

CSAC EXCESS INSURANCE AUTHORITY

CALIFORNIA



ADOPTED BUDGET

For the Fiscal Year
July 1, 2019 to June 30, 2020

CSAC EXCESS INSURANCE AUTHORITY

ADOPTED BUDGET

FOR THE FISCAL YEAR JULY 1, 2019 TO JUNE 30, 2020

EXECUTIVE COMMITTEE

Name	Entity
James Brown	Merced County
Karen Caoile	Alameda County
Scott Schimke	Glenn County
John Viegas	Glenn County
Richard Egan	Lassen County
Kerry John Whitney	Napa County
Kimberly Greer	City of Richmond
Lance Sposito	Santa Clara County
Janell Crane	Sonoma County
Nathan Black	Sutter County
Stephen Underwood	EIA General Counsel
Matt Gutierrez	Kern County

SENIOR MANAGEMENT

Michael Fleming	Chief Executive Officer
Gina Dean	Chief Operating Officer
John Alltop	Chief Actuarial Officer
Michael Pott	Chief Claims Officer
Puneet Behl	Chief Financial Officer
Tom Pelster	Chief Information Officer
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Adopted Budget
For the Fiscal Year 2019/20**

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June 7, 2019

Members, Board of Directors
Folsom, California

Ladies and Gentlemen:

We respectfully submit CSAC Excess Insurance Authority's (also referred to as the EIA or the authority) proposed budget for fiscal year 2019/20 for your approval.

EIA's budget continues to be driven by its mission of providing competitive, adaptable, resolute, equitable and stable products and services that address the unique risk financing needs of California's public entities. The Excess Insurance Organization (EIO), a blended component unit of the EIA, is a captive insurance company domiciled in Utah established to take certain risks of various EIA programs.

In FY19/20, we are enhancing our member service and Risk Control programs in the following areas:

- Expand marketing of Enterprise Risk (ERC) program and engage more Enterprise Risk Consultants.
- Continue marketing efforts of the EIA Member Mentor Program.
- Continue and expand Risk Management Practitioner Program.
- Marketing of new services including Background Checks, Cyber Security services, Guard1 Checkpoint System, CPR Training and Safety Data Sheets, to members.
- Continue marketing the Risk Management Legal Advice Services.
- Expand marketing of Employment Practices Liability services offered by the Eyres Law Group to all members.
- Continue marketing efforts of Body-Worn Camera program.
- Continue to expand Risk Control services to Educational Members.
- Continue and expand Strategic Planning Facilitation services
- Continue and expand Risk Assessment Tool capabilities, to include EIA out-of-state Participants

Our Information Technology Department will create a business plan addressing the potential development of a proprietary claim system beginning FY 19/20. Development of our own claim system was discussed at the EIA's Strategic Retreat in April 2019. If approved to move forward, the total project is expected to cost around \$ 4M, with an anticipated completion in 2 years.

Over the last year, data has become much more important to the insurance marketplace. Correct, complete and timely reporting of member losses has become critical in acquiring coverage for the EIA's major programs, and more recently in placing the GL1 Loss

Portfolio Transfer. The D&A team has become much more involved in reporting loss data and associated information to excess and reinsurance carriers; responding to time critical requests from the markets; and in working with the membership (and their data providers) to improve loss data quality and timeliness of reporting to the EIA.

We continue to develop pool management functionality on our website, which will provide members with easier access to their participation (coverages) information and management of their additional named covered parties. In FY19/20, we plan to finish migration to our claims system the remaining third party administrator (TPA) for our Primary Workers' Compensation Program (PWC).

For FY19/20, EIA continues to modify and adapt its program structures based on both market forces and member needs. Our program renewal details are below.

In the **Primary Workers' Compensation Program (PWC)**, EIA retains the risk in the \$0 - \$10k layer. Second year of the rate plan is agreed with the reinsurer in the \$10k to \$125k layer and the aggregate corridor retention transferred to the Captive is being increased to \$15.8M.

The Excess Workers' Compensation Program (EWC) provides coverage in a Core Tower for all other members and an Education Tower (for schools). There are two corridor retentions across the two towers totaling \$57.7M, which will be transferred to EIA's Captive. Great American continues to reinsure the first layer in the Core tower. Chubb continues to provide coverage in the \$45M excess of \$5M layer in the Core Tower, with EIA picking up a 10% quota share in that layer. State National renews the first reinsurance layer in the Education tower. Statutory coverage is provided by Liberty Mutual in the Core Tower and by Safety National in the Education Tower.

The **General Liability 1 Program (GL1)** funds a \$5M pool and purchases \$20M in reinsurance to achieve a \$25M limit. This program has a Deductible Buy Down (DBD) layer of \$90k excess of \$10k for some members which has been renewed with Berkley this year and includes a \$1.1M corridor that will be transferred to the EIA's Captive. Part of this year's renewal of the Self Insured Retention (SIR) to \$5M pooled layer, included a Loss Portfolio Transfer (LPT) to a reinsurer of the Program's past claim liabilities that occurred on or after July 1, 2007 (excluding PGL Legacy claims), but were unpaid as of April 1, 2019, as well as the next 5 years of go-forward claims (2019/20 – 2023/24) within the layer. The \$5M xs \$5M layer has been renewed with Great American. This layer includes a 3-year, \$10.5M aggregated corridor to be transferred to the EIO for program years 2018/19 to 2020/21. The aggregated corridor is split up with the EIO initially taking \$2.5M for FY 2018/19, \$3.5M being transferred in FY 2019/20, and the remaining \$4.5M to be transferred in FY 2020/21. Negotiations for the remaining excess layers are still on-going and in an abundance of caution, have been budgeted at a 109% increase.

The **General Liability 2 (GL2) Program** has experienced significant loss development over the last couple of years. Despite this challenge, the SIR to \$10M layer was renewed with QBE for a 13.3% increase in premium. A corridor deductible of \$27.8M is being

transferred to the EIA's Captive. Negotiations for the remaining excess layers are still on-going and in an abundance of caution, a 75% increase has been budgeted.

The **Property Program** renewed on March 31, 2019 with a 14.7% overall rate increase. The self-funded Earthquake deductible buy-down exposure remained at \$30M in 2019/20, as in 2018/19. The All-Risk Pool layer of \$10.4M will be transferred to the EIO with a discount rate of 3%. This program has accepted an earthquake rooftop risk of \$25M excess of the \$340M layer for a total premium of \$420k. A quota share of 40% will be transferred on an undiscounted basis to the EIO for a premium of \$168k and the EIA will retain 60% of that layer. Another \$6M will be collected towards the Catastrophic Risk Pool, which includes the Earthquake deductible buy-down funding.

The **Medical Malpractice Program** renews on October 1, and the budget contains preliminary estimates. The Program funds a pool for \$1.5M xs of member self-insured retentions and purchases \$20M of reinsurance above that to fulfill the limits. The Medical Malpractice Committee will be approving final terms for the FY19/20 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. Projects over \$100M are on a non-pooled basis. Premiums are based on preliminary estimates for FY 19/20.

The **EIAHealth Program** is a blend of self-funded and fully-insured healthcare alternatives that provide PPO/EPO/HDHP and HMO plan options to CA public agencies. The Program renews in January with open enrollment being conducted in October. The 2020 blended program rate increase is budgeted at 2.8% for the upcoming January 1 renewal.

The **Dental Program** consists of two primary segments of participation, fixed-rate and self-funded. The fixed-rate segment pools risk and shares in overall program equity. The Self-funded segment are standalone members benefitting from the low program administrative fees. The program has two renewal cycles, January 1 and July 1.

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 operations of the EIA, and support for its member driven governance structure. The adopted budget includes four new positions and four reclassifications. 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.

The **Capital Outlay** budget is \$5.8M and includes the capital costs of the new proprietary claims system, Data & Analytics platform development, UiPath Bots programming Storage Area Net, and website development. The total project cost of proprietary claim system is expected to cost around \$4M, is anticipated to be developed over two years. The SAN Storage is added to support the growth of the EIA and the Data and Analytics' benchmarking efforts. The impact of the capital budget is less than 1% of total expenses.

The **Excess Insurance Organization (EIO)** covers EIA's program corridor retentions, which is mostly fully funded capped risk with the exception of the Property Program's share of the earthquake rooftop layer, where the EIO is taking on 40% of the \$25M aggregate risk, which is not fully funded. A total of \$116.4M in corridor retentions from the PWC, EWC, GL1, GL2, and Property Programs are being discounted and transferred to the EIO for the premium of \$107.5M. Compared to the EIA, the Captive is able to invest in a broader range of investments, including equities, which is projected to generate a higher rate of return over the long-term. However, volatility of those returns is also expected to be higher. The EIO is a component unit of the EIA and is included in this budget.

Due to the nature of EIA's operations, we collect a large amount of premium upfront and use it to pay for reinsurance premiums, risk programs and the payment of claims on retained risk over a long period of time. Therefore, EIA has a very large Treasury that is invested by professional asset managers. As a result, EIA has no debt and no plans to acquire debt.

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 and employee benefits pools in the nation.

Sincerely,



Michael Fleming
Chief Executive Officer



Puneet Behl, 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, 2018

Christopher P. Morill

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. Six program committees have oversight of the other major programs. Additionally, Excess Insurance Organization (EIO), a captive insurance company domiciled in Utah, began operations on July 1, 2016. The EIO was established so that the EIA could transfer to EIO risks pertaining to its corridor retentions at a discount. The EIO is a component unit of the EIA and is therefore consolidated into its budget and financial results.

The budget includes all programs operated by the Authority and the EIO. The budget 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.

Basis of Accounting

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 nine 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.

Market

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. The recent fires contributed to a hardening property insurance market for this year's renewal with the Property program seeing a 14.7% rate increase overall. However, markets are paying particular attention to loss development in our general liability programs. The industry is seeing significant increases in plaintiff demands, jury verdicts and high dollar liability claims. These three factors are depleting the liability market's surplus, capacity and available reinsurers. This trend is affecting all public entities: counties, cities, schools and special districts, particularly in California. And as it affects the industry, it also affected EIA. For example, claims over \$1M have more than doubled over the last five years. However, due to the size of our GL 2 program, and the economies of scale, we were able to leverage the volume we bring to the reinsurance markets, GL 1 program renewed with an average 16% rate increase in FY 2019/20.

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 seventeen committees to govern its operations. Representatives from member entities are elected or appointed to serve on these committees. Six committees (EIAHealth, Employee Benefits (Dental Program), General Liability 2, Medical Malpractice, 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.

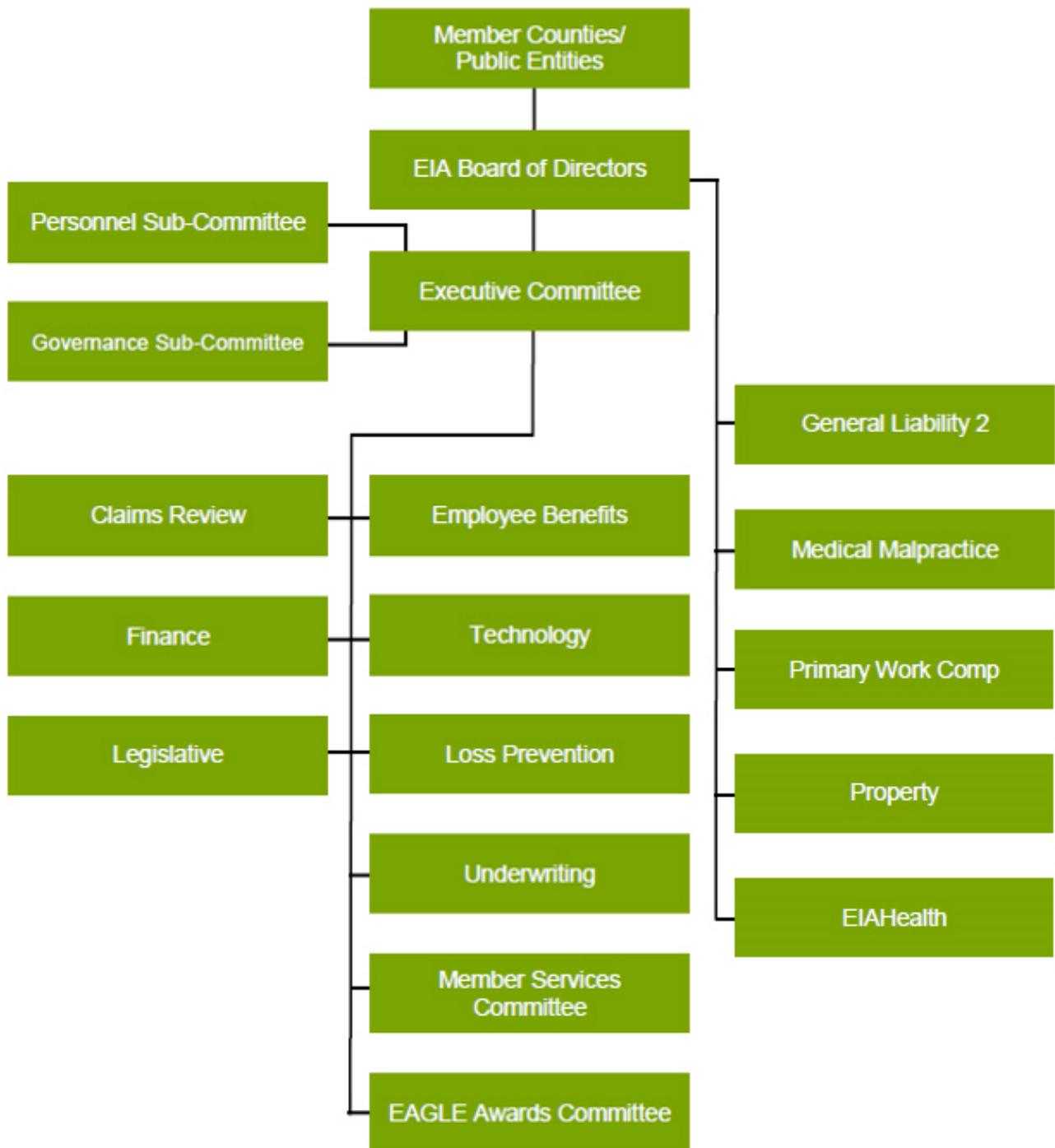
Technology – Provides direction on technology solutions, systems and investments of the Authority.

EAGLE Awards – Recognizes members for excellence in risk management.

Member Services – Provides guidance to staff in creation and implementation of new programs and services to the EIA members.



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 public agencies committed to providing risk coverage programs and risk management services, which drive member stability, efficiency, and best practices.

Vision Statement

The CSAC Excess Insurance Authority (EIA) will continue to be internationally recognized as a leading risk sharing pool for its member-directed operating philosophy and commitment to member fiscal sustainability. The EIA will continue to influence and shape the future of the risk management profession.

Core Values

CSAC EIA is dedicated to preserving a member-directed culture, defining standards for quality and performance throughout the industry, and ensuring programs and services are:

- **C**ompetitive in scope and price over the long term.
- **A**daptable and customized to meet member needs, based on high-quality standards.
- **R**esolute in delivering timely solutions that address present and emerging risks.
- **E**quitable in allocating costs and services between various members in a fair and consistent manner.
- **S**table in supporting cost-effective, fiscally prudent operations and long-term solvency, and in building long-term relationships with members and program/service partners.

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.

2019/20

Budget Calendar

January 2019

- 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 2019

- 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 2019

- 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 2019

- 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.

Long-term Strategic Goals

Communication, Outreach & Influence

1. The CSAC EIA will strengthen its position and influence as a leader in raising awareness and understanding of the necessity of the risk management function and programs to the long-term health and stability of public agencies.
2. The CSAC EIA will raise the level of competency in risk management and position the profession as a dynamic career choice.
3. The CSAC EIA will continue to grow member utilization of EIA partner programs and services.

Member Programs, Products & Services

4. The CSAC EIA will offer a full suite of innovative, cost cutting programs and services that address members' needs, and will be vigilant in identifying and developing solutions for emerging risk.

Organizational Development & Sustainability

5. The CSAC EIA will expand its membership base and offer members even greater cost savings, and improved access to services and quality data through advanced use of technology.

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 and Transfer of Risk

The EIA's insurance programs shall seek to blend the best of self- insurance or pooling with the best of insurance purchase and transfer of capped risk to the EIO. The benefits of blending pooling with the purchase of insurance and transfer of risk 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

Transfer of Risk to the EIO captive

- The EIO accepts transfer of capped risk by various EIA programs at discounted premiums.

Dividends to Members

Retaining risk through the many EIA risk pools has allowed the EIA to return approximately \$87.1M in dividends to members during the past eleven years.

Structure programs that are responsive to members needs

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

1. Primary Workers' Compensation (PWC)
2. Excess Workers' Compensation (EWC)
3. General Liability, Program 1 (GL1)
4. General Liability, Program 2 (GL2)
5. Property
6. Master Rolling Owner Controlled Insurance Program (MROCIP)
7. Medical Malpractice
8. EIAHealth
9. 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 2010 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 and the General Administration program, which assist in keeping equity (net position) at levels designed to meet future claims obligations of that particular program. Most of 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, as applicable.

