ 27,500</u>
<b>Website Design/Hosting/Support</b>					
Website Hosting/Support Annual Maintenance	\$ 7,500			\$ 7,500	\$ -
Website Design	150,000			250,000	100,000
Support for Benchmarking/Analytics	-			15,000	15,000
Total Website Design/Hosting/Support	<u>\$ 157,500</u>			<u>\$ 272,500</u>	<u>\$ 115,000</u>

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Technology Program Expenses

	2015/16 Budget		2016/17 Budget
<b><u>EIA Claims System Expense Line Item</u></b>			
Software Service Agreement & Maint. Support	\$ 4,500		\$ -
Application Service Provider (ASP) Fee (\$275 per month per user)	8,820		10,200
New System			
Data Conversion and SIMS Training	21,600		-
Maintenance due at production use of software	33,269		24,560
Cloud Hosting due at delivery of trial conversion	59,000		45,000
EIA Contract Project Management	70,000		-
Escrow account	800		800
TPA to TPA Conversion	30,000		110,000
TPA Data Conversion and SIMS Training	106,305		346,500
TPA Maintenance due at production use of software	170,650		136,400
TPA Cloud Hosting due at delivery of trial conversion	414,000		307,800
Depreciation on new software	230,951		354,762
Subtotal	1,149,895		1,336,022
Estimated unspent funds from prior year budget	(343,452)		(229,538)
Amount To Allocate to Programs	\$ 806,443		\$ 1,106,484
<b><u>Allocation of EIA Claims System Costs</u></b>			
PWC	\$ 540,317	67%	\$ 741,344
EWC	161,289	20%	221,297
General Liability 1	48,387	6%	66,389
General Liability 2	24,193	3%	33,195
Medical Malpractice	32,258	4%	44,259
<b><u>Total Allocated</u></b>	<b><u>\$ 806,443</u></b>	<b><u>100%</u></b>	<b><u>\$ 1,106,484</u></b>
<b><u>Member Claims System Expense Line Item</u></b>			
Member Data Conversion and SIMS Training	\$ 189,535		\$ 275,000
Member Maintenance due at production use of software	67,700		157,946
Member Cloud Hosting due at delivery of trial conversion	159,600		162,000
Depreciation on new software	112,536		131,595
Less Revenue for Member access to new system	<u>\$ (529,371)</u>		<u>\$ (726,541)</u>

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Insurance

Line Item	Renewal Date	2015/16 Budget	2016/17 Budget	+ or -
General Administration Fund				
Workers Compensation				
PWC	7/1/2016	\$ 31,000	35,000	\$ 4,000
EWC	7/1/2016	121,000	120,000	(1,000)
Blanket Bond/Commercial Crime	6/30/2016	1,800	1,700	(100)
Property	7/1/2016	10,000	10,000	-
Liability	7/1/2016	58,000	67,000	9,000
Cyber Liability Premium	7/1/2016	1,000	1,152	152
Pollution Insurance		-	1,900	1,900
Notary E&O/Bond	7/1/2016	-	-	-
Less Allocated to Iron Point Building		(16,000)	(16,500)	(500)
Total General Admin. Insurance		<u>\$ 206,800</u>	<u>\$ 220,252</u>	<u>\$ 13,452</u>

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Printing

Line Item	2015/16 Estimated Budget	Quantity	Cost Per Item	2016/17 Estimated Budget
Copier Cost	\$ 20,400			\$ 20,400
Binding Supplies	1,500			1,500
Other Supplies	-			
Total In House Printing	\$ 21,900			\$ 21,900
Letterhead	\$ 3,525	7,500	\$ 0.47	\$ 3,525
2nd Sheet	875	2,500	0.35	875
Envelopes	2,700	10,000	0.27	2,700
Large Envelopes	1,000	1,000	1.00	1,000
Annual Report	20,000			21,000
Loss Prevention	1,500			-
Business Cards	4,500	9,000	0.50	4,500
Member Services projects	-			5,000
Other projects	2,000			2,000
Total Outside Printing	\$ 36,100			\$ 40,600
Total Printing	\$ 58,000			\$ 62,500

CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Member Development

	2015/16 Budget	2016/17 Budget	Budget Incr(Decr)
<b>Marketing Expense</b>			
Booth Maintenance	\$ 500	\$ 500	\$ -
CalPELRA Exhibit Expenses	-	2,600	2,600
Conference Booth Shipping Charges	500	500	-
RCRC Sponsorship	1,500	1,500	-
RCRC Attendance at Conference	500	500	-
Controllers/Auditors Conference Sponsor	500	500	-
Exhibitor Raffle Prizes	400	800	400
Booth Art Work	500	500	-
Meeting Signage	500	400	(100)
Marketing Clothing Items	4,128	4,491	363
Member Give Away Items	16,129	17,127	998
<b>Total</b>	<b>\$ 25,157</b>	<b>\$ 29,418</b>	<b>\$ 4,261</b>
Member Recognition & Awards	\$ 2,500	\$ 17,500	\$ 15,000
<b>Grand Total - Member Development</b>	<b>\$ 27,657</b>	<b>\$ 46,918</b>	<b>\$ 19,261</b>



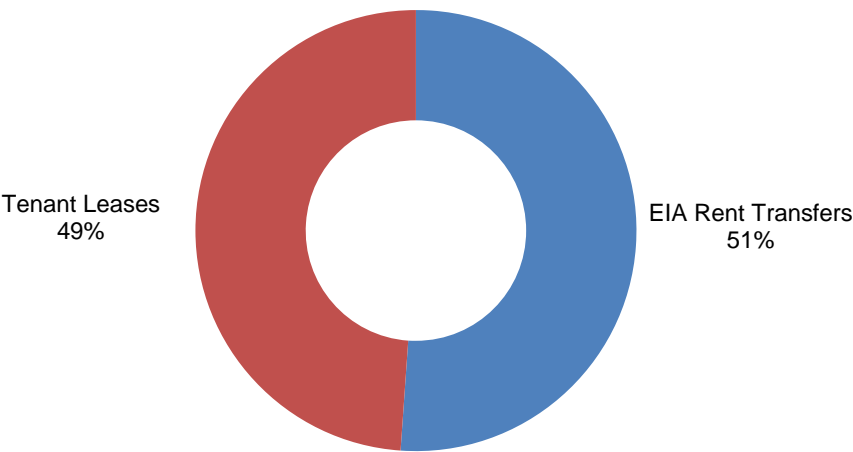
CSAC EXCESS INSURANCE AUTHORITY  
2016/17 Budget Worksheet  
Awards and Recognition

Employee Recognition	2015/16 Budget	2016/17 Budget	Budget Incr(Decr)
Weekly Employee recognition	\$ 1,000	\$ 1,000	\$ -
Monthly Employee recognition	700	700	-
Staff Appreciation Day	2,500	2,500	-
Printed Items (Baudville)	250	250	-
Misc./Other	1,000	1,000	-
Years of Service Recognition	500	500	-
Staff Retreat	7,000	8,000	1,000
<b>Total Employee Recognition</b>	<b>\$ 12,950</b>	<b>\$ 13,950</b>	<b>\$ 1,000</b>

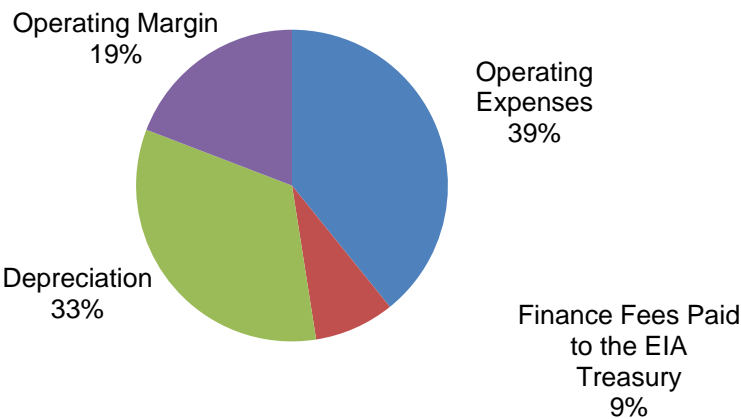
**Building Fund**

The EIA has invested \$9.2M in our office facility located on Iron Point Circle in Folsom, California. This investment includes improvement to our office as well as preparing the remaining space for our tenants. The building fund houses the EIA at low occupancy cost as well as provides profit from our leasing operations. The building fund budget expects a net margin of \$177k. The Building Fund budget is illustrated in the following charts.