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 governing documents do allow for debt capitalization, the Authority has no immediate plans to use debt to finance its operations. There are no legal debt limits that apply to the Authority.

Investment Policy

The Authority blends self-insurance (or pooling) with the purchase of insurance and transfer of risk to the EIO Captive. 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 EIO maintains its own investment policy which is reviewed annually and updated by the EIO Board of Directors.

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, 2019 to June 30, 2020

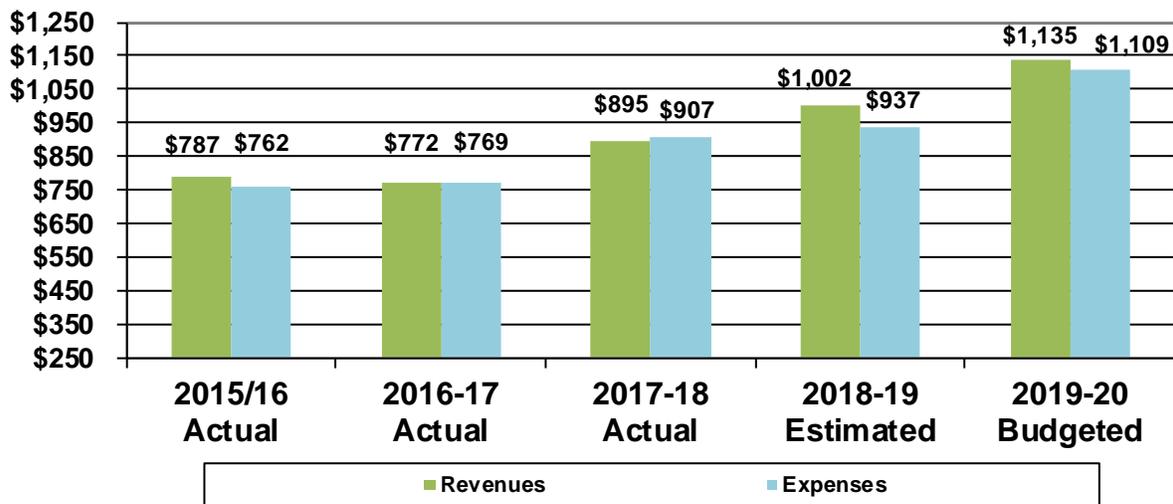
Authority-wide Budget

The Budget has \$28.6M increase in net position before dividends, and a dividend expense of \$2.1M, producing a \$26.5M 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 2019/20 proposed budget are as follows:

- Total revenues are \$1.14B, an increase of \$175M over budgeted 2018/19.
- Total expenses are \$1.11B, an increase of \$171M. Expenses include returning dividends of \$2.1M to members.
- Net position will increase from an estimated \$187.2M to a budgeted \$213.7M

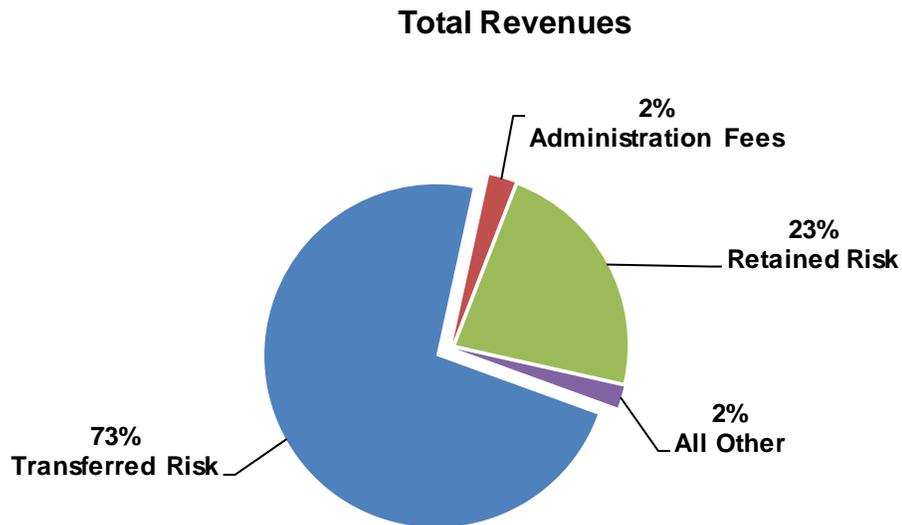
Revenues and expenses for the 2019/20 budget and the past four years are as follows:

**Revenues and, Expenses
Fiscal Years 2014-2019
(in Millions)**

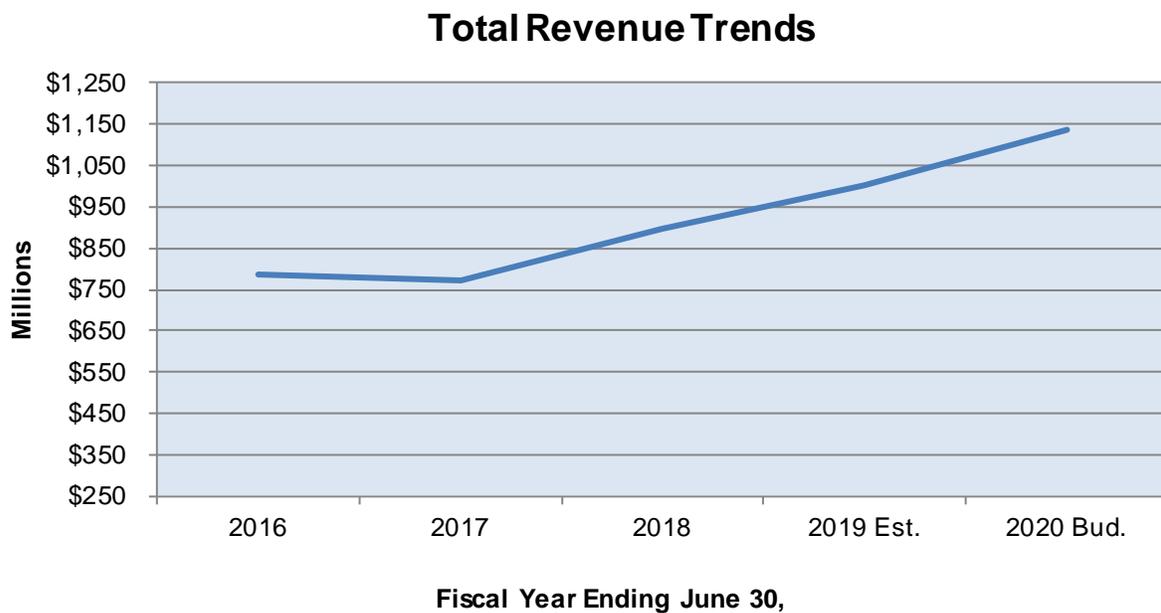


Revenues

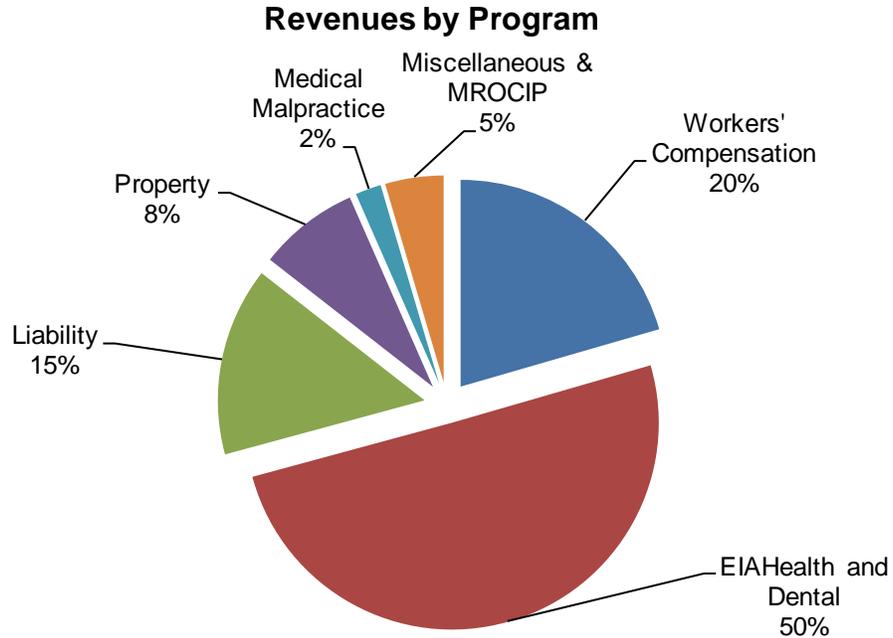
Sources of revenues are illustrated in the following chart:



The \$1.14B in revenues represents a \$175.2M increase or 18% over the 18/19 budget, and a 44% increase over the last five years. Growth in membership, new programs, and additional pool funding and higher premiums for transferred risk accounts for much of the increase in revenues and expenses year over year. The following chart illustrates the growth of Authority revenues:

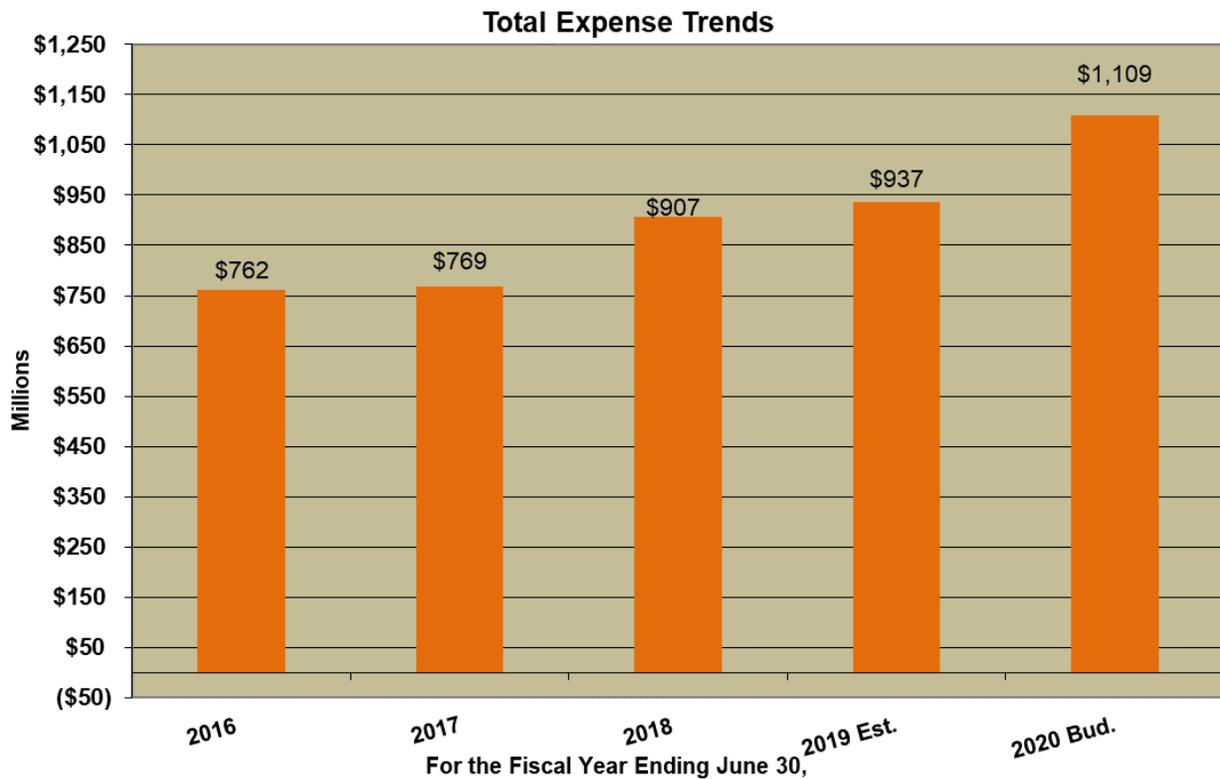


The following chart shows revenues by program.



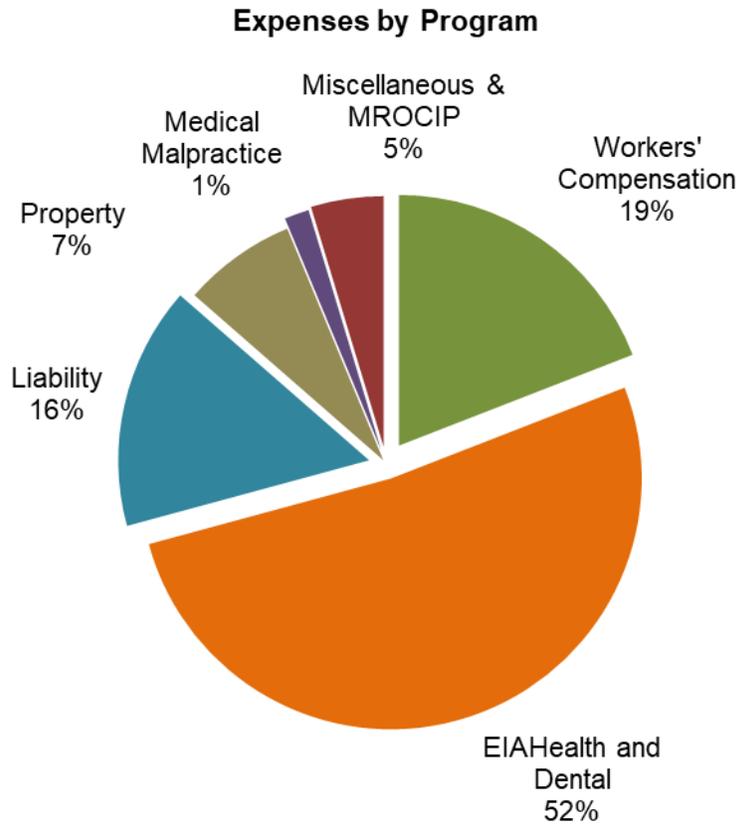
Expenses

Authority budgeted expenses for fiscal year 2019/20 have increased \$171.2M over last year's budget. The following chart illustrates the increase of Authority expenses:



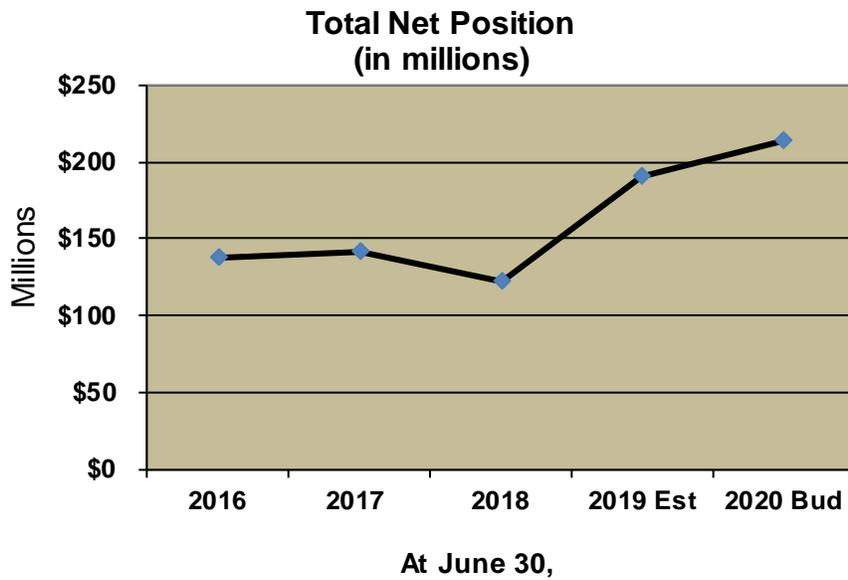
Budgeted expenses support all Authority programs. These programs include primary and excess workers' compensation programs, two excess liability programs, a combined workers' compensation and liability program, a property program, a medical malpractice program and two employee benefits programs.