**Building fund Revenues and Transfers**  
(in thousands)



**Building Fund Budget**  
(in thousands)



**CSAC EXCESS INSURANCE AUTHORITY  
IRON POINT BUILDING PROGRAM  
Adopted Budget  
July 1, 2016 to June 30, 2017**

Sources and Uses of Financial Resources	CAFR Actual 2014/15	Year to Date 03/31/2016	Estimated 2015/16	Budget 2015/16	Budget 2016/17	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Lease Income - Tenants	423,319	291,810	443,848	441,884	460,580	18,696	
Other Income	0	0	0	0	0	0	
<b>TOTAL REVENUES</b>	<b>423,319</b>	<b>291,810</b>	<b>443,848</b>	<b>441,884</b>	<b>460,580</b>	<b>18,696</b>	
<b>EXPENDITURES:</b>							
Operating Expenses							
Janitorial	48,691	33,988	53,000	57,310	58,280	970	
Utilities	71,578	56,046	85,000	86,475	89,310	2,835	
Garbage	5,483	3,592	5,700	6,300	6,300	0	
Water and Sewer	13,576	5,253	8,600	8,666	9,180	514	
Security & Fire Sprinkler Monitoring	12,294	8,635	13,500	11,638	20,350	8,712	ADA automated door button
Landscape Maintenance	9,520	5,052	11,609	11,609	13,705	2,096	Irrigation change to reduce water usage
Pest Control	1,260	840	1,260	1,380	1,380	0	
Commission Expense	41,321	0	0	0	0	0	
Common Area Maintenance	20,412	15,073	22,600	23,305	23,305	0	
Maintenance:							
Building Maintenance	25,425	16,721	45,000	55,807	69,100	13,293	Includes \$15k for unanticipated emergency repairs; incr for painting, carpet cleaning & HVAC
Mello Roos Tax	14,367	7,557	15,114	14,798	15,570	772	
Insurance	15,200	16,000	16,000	16,000	16,500	500	
Legal Service	0	0	0	3,600	3,600	0	
Management Fees	32,411	22,798	34,197	36,000	34,840	(1,160)	
Finance Fees to EIA Treasury	53,135	54,787	72,800	79,200	76,800	(2,400)	\$6.4M avg borrowed at 1.2%
Total Operating Expenses	364,673	246,342	384,380	412,088	438,220	26,132	
Depreciation							
Depreciation - Building	95,550	71,663	95,550	95,550	95,550	0	
Depreciation - Roof	8,333	6,250	8,340	8,340	8,340	0	
Depreciation - Parking Lot	9,939	7,454	9,940	9,940	9,940	0	
Depreciation - Tenant Improvements	203,316	159,154	182,640	196,700	193,370	(3,330)	
Total Depreciation	317,138	244,521	296,470	310,530	307,200	(3,330)	
Appropriation for Contingencies	0	0	0	20,000	20,000	0	
<b>TOTAL EXPENDITURES</b>	<b>681,811</b>	<b>490,863</b>	<b>680,850</b>	<b>742,618</b>	<b>765,420</b>	<b>22,802</b>	
<b>TRANSFERS:</b>							
Transfers in from General Administration							
Building Rent	429,275	481,657	481,657	481,657	481,657	0	
<b>TOTAL TRANSFERS</b>	<b>429,275</b>	<b>481,657</b>	<b>481,657</b>	<b>481,657</b>	<b>481,657</b>	<b>0</b>	
Net Operating Margin	170,783	282,604	244,655	180,923	176,817	(4,106)	
<b>NET POSITION - JULY 1</b>	<b>442,511</b>	<b>613,294</b>	<b>613,294</b>	<b>558,586</b>	<b>857,949</b>		
<b>NET POSITION - JUNE 30</b>	<b>613,294</b>	<b>895,898</b>	<b>857,949</b>	<b>739,509</b>	<b>1,034,766</b>		

March YTD activity is through February since March activity reports were not yet available and the March bank account has not been reconciled. March activity is included in the full year estimate.

# **CSAC EXCESS INSURANCE AUTHORITY**

**CALIFORNIA**



## **STATISTICAL/ SUPPLEMENTAL SECTION**

For the Fiscal Year  
July 1, 2016 to June 30, 2017

## STATISTICAL SECTION

### Demographic and Economic Information

These schedules offer demographic and economic information indicators to help the reader understand the environment within which the Authority's financial activities take place. The number of Workers' Compensation and General Liability 1 claims are an overall indicator of the Provision for Claims and Premium Revenue as is Total Lives in the EIAHealth program. Property values are indicators for Property premiums.

	<u>Page</u>
Number of Claims .....	134
Employees and Lives Covered .....	135
Property Values .....	135

### Operating Information

This schedule contains information regarding Authority employees by department, member participation by program, and the growth of office space.

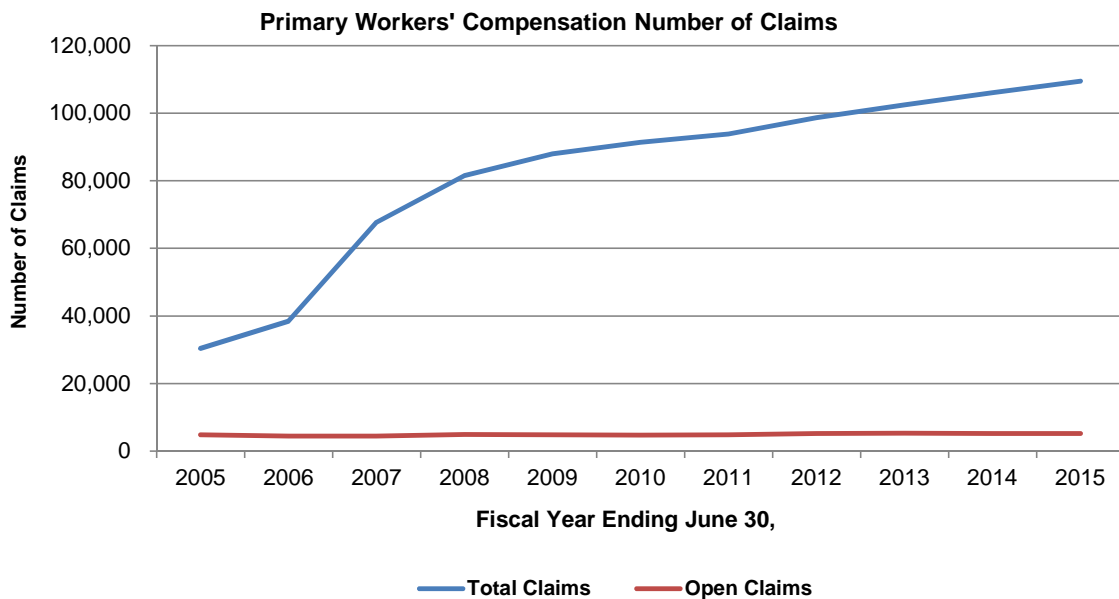
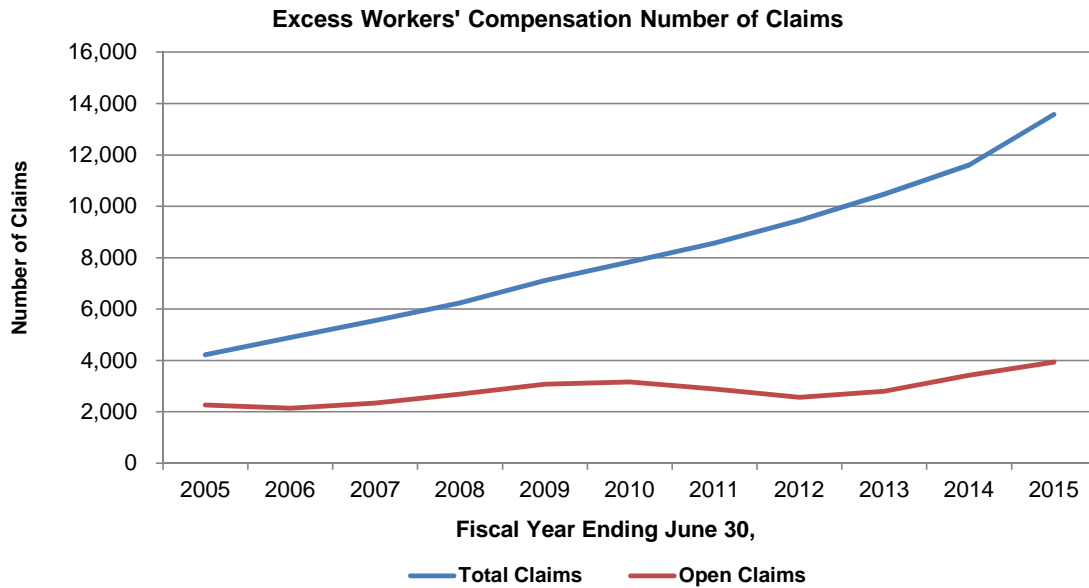
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Operating Indicators and Statistics .....	136