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

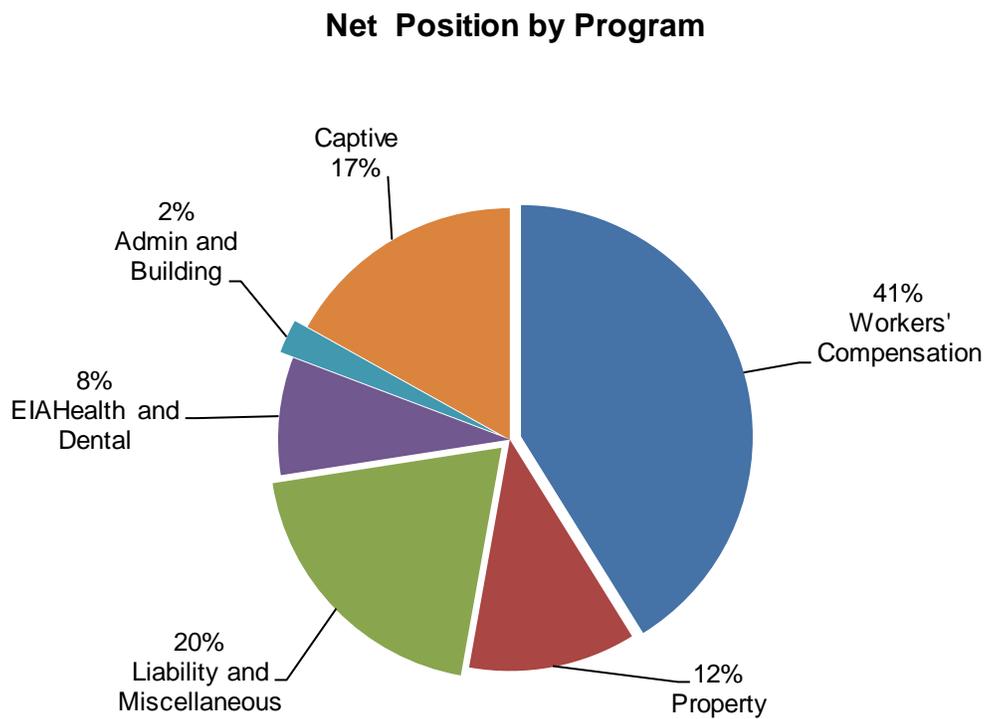


Net Position

The budget includes a return of net position in the form of dividends of \$2.1M. The past five year history of the net position balance is illustrated in the following chart:



The distribution of 2020 budgeted net position by program is illustrated in the following chart:

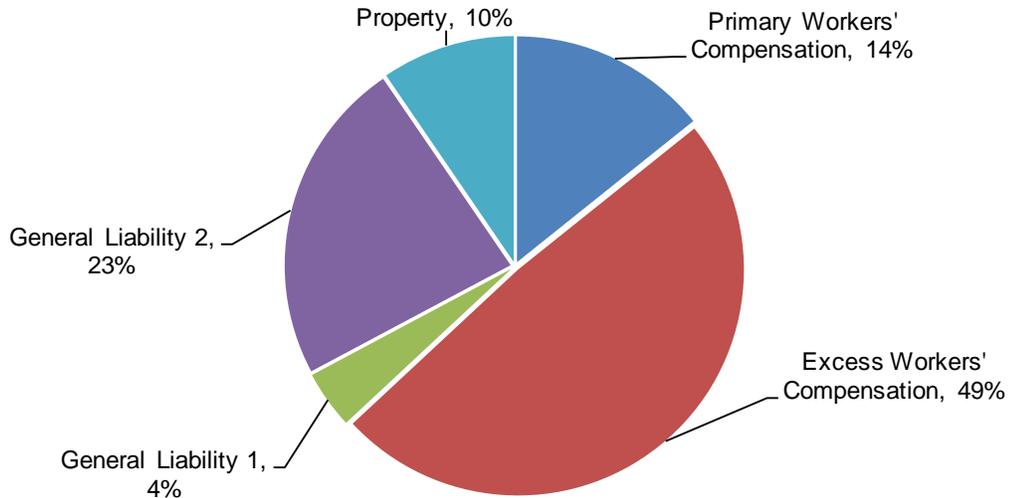


Transfer of Risk to Excess Insurance Organization (EIO) Captive

The EIO is a captive insurance company domiciled in Utah. The EIA transfers its program corridor retentions, which is capped risk, to the EIO at a discounted rate.

The distribution of 2019/20 transfer of risk to the EIO by program is illustrated in the following chart:

Transfer of Risk to EIO by Program



Capital Budget

The Capital Outlay Budget presents our anticipated investments in proprietary claims system development cost, 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 2010 special districts, cities and other government agencies.

	Fiscal Year-End				Budgeted 2020
	2016	2017	2018	2019	
Member Units					
Primary Workers' Comp	38	39	39	38	39
Excess Workers' Comp	167	171	175	171	175
General Liability 1	117	114	125	122	125
General Liability 2	12	15	18	17	18
Property	96	98	105	100	104
Medical Malpractice	49	51	52	52	52
Master Owner Controlled Ins	8	15	16	16	16
EIAHealth	28	32	37	36	39
Dental	145	153	154	154	163
Total Member Units	660	688	721	706	731
Member Counties	55	55	55	55	55
Member Public Entities	260	273	288	283	291
Total Members	315	328	343	338	346

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**CSAC EXCESS INSURANCE AUTHORITY
REVENUE AND EXPENSE ADOPTED BUDGET
Line Item Summary for All Programs
July 1, 2019 to June 30, 2020**

	CAFR Actual 2017/18	Budget 2018/19	Estimated 2018/19	Percent of Total Revenue or Total Expense	Budget 2019/20	Percent of Total Revenue or Total Expense	Budget Increase (Decrease) Compared to 2018/19 Budget	Percentage Change
REVENUES:								
Premiums for Transferred Risk	\$ 639,585,449	\$ 633,661,200	\$ 720,772,938	66.00%	\$ 779,310,210	68.64%	\$ 145,649,010	22.99%
Dividend Income	93,904	100,000	273,634	0.01%	100,000	0.01%	0	0.00%
Broker Fees	10,678,116	11,212,412	11,301,021	1.17%	11,443,292	1.01%	230,880	2.06%
Contributions for Retained Risk	212,774,426	217,272,989	215,751,416	22.63%	245,796,828	21.65%	28,523,839	13.13%
Member Growth	0	50,000,000	0	5.21%	50,000,000	4.40%	0	0.00%
Investment Income	5,301,963	21,021,000	25,824,742	2.19%	20,474,757	1.80%	(546,243)	-2.60%
Financing Charges	981,134	105,000	122,445	0.01%	155,846	0.01%	50,846	48.42%
Administration Fees	22,797,612	24,114,464	22,625,586	2.51%	25,678,609	2.26%	1,564,145	6.49%
Program Development Fees	0	0	(43,500)	0.00%	0	0.00%	0	0.00%
Member Services	637,546	1,326,891	1,005,537	0.14%	1,074,593	0.09%	(252,298)	-19.01%
Tenant Income	446,444	481,935	486,835	0.05%	499,167	0.04%	17,232	3.58%
Other Income	1,797,927	836,515	3,010,029	0.09%	827,577	0.07%	(8,938)	-1.07%
TOTAL REVENUES	895,094,521	960,132,406	1,001,130,684	100.00%	1,135,360,879	100.00%	175,228,473	18.25%
Expenditures								
Member Dividends	1,129,707	110,000	2,288,134	0.01%	2,117,000	0.19%	2,007,000	1824.55%
Insurance Purchased	638,628,836	611,601,182	697,802,868	65.23%	758,360,334	68.39%	146,759,152	24.00%
Broker Fees	10,636,299	11,200,969	11,296,713	1.19%	11,426,084	1.03%	225,115	2.01%
Provision for Claims	231,224,547	199,587,731	173,718,887	21.29%	225,992,570	20.38%	26,404,839	13.23%
Unallocated Loss Adjustment Expense	(5,702,516)	1,958,000	(3,505,000)	0.21%	1,815,000	0.16%	(143,000)	-7.30%
Member Growth Premium/Provision for Claims	0	50,000,000	0	5.33%	50,000,000	4.51%	0	0.00%
Program Services	13,382,182	39,359,036	35,421,853	4.20%	35,578,506	3.21%	(3,780,530)	-9.61%
Member Services	1,915,752	3,239,791	2,881,926	0.35%	3,125,677	0.28%	(114,114)	-3.52%
Member Subsidies	718,937	2,000,000	0	0.21%	0	0.00%	(2,000,000)	-100.00%
General Administration Expense	12,910,631	16,688,142	15,371,440	1.78%	17,849,322	1.61%	1,161,180	6.96%
Building Operation Expense	1,069,577	539,057	447,022	0.06%	918,297	0.08%	379,240	70.35%
Depreciation	935,869	848,270	797,417	0.09%	1,128,960	0.10%	280,690	33.09%
Delegated to Committees	0	545,000	0	0.06%	545,000	0.05%	0	0.00%
TOTAL EXPENDITURES	906,849,821	937,677,178	936,521,260	100%	1,108,856,750	100.00%	171,179,572	18.26%
Net Increase or (Decrease)	(11,755,300)	22,455,228	64,609,424		26,504,128		4,048,900	
NET POSITION - JULY 1	140,521,262	160,838,436	122,570,594		187,180,019			
Increase in Net Position Due to SANDPIPA Merger	(6,195,368)	0	0		0			
NET POSITION - JUNE 30	122,570,594	183,293,664	187,180,018		213,684,148			

**CSAC Excess Insurance Authority
Combining Budget for All Programs
July 1, 2019 to June 30, 2020**

Combining 2019/20 Budget	PRIMARY WORKERS' COMP.	EXCESS WORKERS' COMP.	GENERAL LIABILITY 1	GENERAL LIABILITY 2	PROPERTY	MEDICAL MALPRACTICE	MR OCIP	EIAHEALTH	DENTAL	MISC. PROGRAMS	TOTAL ALL INSURANCE PROGRAMS
REVENUES:											
Premiums for Transferred Risk	\$ 34,937,800	\$ 134,872,030	\$ 16,633,457	\$ 71,784,736	\$ 74,895,152	\$ 7,003,299	\$10,000,000	\$ 497,799,004	\$0	\$ 38,832,132	\$ 886,757,610
Dividend Income	0	0	0	0	100,000	0	0	0	0	0	100,000
Broker Fees	984,233	3,062,964	1,535,907	586,480	17,208	12,500	0	3,799,000	1,445,000	0	11,443,292
Contributions for Retained Risk	19,635,590	4,960,979	60,387,438	0	6,252,000	12,091,421	0	0	35,022,000	0	138,349,428
Public Entity Participation Fees	0	0	0	0	0	0	0	0	0	0	0
Member Growth	0	0	0	0	0	0	0	0	0	0	50,000,000
Investment Income	1,648,000	5,405,000	0	26,000	1,218,832	955,000	0	210,000	399,000	44,200	9,906,032
Financing Charges	91,872	40,847	0	0	22,743	0	0	0	0	384	155,846
Administration Fees	6,255,056	8,303,174	4,573,788	2,836,702	1,258,846	1,590,043	140,000	721,000	0	0	25,678,609
Program Development Fees	0	0	0	0	0	0	0	0	0	0	0
Member Services	0	0	0	0	0	0	0	0	0	0	0
Tenant Income	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	700,000	0	0	5,000	0	0	705,000
TOTAL REVENUES	63,552,551	156,644,994	83,130,590	75,233,918	84,464,781	21,652,263	10,140,000	502,534,004	36,866,000	38,876,716	1,123,095,817
EXPENSES:											
Member Dividends	2,000,000	0	0	0	100,000	0	0	17,000	0	0	2,117,000
Insurance Purchased	34,937,800	134,872,030	16,633,457	71,784,736	74,895,152	7,010,799	10,000,000	476,841,628	0	38,832,132	865,807,734
Broker Fees	984,233	3,062,964	1,535,907	586,480	0	12,500	0	3,799,000	1,445,000	0	11,426,084
Provision for Claims	9,389,618	1,375,000	70,379,000	0	0	8,834,952	0	0	36,359,000	0	126,337,570
Unallocated Loss Adjustment Expense	656,000	582,000	228,000	263,000	23,000	63,000	0	0	0	0	1,815,000
Program Services	9,891,000	1,563,080	719,000	456,500	400,000	616,250	0	21,125,576	274,350	0	35,045,756
Member Services	0	0	0	0	0	0	0	0	0	0	0
Member Subsidies	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
Building Operation Expense	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0
Financing Expenses	0	0	700,000	0	892,975	0	0	0	0	0	1,592,975
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	0	0	0	0	50,000,000
Delegated to Committees	50,000	50,000	50,000	50,000	25,000	25,000	0	25,000	25,000	0	300,000
TOTAL EXPENSES	57,908,651	141,505,074	90,245,364	73,140,716	76,336,127	16,562,501	10,000,000	501,808,204	38,103,350	38,832,132	1,094,442,119
TRANSFERS:											
Transfers out to:											
General Administration	(4,809,446)	(5,828,299)	(3,390,973)	(2,054,626)	(628,030)	(858,625)	(74,050)	(539,342)	(236,885)	(14,200)	(18,434,476)
Loss Prevention Subsidies	0	0	0	0	0	0	0	0	0	0	0
Claims System	(254,057)	(75,838)	(22,751)	(11,376)	0	(15,168)	0	0	0	0	(379,190)
Risk Management Subsidy Dividend	0	0	0	0	0	0	0	0	0	0	0
Investment Fees	(24,000)	(91,400)	(51,600)	(1,200)	(11,600)	(12,000)	(200)	(2,000)	(5,400)	(600)	(200,000)
Building Rent	0	0	0	0	0	0	0	0	0	0	0
TOTAL TRANSFERS	(5,087,503)	(5,995,537)	(3,465,324)	(2,067,202)	(639,630)	(885,793)	(74,250)	(541,342)	(242,285)	(14,800)	(19,013,666)
Net Increase or (Decrease)	556,397	9,144,383	(10,580,098)	26,000	7,489,024	4,203,969	65,750	184,458	(1,479,635)	29,784	9,640,032
NET POSITION - JULY 1, 2019	29,771,275	48,348,027	32,298,788	1,166,867	17,438,515	12,655,829	358,824	1,842,842	17,018,594	1,977,831	162,877,390
NET POSITION - JUNE 30, 2020	30,327,672	57,492,410	21,718,690	1,192,867	24,927,539	16,859,797	424,574	2,027,300	15,538,959	2,007,615	172,517,422

**CSAC Excess Insurance Authority
Combining Budget for All Programs
July 1, 2019 to June 30, 2020**

Combining 2019/20 Budget	TOTAL ALL INSURANCE PROGRAMS	GENERAL ADMIN	IRON POINT BUILDING	CAPTIVE (EIO)	ELIMINATION	AUTHORITY WIDE BUDGET
REVENUES:						
Premiums for Transferred Risk	\$ 886,757,610	\$0	\$0	\$0	\$(107,447,400)	\$ 779,310,210
Dividend Income	100,000	0	0	0	0	100,000
Broker Fees	11,443,292	0	0	0	0	11,443,292
Contributions for Retained Risk	138,349,428	0	0	107,447,400	0	245,796,828
Public Entity Participation Fees	0	0	0	0	0	0
Member Growth	50,000,000	0	0	0	0	50,000,000
Investment Income	9,906,032	294,000	0	12,000,000	(1,725,275)	20,474,757
Financing Charges	155,846	0	0	0	0	155,846
Administration Fees	25,678,609	0	0	0	0	25,678,609
Program Development Fees	0	0	0	0	0	0
Member Services	0	1,074,593	0	0	0	1,074,593
Tenant Income	0	0	499,167	0	0	499,167
Other Income	705,000	122,577	0	0	0	827,577
TOTAL REVENUES	1,123,095,817	1,491,169	499,167	119,447,400	(109,172,675)	1,135,360,879
EXPENSES:						
Member Dividends	2,117,000	0	0	0	0	2,117,000
Insurance Purchased	865,807,734	0	0	0	(107,447,400)	758,360,334
Broker Fees	11,426,084	0	0	0	0	11,426,084
Provision for Claims	126,337,570	0	0	99,655,000	0	225,992,570
Unallocated Loss Adjustment Expense	1,815,000	0	0	0	0	1,815,000
Program Services	35,045,756	0	0	532,750	0	35,578,506
Member Services	0	3,125,677	0	0	0	3,125,677
Member Subsidies	0	0	0	0	0	0
General Administration Expense	0	17,849,322	0	0	0	17,849,322
Building Operation Expense	0	0	918,297	0	0	918,297
Depreciation	0	871,000	257,960	0	0	1,128,960
Financing Expenses	1,592,975	0	132,300	0	(1,725,275)	0
Member Growth Prem/Prov for Claims	50,000,000	0	0	0	0	50,000,000
Delegated to Committees	300,000	200,000	20,000	25,000	0	545,000
TOTAL EXPENSES	1,094,442,119	22,045,999	1,328,557	100,212,750	(109,172,675)	1,108,856,750
TRANSFERS:						
Transfers out to:						
General Administration	(18,434,476)	18,584,476	0	(150,000)	0	0
Loss Prevention Subsidies	0	0	0	0	0	0
Claims System	(379,190)	379,190	0	0	0	0
Risk Management Subsidy Dividend	0	0	0	0	0	0
Investment Fees	(200,000)	200,000	0	0	0	0
Building Rent	0	(481,657)	481,657	0	0	0
TOTAL TRANSFERS	(19,013,666)	18,682,009	481,657	(150,000)	0	0
Net Increase or (Decrease)	9,640,032	(1,872,821)	(347,732)	19,084,650	0	26,504,128
NET POSITION - JULY 1, 2019	162,877,390	6,419,190	830,469	22,052,969	(5,000,000)	187,180,019
NET POSITION - JUNE 30, 2020	172,517,422	4,546,370	482,737	41,137,619	(5,000,000)	213,684,148

CSAC EXCESS INSURANCE AUTHORITY

CALIFORNIA



PROGRAM BUDGETS

For the Fiscal Year
July 1, 2019 to June 30, 2020

Primary Workers' Compensation

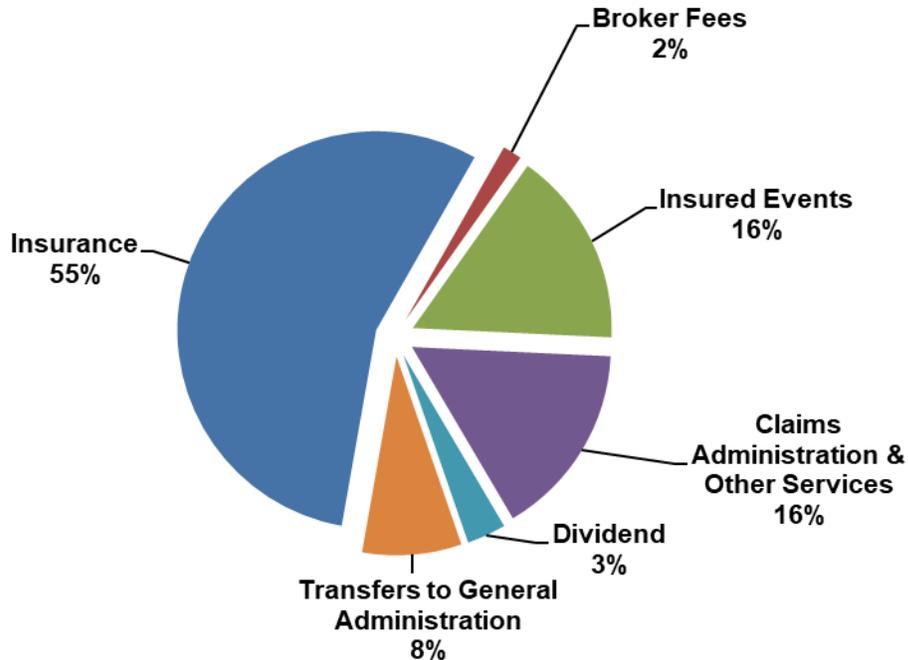
The objective of the Primary Workers' Compensation (PWC) Program is to provide members with an option to eliminate the Excess Workers' Compensation (EWC) self-insured retention and purchase first dollar coverage. The Program pools the first \$10k of loss expense, and then has excess coverage in place 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.