Schedules showing trends for property tax rates and revenues along with corresponding assessed valuations are not presented since the Authority does not levy such taxes.

Schedules showing bonded debt and related legal debt ratios are also not applicable.

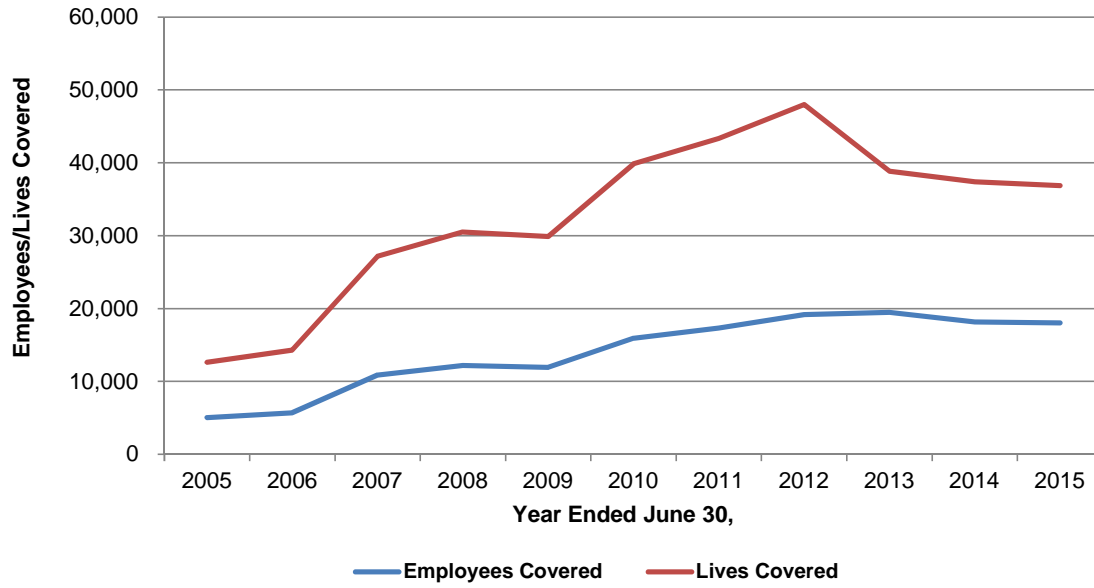
**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
JUNE 30, 2015**

The best economic indicator of the financial stability for the CSAC Excess Insurance Authority is the estimation of incurred claims expense (line 6) and claims paid (line 3) reported in the Schedule of Claim Development and Earned Assessments in the Required Supplemental Information section of the CAFR's Financial Section. Other relevant economic and demographic information would include trends for the number of claims, covered payrolls, property values, and EIA Health employees and lives covered as shown on the following charts.

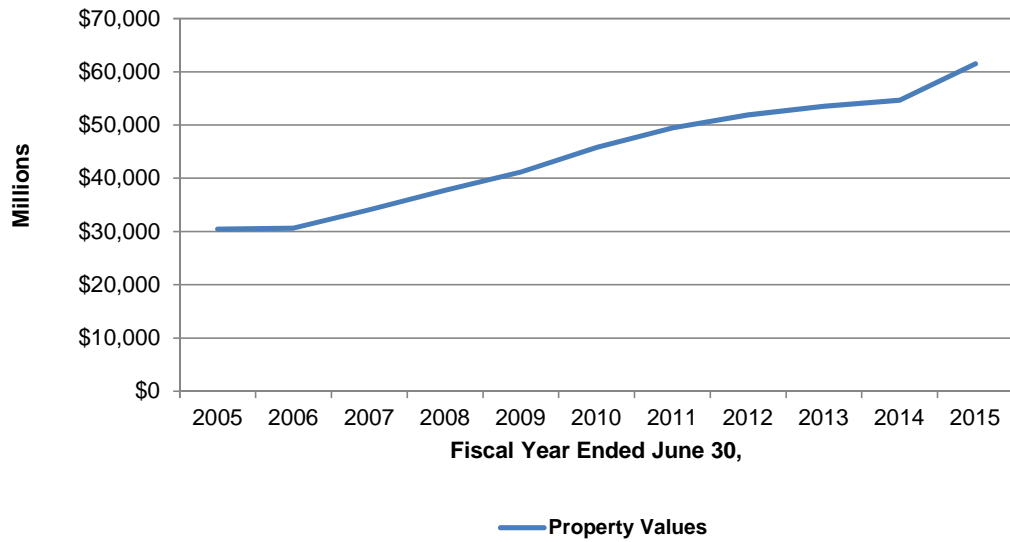


**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
JUNE 30, 2015**

**EIAHealth Employees and Lives Covered**



**Property Values**



**CSAC EXCESS INSURANCE AUTHORITY  
OPERATING INDICATORS AND STATISTICS  
JUNE 30, 2016**

	Budget Year Beginning				
	2012	2013	2014	2015	2016
<b>Budgeted Full-Time</b>					
<b>Equivalents by Department</b>					
Administration	12	12	12	14	11
Actuarial					5
Finance	6	6	6	5	5
Information Technology	9	9	9	11	13
Claims	18	18	21	21	23
Member Services (LP)	6	6	8	10	10
Employee Benefits	3	3	2	2	2
<b>Total Employees</b>	<b>54</b>	<b>54</b>	<b>58</b>	<b>63</b>	<b>69</b>
<b>Number of Retirees</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>6</b>

	Fiscal Year-End			
	2013	2014	2015	2016
<b>Member Units</b>				
Primary Workers' Comp	38	40	39	38
Excess Workers' Comp	161	167	168	170
Primary General Liability	23	23	23	23
General Liability 1	100	104	105	119
General Liability 2	11	11	11	12
Property	82	83	85	101
Medical Malpractice	50	49	49	49
EIAHealth	25	25	26	30
Dental	126	133	142	155
<b>Total Member Units</b>	<b>616</b>	<b>635</b>	<b>648</b>	<b>697</b>
<b>Member Counties</b>	<b>54</b>	<b>55</b>	<b>55</b>	<b>55</b>
<b>Member Public Entities</b>	<b>245</b>	<b>255</b>	<b>262</b>	<b>273</b>
<b>Total Members</b>	<b>299</b>	<b>310</b>	<b>317</b>	<b>328</b>



## GLOSSARY

**Aggregate:** The cumulative amount of all losses for a period of time.

**Aggregate Stop Loss:** A financial arrangement with the JPA's excess carrier that caps the aggregate to a predetermined limit at which point the excess carrier would begin to reimburse for losses within the JPA's self-insured retention or pooled layer.