Program Revenue Summary:

Number of Members	39
Covered Payroll	\$2.6 Billion
Pool Premium	\$10.8 Million
Insurance	\$19.6 Million
Premium to EIO	\$15.3 Million
Public Entity Broker Fees	\$1.0 Million
ULAE Premiums	\$8.8 Million
Administration and Fees	\$6.3 Million

A summary of the PWC Program budget is as follows:

Primary Workers' Compensation Program - Expense Summary



The PWC Program proposed budget would result in an ending net position of \$30.3M at June 30, 2020. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$9.8M - \$30.7M.



Primary Workers' Compensation (PWC) Program Budget Policy

Program Goals for the PWC include the following:

Short Term Goals

- Continue to evaluate new service offerings.
- Continue to conduct risk assessments for members and develop solutions for risk control.
- Continue with the development of marketing and educational materials for members.
- Increase the corridor in each of the next couple of years.
- Have all program TPAs using the EIA's claims system. York, Intercare, Hazelrigg, Adminsure, and LWP are now using the EIA's claims system. Corvel should be transitioned to the EIA's claims system during the 2019/20 fiscal year.
- Evaluate appropriate amount of program surplus to set aside funding for potential costs associated with denied CIGA claims.
- Development of a scorecard to measure the performance of the program's TPAs.
- Continue looking for ways to increase engagement with PWC members via the member mentor program.
- Continue to review program policies and make revisions where appropriate.
- Continue to evaluate transfer of risk opportunities in the EIA Captive.

Medium Term Goals

- Preserve a structure that minimizes/eliminates assessment risk.
- Reach resolution on claims in dispute with CIGA on claims they have denied asserting "other insurance" is available.
- Retain 80% of current members and show strategic growth regarding payroll and number of members.
- Continue work on Strategic Goals as updated.

Long Term Goals

- 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.

Budget Policies for the PWC Program include the following:

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.
- 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.

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.
- Other program expenses include legal, ISO fees, employment practices legal consulting services, managed care oversight services, and any other expenses approved by the PWC Committee.
- 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. The subsidy is generally \$1,000 per year.
- Banking services and fees are used to maintain separate claim bank accounts for each TPA.
- The California State Office of Self-Insurance Plans assessment fees are levied by the Department of Industrial Relations to pay for the self-insured employer assessments for:
 - Workers' Compensation Administration Revolving Fund
 - Uninsured Employers Benefits Trust Fund
 - Subsequent Injuries Benefits Trust Fund
 - Workers' Compensation Fraud Account
 - 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 Insurity 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 administrative costs are allocated to all EIA programs based on a three-year average of staff time.
- Based on member election, a risk management subsidy of \$1,000, per member, is transferred to the general administration program and added to each member's risk management subsidy account.
- The claims system transfer is based on program usage.
- Investment Fees are charged on the average daily balance of program funds invested.

CSAC EXCESS INSURANCE AUTHORITY
PRIMARY WORKERS' COMPENSATION PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	\$ 42,800,131	\$ 34,879,648	\$ 34,879,648	\$ 32,313,895	\$ 34,937,800	\$ 2,623,905	Includes corridor deductible in the \$10 - \$125k layer reinsured by EIO, Excludes CSRSM
Payroll Adjustment, Excess Insurance	1,147,718	139,848	139,848	0	0	0	
Contributions for Retained Risk	10,906,401	11,146,430	11,146,430	11,045,011	10,823,490	(221,521)	Billed at 90% confidence level undiscounted.
Payroll Adjustment, Pool Premiums	(53,802)	(314,369)	(314,369)	0	0	0	
ULAE Premium	10,790,755	8,424,105	8,424,105	7,935,383	8,812,100	876,717	Billed at 80% CL; discounted at 1.5%, Excludes CSRSM
Public Entity Broker Fees	1,361,738	989,389	989,389	1,470,013	984,233	(485,780)	
Administration Fees	6,780,280	5,145,557	5,145,557	4,808,005	6,255,056	1,447,051	Incl. Schools LC Fee; Admin fee incr. due to CSRSM's departure
Investment Income	235,254	2,168,462	2,400,000	1,257,000	1,648,000	391,000	
Member Finance Charges	65,092	76,996	76,996	65,000	91,872	26,872	
Development Fees	(14,800)	0	0	0	0	0	
Other Income	41,793	0	0	0	0	0	
TOTAL REVENUES	74,060,560	62,656,066	62,887,604	58,894,307	63,552,551	4,658,244	
EXPENDITURES:							
Member Dividends	0	0	2,000,000	0	2,000,000	2,000,000	
Retained and Transferred Risk							
Insurance Premium Expense	42,800,131	34,887,604	34,887,604	33,044,395	34,937,800	1,893,405	Includes Placement Broker Fee
Primary W.C. Reinsurance Prem. PR Audit	1,105,234	139,848	139,848	0	0	0	
Public Entity Broker Fees	1,361,738	989,389	989,389	1,470,013	984,233	(485,780)	
Provision for Claims, Current Year	9,576,000	8,918,000	8,918,000	9,581,750	9,389,618	(192,132)	Provision for claims at expected
Provision for Claims, Prior Years	3,264,870	0	0	958,000	0	(958,000)	Provision for prior year claims
Provision for ULAE	3,181,863	0	(2,443,000)	1,294,000	656,000	(638,000)	Actuarial adjustment to the liability for future claims administration
CA State W.C. Assessments	1,839,134	1,983,330	1,983,330	2,400,000	2,800,000	400,000	DIR fees based on indemnity payments included in ULAE
Total Retained and Transferred Risk	63,128,970	46,918,170	44,475,170	48,748,158	48,767,651	19,493	
Program Administration							
Claims Administration	6,168,687	4,506,652	6,150,000	7,300,000	6,700,000	(600,000)	TPA fees to administer claims for the life of the claim, no CSRSM
ISO Index Fees	35,999	28,802	40,000	75,000	75,000	0	Claims indexing service
Member Claims Audits	116,100	31,500	120,000	145,000	125,000	(20,000)	TPA's locations audited on biannual basis
Labor Law Services	68,750	0	0	0	0	0	Eyres Law Group in Gen. Admin. eff 18/19 year
Legal Fees	205	0	10,000	10,000	10,000	0	
Banking Services and Fees	40,994	40,346	56,000	47,500	56,000	8,500	
Managed Care Program Monitoring	108,000	81,000	125,000	125,000	125,000	0	Incl Bill review fee monitoring and negotiating
Total Program Administration	6,538,735	4,688,300	6,501,000	7,702,500	7,091,000	(611,500)	
Appropriations Delegated to PWC Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of PWC Committee
TOTAL EXPENDITURES	69,667,705	51,606,470	52,976,170	56,500,658	57,908,651	1,407,993	

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY WORKERS' COMPENSATION PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
TRANSFERS:							
Transfers out to:							
General Administration	\$ (4,029,101)	\$ (4,534,377)	\$ (4,534,377)	\$ (4,534,377)	\$ (4,809,446)	\$ (275,069)	
GASB 68 Pension Funding	0	0	0	0	0	0	
Loss Prevention Subsidies	(39,000)	(41,000)	(41,000)	(39,000)	0	39,000	
EIA Claims System Costs	(774,678)	(427,498)	(427,498)	(427,498)	(254,057)	173,441	
Risk Management Subsidy Dividend	(168,697)	0	0	0	0	0	
Investment Fees	(30,380)	(22,387)	(29,000)	(32,625)	(24,000)	8,625	
TOTAL TRANSFERS	(5,041,856)	(5,025,262)	(5,031,875)	(5,033,500)	(5,087,503)	(54,003)	
Net Increase or (Decrease)	(649,001)	6,024,334	4,879,559	(2,639,851)	556,397	3,196,248	
NET POSITION - JULY 1	25,540,717	24,891,716	24,891,716	27,358,809	29,771,275		
NET POSITION - JUNE 30	24,891,716	30,916,050	29,771,275	24,718,958	30,327,672		
Net Position Designated for:							
Target Equity	14,200,000	14,338,000	14,338,000	14,338,000	14,338,000		
Unrestricted Net Position and Admin	10,691,716	16,578,050	15,433,275	10,380,958	15,989,672		
Total Net Position	24,891,716	30,916,050	29,771,275	24,718,958	30,327,672		
Target Equity							
Low Range	14,200,000	18,811,124	18,811,124	18,811,124	9,830,167		
High Range	41,900,000	42,192,760	42,192,760	42,192,760	30,684,052		

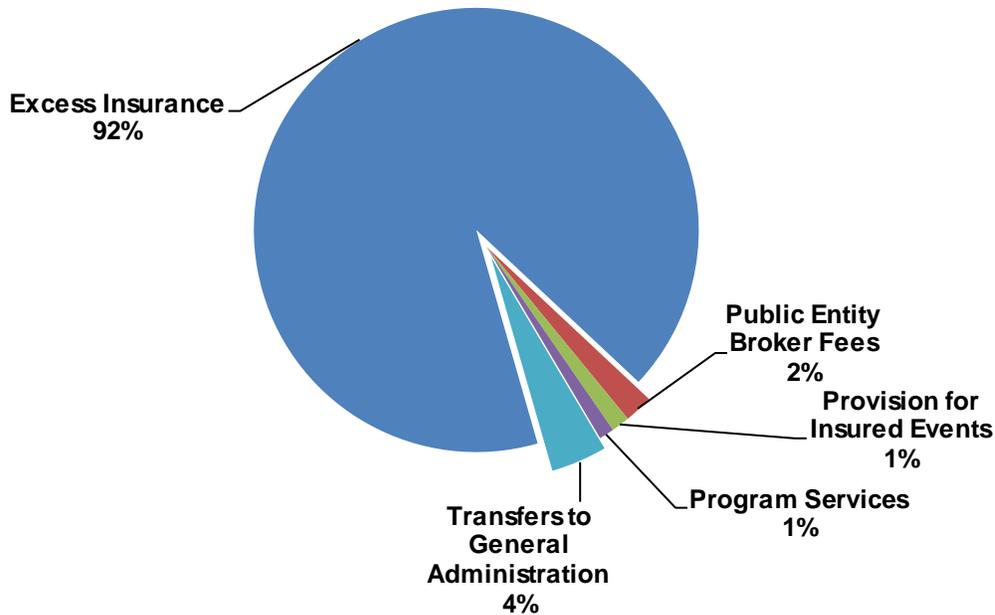
Excess Workers' Compensation

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.

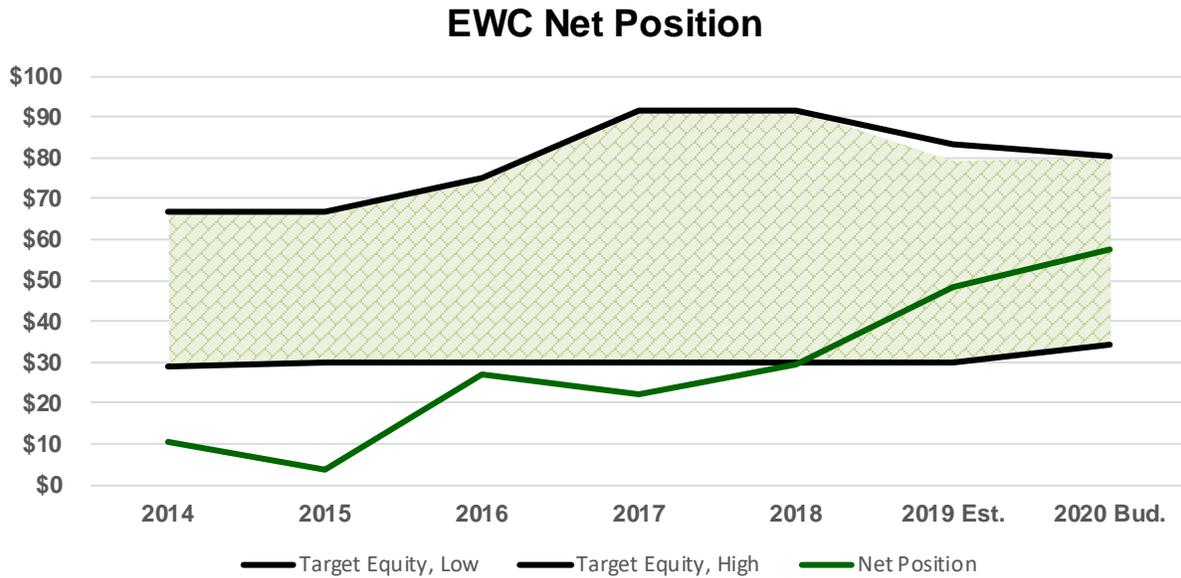
Program Revenue Summary:	
Number of Members	175
Covered Payroll	\$32.4 Billion
Pool Contribution	\$5.0 Million
Insurance	\$82.5 Million
Premium to EIO	\$52.4Million
Broker Fees	\$3.1 Million
Administration and Fees	\$8.3 Million
Loss Prevention Subsidies	\$1,000 per member

A summary of the EWC Program budget is as follows:

Excess Workers' Compensation Program - Expense Summary



The EWC Program proposed budget would result in an ending net position of \$57.5M at June 30, 2020. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$34.1 - \$80.2M. The following chart illustrates the EWC's net position in relation to the target equity range.





Excess Workers' Compensation (EWC) **Program Budget Policy**

Program Goals for the EWC Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Set rates for the upcoming year at a level designed to reach the pool's target funding range within 5 - 7 years.
- Continue to phase in the new premium allocation methodology to reflect the new High/Low-Safety rating group over a 5-year period to provide those members with premium stability (2019/20 is the fourth year of the phase in).
- Evaluate ways to mitigate the Program's long-term exposure to uncollectible reinsurance.
- Use multi-year underwriting matrices, wherever 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 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 transfer of risk options on the EWC claims commuted in FY2015/16.
- Continue to consider risk transfer opportunities in the EIA Captive.
- Evaluate opportunities to increase amount of risk assumed in excess layer via quota share arrangement.

Long Term Goals

- 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 10% variance.
- The EWC risk tolerance is between neutral and high. 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, in order to mitigate the Program's exposure to uncollectible reinsurance, and when considering concentration of risk.



- 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 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 methodologies are 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.
- 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. Any carryover credit from previous years' administration expense will reduce the current budget year's Administration fees charged to the members. Program costs are defined below.

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, unless the member has opted out of the claims audit program.
- 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, Critical Incident Counseling Services, 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. Annually, the Board will determine how to fund for these services.

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.
- The administrative costs of the Program are typically set in conjunction with the March Board of Directors meeting as a way to aid members in budgeting by reducing variability in their premiums. Any variance within 2.5% of the set amount and the final administrative costs are adjusted from the Program's Net Position. If the variance falls outside of the 2.5% range, the total budgeted number is brought back to the Board of Directors in June for further action.
- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The EIA 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.

CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Premium for Transferred Risk	\$ 125,683,198	\$ 127,160,027	\$ 127,160,027	\$ 126,971,669	\$ 134,872,030	\$ 7,900,361	Includes corridors transferred to the EIA Captive.
Payroll Audit, Excess Premiums	4,242,804	2,824,203	2,824,203	0	0	0	
Contribution for Retained Risk	7,824,358	7,640,346	7,640,346	8,956,338	4,960,979	(3,995,359)	Includes 10% quote share in \$45M excess of \$5M layer
Payroll Adjustments, Retained Risk	1,892,984	233,789	233,789	0	0	0	
Administration Fees	7,691,132	8,118,057	8,118,057	8,348,565	8,303,174	(45,391)	Includes Schools Loss Control Fee; admin set in March
Public Entity Broker Fees	2,879,358	2,980,865	2,980,865	2,939,518	3,062,964	123,446	
Investment Income	1,022,137	8,253,583	9,000,000	4,973,000	5,405,000	432,000	
Member Finance Fees	26,654	28,148	28,148	25,000	40,847	15,847	
Development Fees	(58,449)	0	0	0	0	0	
Other Income	700,000	763,980	763,980	0	0	0	Liberty Commutation
TOTAL REVENUES	151,904,176	158,002,997	158,749,415	152,214,090	156,644,994	4,430,904	
EXPENDITURES:							
Retained and Transferred Risk							
Excess Workers' Comp. Premiums	125,684,022	127,144,503	127,144,503	127,915,865	134,872,030	6,956,165	Includes Placement Broker Fee
Payroll Adjustments	3,947,661	2,824,202	2,824,202	0	0	0	
Public Entity Broker Fees	2,879,358	2,978,317	2,978,317	2,939,518	3,062,964	123,446	
Provision for Claims, Current Year	0	725,190	725,190	718,000	1,375,000	657,000	10% quote share in \$45M excess of \$5M layer
Provision for Claims, Prior Years	13,005,551	(82,264)	(82,264)	5,600,000	0	(5,600,000)	
Provision for ULAE	(6,791,656)	0	(452,000)	308,000	582,000	274,000	Cost to run off portfolio
Total Retained and Transferred Risk	138,724,936	133,589,948	133,137,948	137,481,383	139,891,994	2,410,611	
Program Administration							
Managed Care Program Monitoring	0	0	1,000	5,000	5,000	0	Incl Bill review fee monitoring and negotiating
Legal Fees	39,633	8,158	30,000	90,000	200,000	110,000	Increase due to CIGA and Amsafety litigation
ISO Index Fees	261,325	243,180	290,000	310,000	325,000	15,000	Claims indexing service
Member Claims Audits	521,921	320,480	570,480	760,000	730,000	(30,000)	
EIA Claims Audits	0	0	0	0	17,000	17,000	Due in 2017/18
Crisis Management Services	10,800	303	18,500	110,080	110,080	0	
Member Actuarial Studies	157,050	146,825	170,000	170,000	176,000	6,000	
Total Program Administration	990,729	718,946	1,079,980	1,445,080	1,563,080	118,000	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	Available with a two-thirds vote of Executive Committee
TOTAL EXPENDITURES	139,715,665	134,308,895	134,217,928	138,976,463	141,505,074	2,528,611	

CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
TRANSFERS:							
Transfers out to:							
General Administration	\$ (4,315,948)	\$ (5,123,344)	\$ (5,123,344)	\$ (5,123,344)	\$ (5,828,299)	\$ (704,955)	
Loss Prevention Subsidies	(168,000)	(173,000)	(173,000)	(169,000)	0	169,000	
EIA Claims System Costs	(231,247)	(127,611)	(127,611)	(127,611)	(75,838)	51,773	
Risk Management Subsidy Dividend	(330,936)	0	0	0	0	0	
Investment Fees	(129,459)	(85,132)	(130,333)	(139,722)	(91,400)	48,322	External investment management fees
TOTAL TRANSFERS	(5,175,590)	(5,509,087)	(5,554,288)	(5,559,677)	(5,995,537)	(435,860)	
Net Increase or (Decrease)	7,012,921	18,185,016	18,977,198	7,677,950	9,144,383	1,466,433	
NET POSITION - JULY 1	22,357,907	29,370,828	29,370,828	29,678,054	48,348,027		
NET POSITION - JUNE 30	29,370,828	47,555,844	48,348,027	37,356,004	57,492,410		
Net Position Designated for:							
Target Equity	29,370,828	47,555,844	48,348,027	37,356,004	57,492,410		
Total Net Position	29,370,828	47,555,844	48,348,027	37,356,004	57,492,410		
Target Equity							
Low Range	32,900,000	34,125,000	34,125,000	34,125,000	34,125,000		
High Range	103,106,000	83,443,000	83,443,000	83,443,000	80,295,000		

General Liability 1

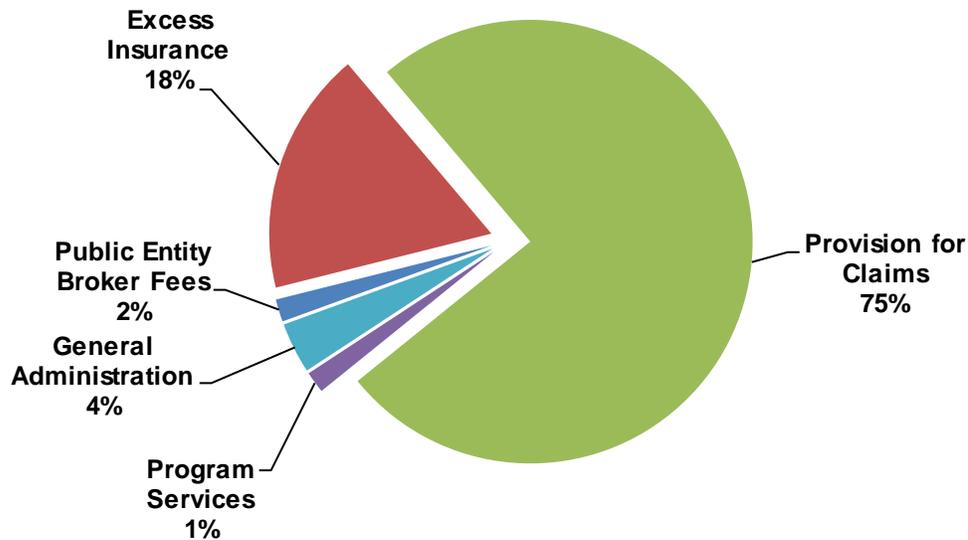
The objective of the General Liability 1 (GL1) Program is to provide members with a long-term, stable and financially strong alternative to traditional insurance. The GL1 Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

Number of Members	125
Covered Payroll	\$6.9 Billion
Pool Premium	\$60.4 Million
Insurance	\$ 12.1 Million
Premium to EIO	\$4.5 Million
Public Entity Broker Fees	\$1.5 Million
Administration and Fees	\$4.6 Million
Loss Prevention Subsidy	\$1,000 per member

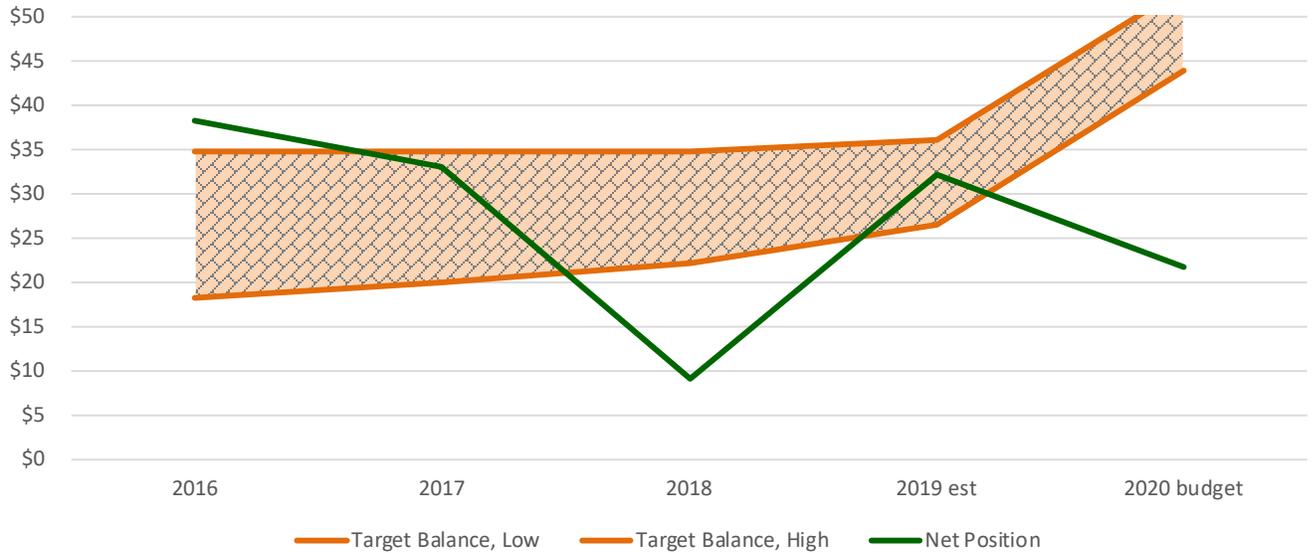
A summary of the GLI Program budget is as follows:

General Liability 1 Program - Expense Summary



The GL1 Program proposed budget would result in an ending net position of \$21.7M at June 30, 2020. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$43.9 - \$53.3M. The following chart illustrated the GL1's net position in relation to the target equity range.

General Liability 1 Net Position (in millions)





General Liability 1 (GL1) **Program Budget Policy**

Program Goals for GL1 include the following:

Short Term Goals

- Increase service offerings to the members.
- Set rates for the upcoming year at a level designed to increase net assets so that the pool's funding is within the target surplus range in three to five years.
- 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, and make conservative adjustments, as needed.
- Continue to evaluate transfer of risk opportunities in the EIA Captive.
- Evaluate feasibility of a Loss Portfolio Transfer of outstanding pooled liabilities.
- Evaluate the restructuring of the pooled layer to transfer more risk to the commercial insurance market.

Long Term Goals

- 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 low to 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 and less volatile.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).

Budget Policies for the 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 methodologies are approved by the Board of Directors.

- Premium in the GL1 Program is not subject to adjustment based on actual payroll.
- 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.
- 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. Any carryover credit from previous years' administration expense will flow to the program's net position. Program costs are defined below.

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, unless the member opts out of the claims audit program.
- 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. Annually, the Board will determine how to fund for these services.

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.
- The administrative costs of the Program are typically set in conjunction with the March Board of Directors meeting as a way to aid members in budgeting by reducing variability in their premiums. Any variance within 2.5% of the set amount and the final administrative costs are adjusted from the Program's Net Position. If the variance falls outside of the 2.5% range, the total budgeted number is brought back to the Board of Directors in June for further action.
- Based on member election, a loss prevention subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The EIA 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.

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 1 PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18 ***	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	\$ 10,411,989	\$ 11,462,167	\$ 11,462,167	\$ 10,549,344	\$ 16,633,457	\$ 6,084,113	Incl. Corridor deductible reinsured by EIA Captive
Contributions for Retained Risk	40,152,650	46,337,573	46,337,573	45,442,293	60,387,438	14,945,145	Funded at the 70% confidence level
Public Entity Broker Fees	1,129,061	1,301,743	1,301,743	1,193,689	1,535,907	342,218	
Investment Income	513,719	4,462,957	4,762,957	3,300,000	0	(3,300,000)	No interest expected in 19/20 due to LPT payout
Administration Fees	3,750,799	4,615,724	4,615,724	4,487,612	4,573,788	86,176	Includes Schools loss control fee; set in March
Program Development Fees	0	0	0	0	0	0	
Other Income	11,660	1,593	1,593	0	0	0	
TOTAL REVENUES	55,969,878	68,181,757	68,481,757	64,972,938	83,130,590	18,157,652	
EXPENDITURES:							
Pool Dividends	980,419	0	0	0	0	0	
Retained and Transferred Risk							
Premium for Transferred Risk	10,036,531	10,937,546	12,437,546	10,557,810	16,633,457	6,075,647	Incl. Placement and LPT Broker Fees
Public Entity Broker Fees	1,129,384	1,299,983	1,299,983	1,193,689	1,535,907	342,218	
Provision for Claims, Current Year	32,290,862	39,860,651	39,860,651	40,658,515	70,379,000	29,720,485	Premiums to MS Re & EIO
Provision for Claims, Prior Years	37,493,910	33,172,856	(12,001,144)	4,066,000	0	(4,066,000)	
Provision for ULAE	(1,783,101)	0	(263,000)	219,000	228,000	9,000	Including PGL
Total Retained and Transferred Risk	79,167,586	85,271,036	41,334,036	56,695,014	88,776,364	32,081,350	
Program Administration							
Financing Expenses	0	0	25,000	0	700,000	700,000	Interest paid to other programs due to LPT; not billed back to members
ISO Fees	1,685	1,255	7,755	2,500	2,500	0	
Member Claims Audits	100,922	4,163	90,000	90,000	145,000	55,000	Increase in prices and more audits in 2019/20
EIA Claims Audit	6,600	0	0	0	7,500	7,500	Due in 2019/20
Labor Law Services	132,500	0	0	0	0	0	Eyres Law Group in Gen. Admin. eff 18/19 year
Legal Expenses	180,529	66,465	150,600	315,000	350,000	35,000	Incl CAJPA Data Collection/Legislative Effort
Crisis Management Services	23,795	0	17,000	100,000	100,000	0	
Bank Fees	3,355	2,283	0	4,300	4,000	(300)	Allocated to PGL members only
Member Actuarial Studies	88,650	104,475	110,000	110,000	110,000	0	
Total Program Administration	538,036	178,641	400,355	621,800	1,419,000	797,200	
Contingency Delegated to Governing Committee	0	14,250	0	50,000	50,000	0	Available with two-thirds vote of the Executive Committee
TOTAL EXPENDITURES	80,686,041	85,463,927	41,734,391	57,366,814	90,245,364	32,878,550	
TRANSFERS:							
Transfers out to:							
General Administration	(2,944,188)	(3,358,116)	(3,358,116)	(3,358,116)	(3,390,973)	(32,857)	
Loss Prevention Subsidies	(112,000)	(109,917)	(109,917)	(106,000)	0	106,000	
Claims System Costs	(69,374)	(38,283)	(38,283)	(38,283)	(22,751)	15,532	
Risk Management Subsidy Dividend	(79,697)	0	0	0	0	0	
Investment Fees	(69,300)	(46,867)	(59,490)	(74,994)	(51,600)	23,394	
TOTAL TRANSFERS	(3,274,559)	(3,553,183)	(3,565,806)	(3,577,393)	(3,465,324)	112,069	

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 1 PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18 ***	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
Net Increase or (Decrease)	\$ (27,990,722)	\$ (20,835,353)	\$ 23,181,560	\$ 4,028,731	\$ (10,580,098)	\$ (14,608,829)	
NET POSITION - JULY 1	34,375,740	9,117,228	9,117,228	33,958,176	32,298,788		
Increase in Net Position Due to SANDPIPA Merger	2,732,210						
NET POSITION - JUNE 30	9,117,228	(11,718,125)	32,298,788	37,986,907	21,718,690		
Net Position Designated for:							
Unrestricted Net Position	9,117,228	(11,718,125)	14,124,788	37,986,907	3,544,690		
Premium Rate Credit, accrued but not received until 7/1/21			18,174,000		18,174,000		
Total Net Position	9,117,228	(11,718,125)	32,298,788	37,986,907	21,718,690		
Target Equity							
Low Range	22,200,000	26,600,000	26,600,000	26,600,000	43,904,000		
High Range	34,800,000	36,100,000	36,100,000	36,100,000	53,300,000		

General Liability 2

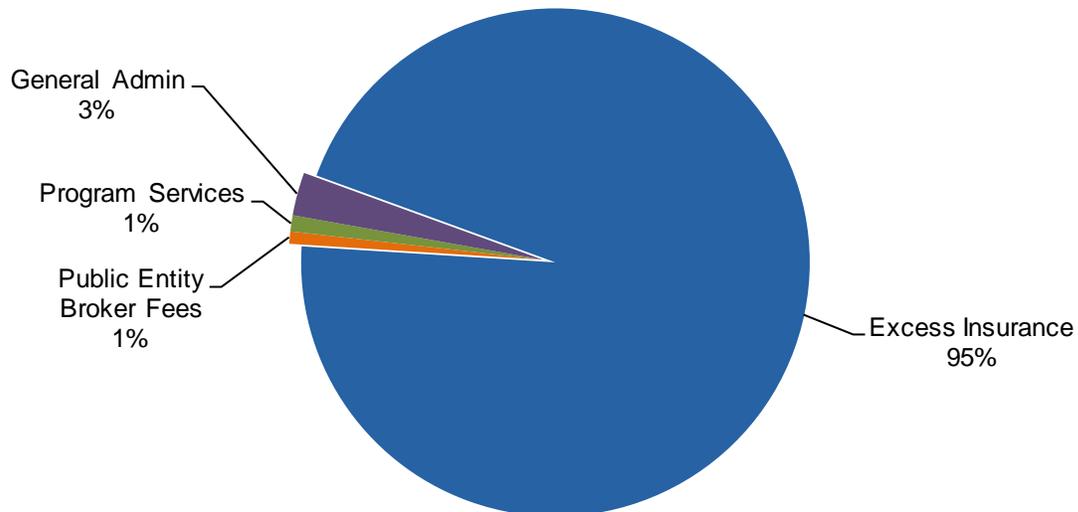
The objective of the General Liability 2 (GL2) Program is to provide members who can afford a high self-insured retention an affordable excess liability program with limited pool exposure, and insured coverage when available.