**Assessment:** An additional amount charged a member if it is determined that the initial contribution paid is not adequate to fund the losses incurred.

**Attachment Point:** The dollar amount of a loss where the next layer of insurance begins to pay for the loss.

**Balanced Budget:** Budgeted revenues are equal to or exceed budgeted expenses.

**Capital Expenditures/Capital Assets:** Capital assets include furniture, equipment, and software, tenant improvements, building, with an individual cost of \$5,000 or more.

**Captive Insurance Company:** An insurance company that is wholly owned and controlled by its insureds; its primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer's underwriting and investment profits.

**Ceded Premiums/Claims Costs:** Premiums paid to an insurance company and claims costs that are transferred to another entity in connection with a reinsurance arrangement.

**Claims Made:** Method of determining whether or not coverage is available for a specific claim. A claims-made policy states that a claim must be made during the policy period or the extended reporting period, if applicable.

**Commutation:** A clause in a reinsurance agreement which provides for estimation, payment and complete discharge of all future obligations for reinsurance losses incurred, regardless of the continuing nature of certain losses.

**Confidence Level:** The confidence level is a percentage estimate of the ultimate pool layer costs. The actuary's expected costs are shown at slightly more than average (approximately 55%). About half the time, the actual costs will be lower than the actuary's estimates and half the time the actual costs will be higher. To be more conservative, pools set aside additional sums of money to increase the chance that enough funds are available to pay claims. For example, if the actuary's estimate at the 70% confidence level is \$1M, then there is a 30% chance that losses will exceed \$1M.

**Contribution:** The amount paid by an EIA member to receive a specified type of insurance coverage for a defined period of time.

**Corridor Retention or Deductible Pool:** An aggregated pool layer above which a carrier will reimburse the Program for losses that exceed the aggregate attachment point on a per claim basis.

**Deductible:** An amount the insured must pay before payments for covered services begin. The deductible is usually a fixed amount. For example, an insurance plan might require the insured to pay the first \$50 of covered expense during a calendar year.

**Deposit Premium:** Amount of premium paid at the beginning of the coverage period, which is then adjusted to a final premium amount at the end of the coverage period. This is most common in workers' compensation, where premiums are based on estimated payroll amounts at inception and adjusted based on actual payroll amounts afterwards.

**Discount Rate:** The assumed interest rate used to calculate the present value of future claim liabilities. Also used in calculating premium needed to fund claim payments.

**DOL (Date of Loss):** The first date on which an insured event occurred.

**Enterprise Fund** – Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

**Excess Coverage:** Insurance coverage which does not provide for payment to the insured until underlying insurance coverage has paid its limits or the insured has paid its self-insured retention.

**Excess Insurance:** Joint purchase insurance purchased to provide higher limits than the primary policy or pool layer provides. Policy terms may differ and policy covers the member not the pool.

**First Dollar Coverage:** Insurance coverage that begins with the first dollar of a covered loss. The insured does not have a deductible or self-insured retention to meet before coverage begins as long as the loss is for a covered peril.

**General Liability Coverage (GL):** Provides coverage for claims from third parties alleging damages due to negligence on the part of the member arising out of personal injury, property damage, public officials errors and omissions, employment practices liability, and automobile liability.

**IBNR (Incurred but Not Reported):** This is an actuarial term referring to the estimated future loss development, as well as the estimated cost of claims that have happened but are not yet included in the claims data. A reserve for IBNR is established by the actuary as part of the Ultimate Loss Costs to contemplate for these future estimated costs.

**Incurred Loss:** This is the expected value of any claim. It includes the amount already paid plus the estimated amount yet to be paid (reserves).

**Investment Gap:** The difference between what the Authority is currently earning and what was actuarially projected would be earned on funds when premium was calculated, that is the difference between actual earnings rate and discount rate.

**Limit of Liability:** The most that will be paid in a loss.

**Loss Adjustment Expense:** the costs associated with settlement of a specific claim, other than the claim payment itself i.e., legal fees, appraisal fees and court costs.