Program Revenue Summary:

Number of Members	18
Self Insured Retentions	\$1 to \$3.5 Million
Insurance	\$46.8 Million
Premium to EIO	\$25.0 Million
Public Entity Broker Fees	\$586 Thousand
Administration and Fees	\$2.8 Million

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

General Liability Program 2 - Expense Summary





General Liability 2 (GL2) **Program Budget Policy**

Program Goals for the GL2 Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Eliminate aggregate coverage limits.
- Use multi-year underwriting matrices, wherever 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.
- Establish Member Report Cards which measure members' claims handling practices and loss data reporting in an effort to better control and mitigate losses. Update the Claims Administration Guidelines – Addendum B, which includes adding in litigation section.
- Establish the CRC2, which is designed to have members obtain settlement authority from the Committee in advance of mediation or settlement conferences.
- Annually consider amendments to the MOC to address areas in which clarification is helpful in an effort to avoid coverage questions in the future.
- Require all members in the program provide loss data to the EIA monthly.
- Establish Target Funding Guidelines to assist the Committee in making program funding decisions on an annual basis
- Continue to evaluate transfer of risk opportunities in the EIA Captive.

Long Term Goals

- 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).
- Consider a financial penalty aspect of the member report cards to reallocate a portion of costs to those members who are under-performing relative to other members based on report card scores.
- Create a loss data quality dashboard.
- Expand program to new members, which may include pools or individual members from other states.



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.
- 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. Any carryover credit from previous years' administration expense will flow to the program's net position. Program costs are defined below.
- 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. The subsidy is generally \$1,000 per year and collected as part of member premiums. Each member's subsidy collected in that year is transferred to their Risk Management Subsidy Deposit account for them to use in the future for securing external risk management products and services.

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 extend 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.
- 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 consulting costs, legal expenses, ISO fees and any other expenses approved by the GL2 Committee.
- 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. Annually, the GL2 Committee will determine how to fund for these services.

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 risk management subsidy of \$1,000 per member is transferred to the General Administration Program and added to each member's risk management 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.

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 2 PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	\$ 48,889,111	\$ 62,346,508	\$ 62,346,508	\$ 58,031,632	\$ 71,784,736	\$ 13,753,104	Group corridor deductible transferred to EIA Captive
Contributions for Retained Risk	0	0	0	0	0	0	
Public Entity Broker Fees	511,551	516,792	516,792	594,975	586,480	(8,495)	
Investment Income and Finance Fees	(11,915)	25,273	32,492	25,000	26,000	1,000	
General Administration Fees	1,839,244	2,185,060	2,185,060	3,374,105	2,836,702	(537,403)	
Development Fees	0	0	700	0	0	0	
Other Income, Legal Expense Reimbursement	0	0	0	0	0	0	
TOTAL REVENUES	51,227,991	65,073,633	65,081,552	62,025,712	75,233,918	13,208,206	
EXPENDITURES:							
Retained and Transferred Risk							
Premium for Transferred Risk	48,896,912	62,153,309	62,153,309	59,254,996	71,784,736	12,529,740	Includes Placement Broker Fees
Provision for Claims, Current Year	0	0	0	0	0	0	
Provision for Claims - Prior Year	0	0	0	0	0	0	All liability fully accrued in prior years
GLII Commission Rebate	(28,470)	(26,312)	(26,312)	0	0	0	No more rebate
Public Entity Broker Fees	511,551	516,792	516,792	594,975	586,480	(8,495)	
Provision for ULAE	380,172	0	36,000	110,000	263,000	153,000	
Total Retained and Transferred Risk	49,760,165	62,643,789	62,679,789	59,959,971	72,634,216	12,674,245	
Program Administration							
ISO Fees	13,334	11,401	13,401	7,500	7,500	0	
Member Actuarial Studies	22,000	20,000	30,000	30,000	32,000	2,000	
Uncovered Disputed Claims	0	0	0	0	0	0	
Legal Services	33,985	12,341	75,000	125,000	225,000	100,000	Incl CAJPA Data Collection/Legislative Effort
Member Claims Audit	41,675	13,150	50,000	50,000	92,000	42,000	
EIA Claims Audit	0	0	0	0	0	0	
Crisis Management Services	8,552	0	17,000	100,000	100,000	0	
Financing Expense	0	0	0	0	0	0	
Total Program Administration	119,546	56,892	185,401	312,500	456,500	144,000	
Appropriation Delegated to GL2 Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of GL2 Committee
TOTAL EXPENDITURES	49,879,711	62,700,681	62,865,190	60,322,471	73,140,716	12,818,245	
TRANSFERS:							
Transfers out to:							
General Administration	(1,391,829)	(1,643,084)	(1,643,084)	(1,643,084)	(2,054,626)	(411,542)	
Loss Prevention Subsidies	(14,000)	(16,000)	(16,000)	(15,000)	0	15,000	
Claims System Costs	(34,687)	(19,142)	(19,142)	(19,142)	(11,376)	7,766	
Risk Management Subsidy Dividend	(76,865)	0	0	0	0	0	
Investment Fees	(905)	(778)	(1,300)	(1,015)	(1,200)	(185)	
TOTAL TRANSFERS	(1,518,286)	(1,679,004)	(1,679,526)	(1,678,241)	(2,067,202)	(388,961)	
Net Increase or (Decrease)	(170,006)	693,948	536,836	25,000	26,000	1,000	
NET POSITION - JULY 1	800,037	630,031	630,031	963,121	1,166,867		
NET POSITION - JUNE 30	630,031	1,323,979	1,166,867	988,121	1,192,867		

Property

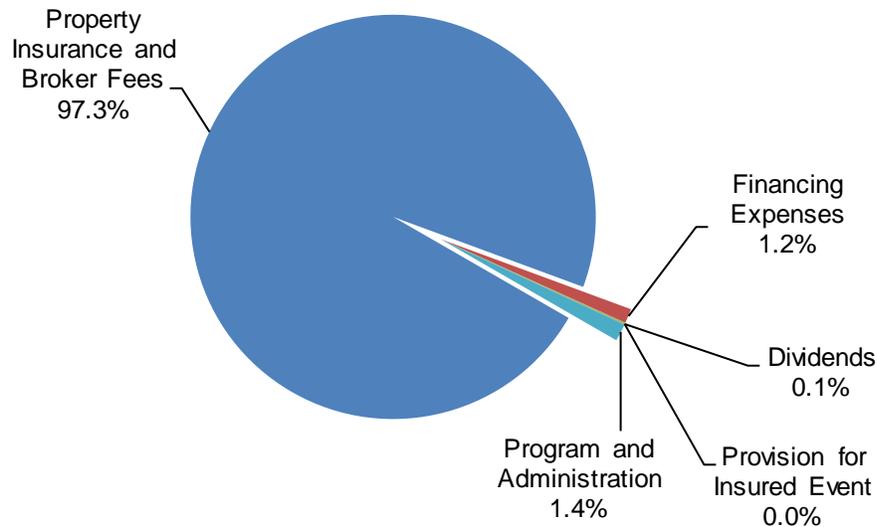
The objective of the Property Program is to provide a broad range of all-risk property coverage to members, including flood and earthquake. Members' property is divided into groups known as "towers". Each tower offers up to \$600M of property coverage.

Program Revenue Summary:

Number of Members	104
Member deductibles	\$5,000 to \$100,000
Insured Values	\$74 Billion
Insurance	\$64.6 Million
Premium to EIO	\$10.3 Million
Pool Premium	\$252 Thousand
Catastrophic Pool	\$6 Million
Administration and Fees	\$1.3 Million

A summary of the Property Program budget is as follows:

Property Program - Expense Summary





Property Program Budget Policy

Program Goals for the Property Program include the following:

Short-term Goals

- Increase service offerings to the members.
- Continue to explore ways to maintain a multi-year primary placement.
- Continue to implement the Committee's policy to address frequency and severity of losses at vacant buildings.
- In an effort to build up the funding in the Catastrophic Risk Pool, increase collection in 2019/20 to \$6M.
- Evaluate retaining Earthquake Risk in the Rooftop Layer excess of \$100M.
- Evaluate the quality of claims services and Oasys-Net.
- Continue to evaluate transfer of risk opportunities in the EIA Captive.

Long-term Goals

- Maintain beneficial long-term relationships with insurance markets.
- Mitigate dependence on the primary insurance carrier.
- Prepare to increase the aggregated pool retention as early as the 2021/22 year.
- 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.
- Continue to evaluate coverage and structure enhancements.

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.
- 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 31st with premiums due to underwriters within 30 days. The EIA allows members to pay property premiums on a fiscal year cycle beginning July 1st. The EIA internally finances the prepayment of property premiums, that could include 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”. The calculation of the “Prepaid Balance Adjustment” will not include a credit for expected investment income, thereby maximizing the investment earnings to the Catastrophic Risk Pool. 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. Any carryover credit from previous years’ administration expense will flow to the Catastrophic Risk Pool. Program costs are defined below.

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.
- Other program expenses include consulting costs, legal expenses, property appraisal services, and any other expenses approved by the Property Committee.
- 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. The subsidy is generally \$1,000 per year.
- The EIA’s premium billing to members is based on the fiscal year of July 1st through June 30th. The insurance premiums are for a policy period of March 31st through March 31st. 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 31st 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 Services line item of \$250,000 (starting with the 2019/20 year), is available for services approved by the Property Committee. The Appraisal Services line item of \$40,000 is for the Program's portion of expenses associated with appraisal of buildings valued between \$250k-\$999k. Since the appraisal policy was amended to extend the frequency of appraisals from 5 to 10 years, the Program's financial responsibility is significantly reduced starting in the 2017/18 year.
- 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. Annually, the Property Committee will determine how to fund for these services.

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.

**CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
No Claim Dividends	\$ 73,665	\$ 0	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0	
Premiums for Transferred Risk	61,814,119	48,557,289	64,297,988	64,297,988	74,895,152	10,597,164	All risk; incl. corridors transferred to captive
Retained Risk, Agg. Deductible Pool	2,498,558	1,875,000	1,875,000	2,500,000	6,252,000	3,752,000	CAT pool contribution \$6M plus 60% of EIA excess EQ layer
Broker Fees	13,670	0	0	11,443	17,208	5,765	Schools LP position in Genl Admin Prog in FY17/18
Investment Income	861,975	503,295	671,060	1,041,410	1,218,832	177,422	
Member Finance Charges	15,397	17,031	17,031	15,000	22,743	7,743	
Administration Fees	1,014,598	1,049,359	1,049,359	1,031,974	1,258,846	226,872	
Other Income	702,507	0	676,020	700,000	700,000	0	Ceding commission from insurance placement
TOTAL REVENUES	66,994,489	52,001,974	68,686,458	69,697,815	84,464,781	14,766,966	
EXPENDITURES:							
Dividends	73,665	0	100,000	100,000	100,000	0	
Retained and Transferred Risk							
Premium for Transferred Risk	61,639,485	48,900,233	64,297,988	64,297,988	74,895,152	10,597,164	Incl. \$27.1M that is already prepaid to lexington but will be an expense on the financial statements
Broker Fees	0	0	0	0	0	0	
Provision for claims, Aggregate Pool	(94,160)	435,660	435,660	0	0	0	Claims for Catastrophic pool expensed as incurred
Provision for ULAE	(110,341)	0	2,000	9,000	23,000	14,000	
Total Retained and Transferred Risk	61,434,984	49,335,893	64,735,648	64,306,988	74,918,152	10,611,164	
Program Administration							
Financing Expenses	671,489	503,294	671,059	858,410	892,975	34,565	Interest on interfund borrowing at 2.1%
Legal Services	(517)	0	0	10,000	10,000	0	
Crisis Management Services	0	0	17,000	100,000	100,000	0	
Property Appraisals	52,041	0	20,000	40,000	40,000	0	Property Appraisal and Risk Management was combined in17/18
Risk Management/LP Services	0	12,887	160,000	160,000	250,000	90,000	Property Appraisal and Risk Management was combined in17/18
Total Program Administration	723,013	516,181	868,059	1,168,410	1,292,975	124,565	
Appropriation for Property Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of Property Committee
TOTAL EXPENDITURES	62,231,662	49,852,074	65,703,707	65,600,398	76,336,127	10,735,729	
TRANSFERS:							
Transfers out to:							
Transfers out to Administration	(533,364)	(573,908)	(573,908)	(573,908)	(628,030)	(54,122)	
GASB 68 Pension Funding	0	0	0	0	0	0	
Loss Prevention Subsidies	(94,000)	(102,000)	(102,000)	(98,000)	0	98,000	
Risk Management Subsidy Dividend	(82,243)	0	0	0	0	0	
Investment Fees	(17,757)	(10,995)	(14,750)	(16,066)	(11,600)	4,466	
TOTAL TRANSFERS	(727,364)	(686,903)	(690,658)	(687,974)	(639,630)	48,344	
Net Increase or (Decrease)	4,035,463	1,462,997	2,292,093	3,409,443	7,489,024	4,079,581	
NET POSITION - JULY 1	11,110,959	15,146,422	15,146,422	14,517,386	17,438,515		
NET POSITION - JUNE 30	15,146,422	16,609,419	17,438,515	17,926,829	24,927,539		
Net Position Designated for:							
Catastrophic Pool	6,740,000	13,717,293	14,546,389	15,034,703	22,035,413		
Program Stabilization Fund	5,090,634	2,892,126	2,892,126	2,892,126	2,892,126		
Total Net Position	15,146,422	16,609,419	17,438,515	17,926,829	24,927,539		

Medical Malpractice

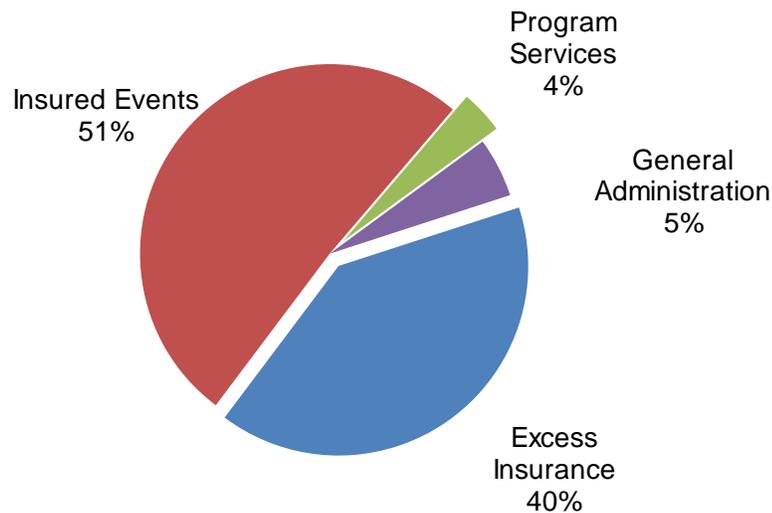
The objective of the Medical Malpractice Program is to provide members with the broadest possible General Liability and hospital or medical facilities professional liability coverage and limits at the lowest rates available. The Medical Malpractice Program provides members with the economic benefits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

Program Revenue Summary:

Number of Members	52
Pool Premium	\$12.1 Million
Insurance	\$7.0 Million
Administration and Fees	\$1.6 Million
Loss Prevention Subsidy	\$1,000 per member

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

Medical Malpractice Program - Expense Summary





Medical Malpractice Program Budget Policy

Program Goals for the Medical Malpractice Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Evaluate the potential transition from claims-made to occurrence based coverage in the pool layer.
- Analyze, evaluate, and consider modifications to the rating of the jail exposures in the program.
- .
- Staff and RMS to continue working with members and CFMG to review the coverage limits provided to members, work with parties to develop consistent insurance requirements to ensure all are receiving adequate limits of coverage, and provide recommended coverage language for inclusion in their contracts with CFMG.
- Continue to 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

- 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 Program 1 and Program 2, 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

Budget Policies for the Medical Malpractice Program include the following:

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.

- 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 1 members based on the individual member rates. Program 2 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. Any carryover credit from previous years' administration expense will reduce the current budget year's Administration fees charged to the members. Program costs are defined below.

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.
- Program and member claims audits are scheduled every two (2) years, or as determined by the Medical Malpractice Committee.
- Each Program 11 member is entitled to a subsidy of \$2k towards the cost of member actuarial studies.
- 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. The subsidy is generally \$1,000 per year.
- 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 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. Annually, the Medical Malpractice Committee will determine how to fund for these services.

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 risk management subsidy of \$1k per member is transferred to the general administration program and added to each member's risk management subsidy account.
- The Claims System transfer is based on program usage.

**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Premium for Transferred Risk	\$ 6,145,622	\$ 6,116,198	\$ 6,116,198	\$ 6,860,223	\$ 7,003,299	\$ 143,076	
Contribution for Retained Risk	7,793,776	8,426,303	8,426,303	8,913,474	12,091,421	3,177,947	Anticipated increases in the pool rates eff. 10/1/19
Public Entity Broker Fees	6,191	7,991	7,991	8,774	12,500	3,726	
Investment Income	91,711	1,142,641	1,261,029	759,000	955,000	196,000	
Finance Charges for Members	0	0	0	0	0	0	
Claims Administration Fees	410,000	444,912	444,912	444,912	460,000	15,088	
Administration Fees	773,812	855,290	855,290	859,291	1,130,043	270,752	
Program Development Fees	0	(44,200)	(44,200)	0	0	0	
Other Income	6,041	1,380,905	1,380,905	0	0	0	
TOTAL REVENUES	15,227,153	18,330,040	18,448,428	17,845,674	21,652,263	3,806,589	
EXPENDITURES:							
Member Dividends	0	0	0	0	0	0	
Retained and Transferred Risk							
Premium for Transferred Risk	6,144,774	6,116,200	6,116,200	6,860,223	7,010,799	150,576	
Public Entity Broker Fees	6,191	7,991	7,991	8,774	12,500	3,726	
Provision for Claims - Current Year	6,135,841	5,025,409	5,525,409	6,766,466	8,834,952	2,068,486	Estimated at expected discounted at 1.75%
Provision for Claims - Prior Year	1,984,345	549,647	549,647	677,000	0	(677,000)	Estimated pending actuarial
Provision for ULAE	(689,794)	0	(385,000)	18,000	63,000	45,000	
Total Retained and Transferred Risk	13,581,357	11,699,247	11,814,247	14,330,463	15,921,251	1,590,788	
Program Administration							
ISO Index Fees	0	0	500	500	500	0	
Legal Expenses	14,029	3,861	10,000	17,000	30,000	13,000	
Claims & Loss Prevention Administration	410,000	324,956	444,912	444,912	460,000	15,088	
Member Actuarial Studies	8,000	6,000	8,000	12,000	8,000	(4,000)	
Claim Audits	0	8,207	8,207	8,000	0	(8,000)	Next claim audit is 20/21
Crisis Management Services	3,900	0	17,000	100,000	100,000	0	
Loss Prevention Annual Seminar	11,999	0	23,300	23,300	17,750	(5,550)	Risk management seminar expense
Total Program Administration	447,928	343,024	511,919	605,712	616,250	10,538	
Appropriation Delegated to Med Mal Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of Med Mal Committee
TOTAL EXPENDITURES	14,029,285	12,042,271	12,326,166	14,961,175	16,562,501	1,601,326	

**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
TRANSFERS:							
Transfers out to:							
General Administration	\$ (493,242)	\$ (679,320)	\$ (679,320)	\$ (679,320)	\$ (858,625)	\$ (179,305)	
Loss Prevention Subsidies	(50,000)	(51,000)	(51,000)	(51,000)	0	51,000	
Claims System Costs	(46,249)	(25,522)	(25,522)	(25,522)	(15,168)	10,354	
Risk Management Subsidy Dividend	(424)	0	0	0	0	0	
Investment Fees	(15,109)	(11,472)	(15,300)	(14,790)	(12,000)	2,790	
TOTAL TRANSFERS	(605,024)	(767,314)	(771,142)	(770,632)	(885,793)	(115,161)	
Net Increase or (Decrease)	592,844	5,520,455	5,351,120	2,113,867	4,203,969	2,090,102	
NET POSITION - JULY 1	6,711,865	7,304,709	7,304,709	8,017,841	12,655,829		
NET POSITION - JUNE 30	7,304,709	12,825,164	12,655,829	10,131,708	16,859,797		
Net Position Designated for:							
Target Equity	7,304,709	12,825,164	12,655,829	10,131,708	16,859,797		
Total Net Position	7,304,709	12,825,164	12,655,829	10,131,708	16,859,797		
Target Equity							
Low Range	3,600,000	5,080,000	3,600,000	5,080,000	4,461,000		
High Range	12,246,500	14,438,500	12,246,500	14,438,500	15,598,000		

Master Rolling Owner Controlled Insurance Program

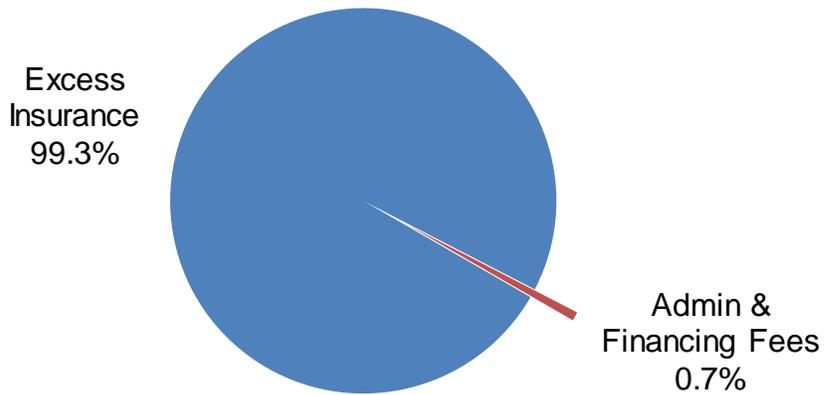
The Master Rolling Owner Controlled Insurance Program (MROCIP) enables members to purchase workers compensation and general liability coverage for all eligible parties working on their construction projects. The program incepted in January 2013, and currently has over ten projects either approved or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

Program Revenue Summary:

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

A summary of the MROCIP Program budget is as follows:

Master Rolling Owner Controlled Insurance Program - Expense Summary





Master Rolling Owner Controlled Insurance Program (MR OCIP) Program Budget Policy

Program Goals for MR OCIP include the following:

Short Term Goals

- Increase service offerings to the members.
- Communicate information about the program to members.
- Expand member participation in the program, with a target towards county jails and schools.
- Seek a proposal from Old Republic to combine the 2013-18 and 2016-21 Tower 2 policy periods into a single aggregate loss fund.
- Consider setting the rates for Tower 2 based on fully funding the Loss Fund to the aggregate attachment.
- Evaluate offering a “liability-only” option.

Long Term Goals

- 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.

Budget Policies for the MR OCIP Program include the following:

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.
- Administration fees are .03% of the Estimated Construction 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, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	\$ 12,266,159	\$ 12,321,503	\$ 12,321,503	\$ 10,000,000	\$ 10,000,000	\$0	
Broker Fees	0	0	0	0	0	0	
Investment Income	1,801	12,201	16,268	0	0	0	
Administration Fees	172,001	111,104	111,104	140,000	140,000	0	
Member Finance Charges	315	0	0	0	0	0	
Other Income	0	0	0	0	0	0	
TOTAL REVENUES	12,440,276	12,444,808	12,448,875	10,140,000	10,140,000	0	
EXPENDITURES:							
Retained and Transferred Risk							
Insurance Purchased	12,266,158	12,322,461	12,322,461	10,000,000	10,000,000	0	
Financing Expenses	0	0	0	0	0	0	
Total Retained and Transferred Risk	12,266,158	12,322,461	12,322,461	10,000,000	10,000,000	0	
TOTAL EXPENDITURES	12,266,158	12,322,461	12,322,461	10,000,000	10,000,000	0	
TRANSFERS:							
Transfers out to:							
General Administration	(100,166)	(100,392)	(100,392)	(100,392)	(74,050)	26,342	
Investment Fees	(154)	(122)	(122)	(145)	(200)	(55)	
TOTAL TRANSFERS	(100,320)	(100,514)	(100,514)	(100,537)	(74,250)	26,287	
Net Increase or (Decrease)	73,798	21,833	25,900	39,463	65,750	26,287	
NET POSITION - JULY 1	259,126	332,924	332,924	321,247	358,824		
NET POSITION - JUNE 30	332,924	354,757	358,824	360,710	424,574		

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.

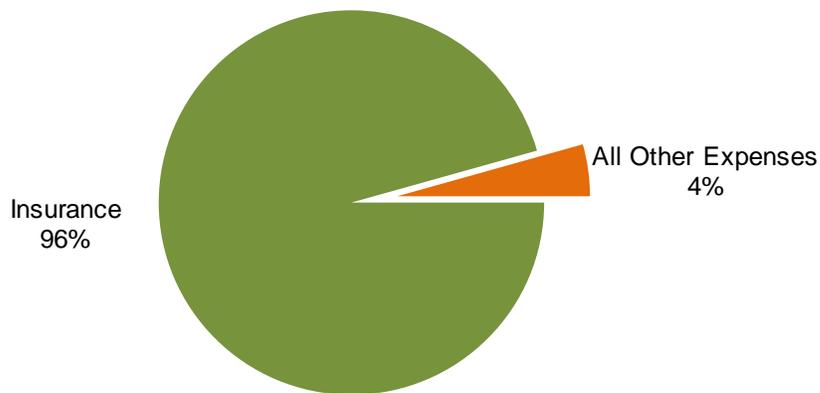
The EIAHealth Program creates value and long-term stability for members by securing the lowest fixed cost plan components and combining employers with similar risk profiles in a financially stable pool. In addition, the Program offers employers the flexibility to match current plan design and product 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.

Program Revenue Summary:

Number of Members	39
Insurance	\$476.8 Million
Eligibility Fees	\$3.2 Million
Claims Admin Fees	\$17.7 Million
Broker Fees	\$3.8 Million
EIA Admin & Fees	\$721 Thousand

A summary of the EIAHealth Program budget is as follows:

EIAHealth Budget - Expense Summary (In Millions)





EIAHealth **Program Budget Policy**

Program Goals for the EIAHealth Program include the following:

Short Term Goals

- Increase Program communication of products and services.
- Increase overall member participation in committee meetings.
- Educate new Committee members on the history of the EIAHealth Program.
- Monitor carrier and vendor performance.
- Continue to update the EIAHealth Administrative Guidelines.
- Survey EIAHealth members for input on TPA performance.
- Continue to present health care cost containment strategies for Committee consideration.
- Increase Data Analytics and Reporting Capabilities
- More Service specific webinars

Long Term Goals

- Maintain appropriate funding levels and stable pricing within the Program.
- Maintain statewide and international provider networks.
- Keep members updated on applicable Health Care Reform.
- Provide wellness program options to members.
- Assist members in lower cost/lower benefit plan options.
- Increase member specific, benefits related information on the EIA website.
- Dependent Audit
- On-site Clinic Evaluations

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 employee, per month 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 based on a per employee, per month rate with the exception of pharmacy, which is based on a per member, per month rate. The fee paid by the member varies based on the size of each member.
- TPA and vendor fees are based on a per employee, per month rate.
- CSAC EIA 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 (fixed costs are outlined on page 3)
- 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 Program workshops/webinars are designed to train and update program members on services available through 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.



EIAHealth 2019 Fixed Administrative Costs:

Carrier/Vendor		Scope of Services	
Alliant	Broker Consultant Program Management	Non-Kaiser Plans	Kaiser Plans
		Jumbo (2,000+): \$3.00 PEPM	Jumbo (2,000+): \$3.00 PEPM
		Large (1,000-1,999): \$5.00 PEPM	Large (1,000-1,999): \$4.00 PEPM
		Mid-Market (250-999) \$8.00 PEPM	Mid-Market (250-999) \$7.00 PEPM
		Small Group: \$11.00 PEPM	Small Group: \$10.00 PEPM
Alliant Underwriting	Program Underwriting	\$3.00 PEPM	
Alliant Pharmacy Consultation	RX Consultant	\$0.85 PMPM	
Anthem Blue Cross	Provider Network Claims Admin.	\$47.10 to \$49.05 PEPM	
Benefit Coordinators Corporation (BCC)	Eligibility Consolidated Billing	\$7.00 PEPM	
Blue Shield of California	Provider Network Claims Admin.	\$44.89 PEPM	
businessolver	Eligibility Consolidated Billing	\$6.60 PEPM	
CSAC EIA	Pool Administration Governance	\$1.50 PEPM	
Carrum Health	Surgical Benefit	\$0.75 PEPM	
Employee Benefit Specialists (EBS)	Eligibility Consolidated Billing	\$6.75 PEPM	
Delta Health Systems (DHS)	Network/Eligibility Consolidated Billing	\$42.35 PEPM	
Pinnacle Claims Management	MexicoSelect Network	\$5.00 PEPM	
SISC	Pool Access and Administration	\$2.75 PEPM	

PEPM: Per Employee, Per Month
 PMPM: Per Member, Per Month

**CSAC EXCESS INSURANCE AUTHORITY
EIAHEALTH PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	\$ 370,928,324	\$ 319,563,057	\$ 435,997,534	\$ 362,971,812	\$ 476,841,628	\$ 113,869,816	Paid directly to SISC
Third Party Administrator Fees	2,601,955	2,186,583	2,957,603	2,620,000	3,235,000	615,000	EBS/BCC/Business Solver/Pinnacle
ASO Fees for EIAHealth Program	19,352,948	16,075,737	20,761,726	22,346,544	17,722,376	(4,624,168)	Carrier admin service organizations
Broker Fees	3,114,826	2,626,748	3,554,241	3,384,000	3,799,000	415,000	Paid to Alliant & other brokers;
Administration Fees	504,291	438,237	593,440	620,000	721,000	101,000	Incr. to \$2 per employee per month eff 1/1/20
Healthcare Reform Reinsurance Fee and PCORI Fee	116,672	69,402	69,598	0	0	0	No ACA fee in FY19/20
Investment Income	13,329	183,191	228,989	115,500	210,000	94,500	
Other Income	53,093	0	0	5,000	5,000	0	
TOTAL REVENUES	396,685,438	341,142,955	464,163,132	392,062,856	502,534,004	110,471,148	
EXPENDITURES:							
Member Dividends (Interest on Outstanding Balances)	8,174	0	14,500	10,000	17,000	7,000	Interest payable on Uncashed Dividend Balances
Retained and Transferred Risk							
Health Premiums, SISC	370,928,324	319,563,057	435,997,534	362,971,812	476,841,628	113,869,816	
Claims Admin. ASO Fees	19,390,221	16,075,737	20,761,726	22,346,544	17,722,376	(4,624,168)	
Broker Fees	3,114,826	2,626,748	3,554,241	3,384,000	3,799,000	415,000	
Third Party Administration Fees	2,601,955	2,186,582	2,957,603	2,620,000	3,235,000	615,000	
Healthcare Reform Reinsurance Fee and PCORI Fee	116,674	69,402	69,598	0	0	0	
Total Retained and Transferred Risk	396,152,000	340,521,526	463,340,703	391,322,356	501,598,004	110,275,648	
Program Administration							
EIA Actuarial, Consulting and Other	48,000	36,000	48,000	58,000	58,000	0	
EIAHealth Symposium and Technician Workshop	70,934	2,182	35,000	100,200	110,200	10,000	
Other Misc. Expense	0	0	0	0	0	0	
Total Program Administration	118,934	38,182	83,000	158,200	168,200	10,000	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of EIAHealth Committee
TOTAL EXPENDITURES	396,279,108	340,559,708	463,438,203	391,515,556	501,808,204	110,292,648	
TRANSFERS:							
Transfers out to:							
General Administration	(409,956)	(508,653)	(508,653)	(508,653)	(539,342)	(30,689)	
Investment Fees	(2,149)	(1,946)	(2,746)	(2,117)	(2,000)	117	
TOTAL TRANSFERS	(412,105)	(510,599)	(511,399)	(510,770)	(541,342)	(30,572)	
Net Increase or (Decrease)	(5,775)	72,648	213,530	36,530	184,458	147,928	
NET POSITION - JULY 1	1,635,087	1,629,312	1,629,312	1,604,315	1,842,842		
NET POSITION - JUNE 30	1,629,312	1,701,960	1,842,842	1,640,845	2,027,300		
Balance in Admin Carryover	58,704	(51,840)	57,745	(4,911)	69,203		
Unrestricted Net Position	1,570,608	1,753,800	1,785,097	1,645,756	1,958,097		
Total Net Position	1,629,312	1,701,960	1,842,842	1,640,845	2,027,300		

Dental

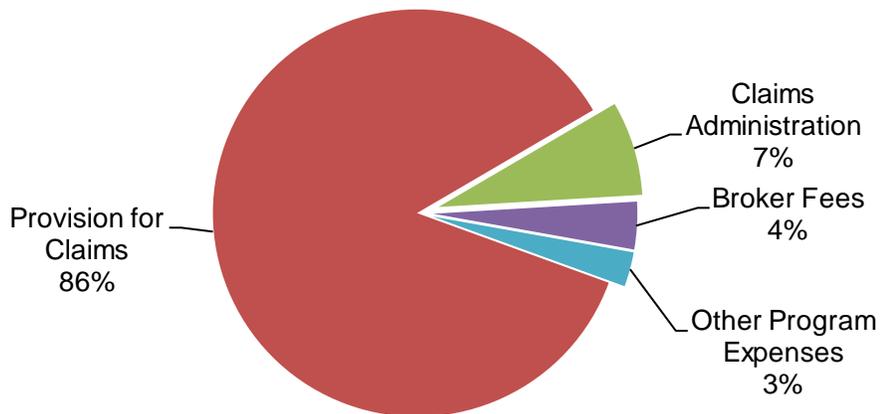
The Dental Program was created to provide members with comprehensive dental coverage and flexible benefit plan designs at the lowest possible rates. As a joint purchasing program, the CSAC Excess Insurance Authority Dental Program is able to leverage the size of its pooled participants to achieve volume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

Program Revenue Summary:

Number of Members	163
Pool Premium	\$34.3 Million
Eligibility Fees	\$222 Thousand
Broker Fees	\$1.4 Million

A summary of the Dental Program budget is as follows:

Dental Program - Expense Summary



Pursuant to the 2018/19 program goals, a target equity was established and based on actuarial results, \$1.5M of program equity will be used to reduce renewal premiums for the 2019/20 year.