**Loss Development:** The process of change in amount of losses as a policy or accident year matures, as measured by the difference between paid losses and estimated outstanding losses at one point in time, and paid losses and estimated outstanding losses at some previous point in time. In common usage, it might refer to development on reported cases only, whereas a broader definition also would take into account the IBNR claims.

**Loss Portfolio Transfer:** A financial reinsurance transaction in which loss obligations that are already incurred and will ultimately be paid are ceded to a reinsurer. In determining the premium paid to the reinsurer, the time value of money is considered, and the premium is therefore less than the ultimate amount expected to be paid.

**Mega Fund:** An aggregated pool layer that caps the aggregate to a predetermined limit at which point the excess carrier would “drop down” and begin to reimburse for losses within the JPA’s SIR or pooled layer.

**Member:** A County or Public Entity participating in the Authority pool.

**MOC (Memorandum of Coverage):** The policy or coverage document outlining the terms and conditions of coverage, similar to an insurance policy.

**Non-Admitted Insurer:** An insurance company not licensed in a state.

**Occurrence:** An accident or event which triggers coverage.

**Occurrence Basis:** Method of determining whether or not coverage is available for a specific claim. An occurrence basis policy covers events that occur while the policy is in force, regardless of when a claim is actually made.

**Pool Layer:** The insurance coverage retained by the Excess Insurance Authority. Losses within this layer are paid by the EIA.

**Pooled Loss:** The portion of a loss that is allocated to, or paid by, the self-insured pool. For example, the General Liability Program I pools, or self-insures the difference between a member's SIR and \$5M of each occurrence. Loss costs exceeding this amount are paid by excess insurance.

**Premium:** The amount paid by an EIA member to receive a specified type of insurance coverage for a defined period of time-see also Contribution.

**Provision for Insured Events:** The expense amount for pooled claims on the Statement of Revenues, Expenses and Changes in Net Assets (Income Statement).

**Quota-share arrangement:** An agreement between two insurers to split the cost of claims within a coverage layer based upon a certain formula or percentage.

**Reinsurance:** Insurance purchased by the EIA from other insurers to reimburse the pool for covered losses. Losses revert to the EIA if the reinsurer is unable to meet its obligations. Reinsurance provides coverage to the pool, and is identical to what the pool covers.

**Retained Risk:** The portion of risk that the pool self-funds.

**Reserves:** The estimate of the total cost of a claim. Reserves may be estimated by category, such as personal injury, property damage, or medical costs.

**Risk Pools:** A group of entities collectively purchasing a certain type and level of insurance to protect them from claims covered by that insurance. Pooling is designed to help provide more stable rates over the long-term horizon and also helps to reduce the cost of insurance by spreading fixed administrative costs over a larger group.

**Self-Insurance:** Practice of an individual, group of individuals, employer or organization to pay for losses rather than transfer the cost to another. The entity may self-insure all or a portion of the expected losses.

**SIR (Self Insured Retention):** This is the amount of each loss for which the member is responsible. Once the value of the claim has exceeded their SIR, the member may seek reimbursement for those expenses in excess of their SIR.

**Target Equity:** The range of net position that various governing committees decide is appropriate. Committees use an actuarially determined confidence level discounted for investment income and a variety of target ratios (such as gross premium to equity target ratio) to determine the target equity range.

**Third-party Administrator:** An entity that is hired to handle the administration of claims processing.

**Tower:** Various programs have many different insurance placements or segregation of members into types, which the EIA categorizes as “towers” to illustrate the separation or layering of the various placements.

**Transferred Risk:** The portion of risk, insured or reinsured, by a private insurer or reinsurer and not retained by the pool.

**ULAE (Unallocated Loss Adjustment Expenses):** In the context of risk financing, costs that cannot be associated with specific claims, but are related to claims paid or in the process of settlement, such as salaries and other internal costs of the pool’s claims department. This amount is calculated for the entire life of the claim.

**Ultimate Net Loss:** The total cost of a claim. The difference between incurred loss and Ultimate Net Loss is the loss development or IBNR-the actuary may estimate that losses may develop or become larger because of inflation, changes in law etc.