EIA Dental Program Budget Policy

Program Goals for the EIA Dental Program include the following:

Short Term Goals

- Monitor the results of the approved reduction in program equity.
- Annually review trend levels for Program.
- Increase communication on available Dental program features.
- Enhance program information available on the EIA website.
- Contract with a new Employee Benefits counsel/advisor.
- Implement audit process for renewals.
- Review Third Party Administration services.

Long Term Goals

- Maintain appropriate funding levels and stable pricing within the Program.
- Maintain multi-year relationships with carriers and vendors.
- Work with Delta Dental to develop EIA Dental website for Members and employees.
- Market review for Program competitiveness.
- Increase Program participation.
- Promote and communicate Member Services available to Dental members.
- Dental Network Evaluation and Communication

Budget Policies for the EIA Dental include the following:

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:
 - Program TPA 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.
- 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
 - DHMO premiums
- 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, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Contribution For Retained Risk	\$ 33,604,042	\$ 26,066,172	\$ 34,750,000	\$ 34,760,000	\$ 34,330,000	\$ (430,000)	Includes the TPA fees
EIA DHMO Pool Pass Thru Revenue	0	0	0	0	470,000	0	
Stabilization Funds Transferred	0	0	0	0	0	0	
Eligibility Administration	382,080	293,896	390,000	380,000	222,000	(158,000)	
Broker Fees	1,661,721	1,464,059	1,950,000	1,610,000	1,445,000	(165,000)	
Investment Income	56,251	519,496	574,359	255,750	399,000	143,250	
Other Income	0	0	0	0	0	0	
TOTAL REVENUES	35,704,094	28,343,623	37,664,359	37,005,750	36,866,000	(609,750)	
EXPENDITURES:							
Retained and Transferred Risk							
Provision for Claims Current Year	31,142,949	24,237,921	32,320,000	31,650,000	32,880,000	1,230,000	
Provision for Claims Prior Year	0	0	93,000	100,000	100,000	0	
EIA DHMO Pool Pass Thru Expense	0	0	0	0	470,000	470,000	
Claims Administration TPA Fees	2,257,648	1,745,130	2,330,000	5,525,000	2,870,000	(2,655,000)	Paid to Delta Dental
Eligibility Administration	382,080	293,896	390,000	380,000	222,000	(158,000)	Paid to PBIA for maintaining eligibility and billing
Broker Fees	1,661,721	1,464,059	1,950,000	1,610,000	1,445,000	(165,000)	Paid to Alliant and other brokers
Stabilization Funds distributed	47,210	0	64,400	0	39,000	39,000	
Total Retained and Transferred Risk	35,491,608	27,741,006	37,147,400	39,265,000	38,026,000	(1,239,000)	
Program Administration							
Actuarial, Consulting and Legal	4,800	3,600	14,800	14,800	24,800	10,000	
Employee Benefit & Health Symposiums	17,733	546	12,600	25,050	27,550	2,500	
Total Program Administration	22,533	4,146	27,400	39,850	52,350	12,500	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of Employee Benefits Committee
TOTAL EXPENDITURES	35,514,141	27,745,152	37,174,800	39,329,850	38,103,350	(1,226,500)	
TRANSFERS:							
Transfers out to:							
General Administration	(213,760)	(210,823)	(210,823)	(210,823)	(236,885)	(26,062)	
GASB 68 Pension Funding	0	0	0	0	0	0	
Investment Fees	(6,978)	(5,219)	(5,959)	(7,424)	(5,400)	2,024	
TOTAL TRANSFERS	(220,738)	(216,042)	(216,782)	(218,247)	(242,285)	(24,038)	
Net Increase or (Decrease)	(30,785)	382,429	272,777	(2,542,347)	(1,479,635)	592,712	
NET POSITION - JULY 1	16,776,602	16,745,817	16,745,817	17,793,955	17,018,594		
NET POSITION - JUNE 30	16,745,817	17,128,246	17,018,594	15,251,608	15,538,959		
Net Assets Designated for:							
Program Stabilization Funds - member designated	992,558	1,056,297	1,056,297	1,056,297	1,011,797		
Dental IBNR & Claim Fluctuation Reserves	6,100,000	6,300,000	5,700,000	6,300,000	6,300,000		
Admin Carryover	(51,086)	248,222	279,091	(73,486)	358,456		
Unrestricted Net Position	9,704,345	9,523,727	9,983,206	7,968,797	7,868,706		
Total Net Position	16,745,817	17,128,246	17,018,594	15,251,608	15,538,959		

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:

- Aviation
- Master Crime
- Catastrophic Inmate Medical
- Course of Construction
- Equipment Maintenance Management Program
- Optional Excess Liability
- Cyber Liability
- Pollution Liability
- Special Events
- Watercraft

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 **Program Budget Policy**

A. Employee Benefits Miscellaneous Programs

Program Goals for the Employee Benefits Misc. Programs include the following:

Short Term Goals

- Increase overall participation in Misc. Programs
- Increase communication on available program features
- Enhance program information available on the EIA website
- EAP Request for Proposal
- EAP Secondary Vendor Selection
- TPA Evaluation and Assessment

Long Term Goals

- Maintain stable and competitive pricing
- Obtain multi-year agreements where ever possible
- Voluntary Benefits Program Evaluation

Budget Policies for the Employee Benefits Misc. Programs include the following:

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 program include:
 - Life/Accidental Death & Dismemberment (AD&D)
 - Long Term Disability (LTD)
 - Short Term Disability (STD)
 - Vision
 - Employee Assistance Plan (EAP)
- The transferred risk premiums for Life, Accidental Death and Dismemberment (AD&D) Long Term Disability (LTD), and Short Term Disability (STD) are based on the benefit level selected by each member.
 - Life and AD&D insurance rates are based on the volume levels selected by each member.
 - LTD 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.



- Vision rates are based on the benefit level selected by each member. Benefit levels determine the schedule of benefits provided and the covered services.
- Employee Assistance Program (EAP) rates 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, LTD, STD and Vision 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 members benefit level, and the reported number of employees eligible for the EAP.

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, LTD, STD and Vision 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.

Property and Casualty Miscellaneous Programs

Program Goals for the Property and Casualty Misc. Programs include the following:

Short Term Goals

- Ensure an efficient system is in place for premium billings
- Enhance program information provided on the website
- Obtain and review program loss experience on a quarterly basis



Long Term Goals

- 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 nine major coverage programs, the EIA provides group purchase insurance programs to offer members protection from other various exposures. These programs include:
 - Aviation
 - Master Crime
 - Catastrophic Inmate Medical
 - Course of Construction
 - Equipment Maintenance Management Program
 - Optional Excess Liability
 - Cyber Liability
 - Pollution Liability
 - Special Events
 - 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, 2019 to June 30, 2020

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Watercraft Dividend	\$ 20,239	\$ 24,014	\$ 24,014	\$ 0	\$ 0	\$ 0	Received from insurance carriers and paid out to members
Aircraft Dividend	0	149,620	149,620	0	0	0	Received from insurance carriers and paid out to members
EAP Premiums	1,706,792	1,254,248	1,720,077	1,740,000	1,750,000	10,000	
Life, LTD and STD Premiums	18,297,787	13,991,758	18,655,678	18,821,000	20,287,000	1,466,000	Growth in program
Vision Premiums	0	0	4,017,302	4,017,302	4,610,000	592,698	
Optional Excess	4,326,148	5,549,028	5,549,028	3,624,000	6,100,000	2,476,000	
Aviation Insurance	1,402,986	1,628,060	1,628,060	1,376,606	1,500,000	123,394	
Watercraft Insurance	258,158	264,440	264,440	260,445	351,000	90,555	
Course of Construction	104,634	99,989	99,989	0	0	0	No current upcoming projects
Crime and Honesty Bonds	1,431,295	1,599,982	1,599,982	1,754,586	1,900,000	145,414	
Pollution Liability Coverage	621,115	491,043	491,043	383,660	376,629	(7,031)	
Inmate Medical	465,520	632,312	632,312	435,470	675,000	239,530	
Cyber Liability	1,357,183	1,368,282	1,368,282	1,375,514	1,076,503	(299,011)	
EMMP	0	0	0	150,000	150,000		Introduction of new line of coverage in 18/19
Finance Fees	41	270	270	0	384	384	
Investment Income	10,815	58,164	77,551	33,000	44,200	11,200	
Other Income	195,703	254,432	254,432	100,000	56,000	(44,000)	
TOTAL REVENUES	30,198,416	27,365,643	36,532,081	34,071,583	38,876,716	4,805,133	
EXPENDITURES:							
Watercraft Dividend	20,239	24,014	24,014	0	0	0	These are carrier dividends paid to members who had no claims
Aviation Dividend	0	149,620	149,620	0	0	0	These are carrier dividends paid to members who had no claims
Transferred Risk							
EAP Premium Expense	1,703,687	1,256,658	1,720,077	1,740,000	1,750,000	10,000	
Life, LTD Premium Expense	18,172,148	13,991,758	18,655,678	18,821,000	20,287,000	1,466,000	
Vision Premiums	0	0	4,017,302	4,017,302	4,610,000	592,698	
Optional Excess	4,326,150	5,549,026	5,549,028	3,624,000	6,100,000	2,476,000	
Aviation Insurance	1,402,987	1,628,059	1,628,060	1,376,606	1,500,000	123,394	
Watercraft Insurance	258,157	264,436	264,440	260,445	351,000	90,555	
Course of Construction	104,635	99,989	99,989	0	0	0	
Crime and Honesty Bonds	1,431,295	1,599,982	1,599,982	1,754,586	1,900,000	145,414	
Pollution Liability	621,114	491,048	491,043	383,660	376,629	(7,031)	
Inmate Medical	465,519	632,312	632,312	435,470	675,000	239,530	
Cyber Liability	1,357,183	1,368,282	1,368,282	1,375,514	1,076,503	(299,011)	
EMMP	0	0	0	150,000	150,000	0	
Other	195,702	254,432	254,432	100,000	56,000	(44,000)	
Total Transferred Risk	30,038,577	27,135,983	36,280,626	34,038,583	38,832,132	4,837,549	
TOTAL EXPENDITURES	30,058,816	27,309,616	36,454,260	34,038,583	38,832,132	4,837,549	

**CSAC EXCESS INSURANCE AUTHORITY
MISCELLANEOUS PROGRAMS
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
TRANSFERS:							
Transfers out to:							
General Administration	\$ (12,800)	\$ (13,300)	\$ (13,300)	\$ (13,300)	\$ (14,200)	\$ (900)	
Internal Investment Fees	(912)	(631)	(1,000)	(1,102)	(600)	502	
TOTAL TRANSFERS	(13,712)	(13,931)	(14,300)	(14,402)	(14,800)	(398)	
Net Increase or (Decrease)	125,888	42,095	63,522	18,598	29,784	(32,814)	
NET POSITION - JULY 1	1,788,420	1,914,309	1,914,309	1,784,170	1,977,831		
NET POSITION - JUNE 30	1,914,309	1,956,404	1,977,831	1,802,768	2,007,615		
Net Position Designated for:							
Life Stabilization Fund	910,486		920,426	920,185	934,755		
LTD Stabilization Fund	984,319		995,477	869,680	1,011,382		
Unrestricted Net Position	19,504		61,928	12,904	61,478		
Total Net Position	1,914,309	1,956,404	1,977,831	1,802,769	2,007,615		

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

EIA's Captive

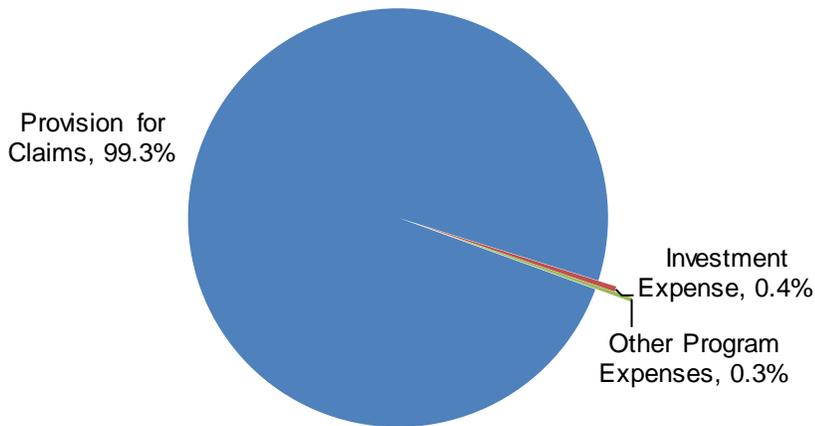
The EIA's Captive, Excess Insurance Organization (EIO), is a blended component unit of the EIA. The Captive covers fixed corridors of the EIA as follows:

Program Revenue Summary:

Primary Workers' Comp	\$15.8 Million
Excess Workers' Comp	\$57.7 Million
General Liability 1	\$4.6 Million
General Liability 2	\$27.8 Million
Property	\$10.6 Million

A summary of the Captive's budget is as follows:

EIO - Expense Summary



**CSAC EXCESS INSURANCE AUTHORITY
CAPTIVE
Adopted Budget
July 1, 2019 to June 30, 2020**

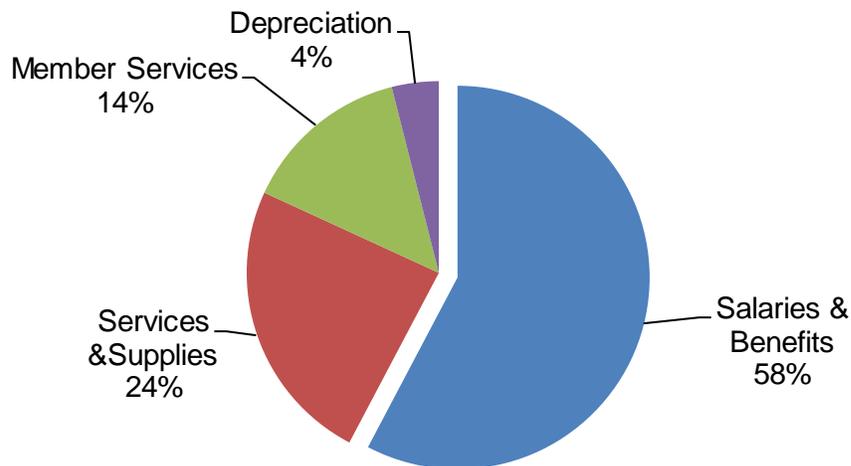
Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 12/31/2018	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)
REVENUES:						
Contribution For Retained Risk	\$ 96,982,623	\$ 96,842,239	\$ 96,842,239	\$ 97,340,490	\$ 107,447,400	\$ 10,106,910
Investment Income	4,548,276	(3,594,985)	7,000,000	10,000,000	12,000,000	2,000,000
Other Income	0	0	0	0	0	
TOTAL REVENUES	101,530,899	93,247,254	103,842,239	107,340,490	119,447,400	12,106,910
EXPENDITURES:						
Retained and Transferred Risk	0	0	0	0	0	0
Provision for Claims Current Year	95,639,941	93,125,217	93,125,217	91,787,000	97,655,000	5,868,000
Provision for Claims Prior Year	894,779	1,855,121	1,855,121	1,500,000	2,000,000	500,000
Total Retained and Transferred Risk	96,534,720	94,980,338	94,980,338	93,287,000	99,655,000	6,368,000
Program Administration						
Actuarial Services	0	0	0	0	0	0
Audit Services	17,000	17,500	17,500	18,000	18,000	0
Legal Service	2,200	5,000	12,000	12,000	8,000	(4,000)
Board Meetings	13,095	9,836	14,000	22,000	22,000	0
Utah Captive Fees	5,250	5,250	5,250	5,250	5,250	0
Investment Management Fees	182,443	128,371	269,579	310,000	400,000	90,000
Banking and Custody Fees	37,601	24,405	48,810	40,000	54,000	14,000
Management Services	75,000	100,000	100,000	100,000	150,000	50,000
Office Supplies, Website Hosting & Misc Expenses	208	0	1,000	9,600	25,500	15,900
Total Program Administration	332,797	290,362	468,139	516,850	682,750	165,900
Transfer out Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0
TOTAL EXPENDITURES	96,867,517	95,270,700	95,448,477	93,828,850	100,362,750	6,533,900
Net Increase or (Decrease)	4,663,382	(2,023,447)	8,393,762	13,511,640	19,084,650	5,573,010
NET POSITION - JULY 1	3,995,825	8,659,207	8,659,207	10,617,576	17,052,969	
NET POSITION - JULY 1 (Capital Stock)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	
NET POSITION - JUNE 30	13,659,207	11,635,760	22,052,969	29,129,216	41,137,619	

Adopted Budget

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, and depreciation of equipment and software. The allocation of general administration expenses is as follows.

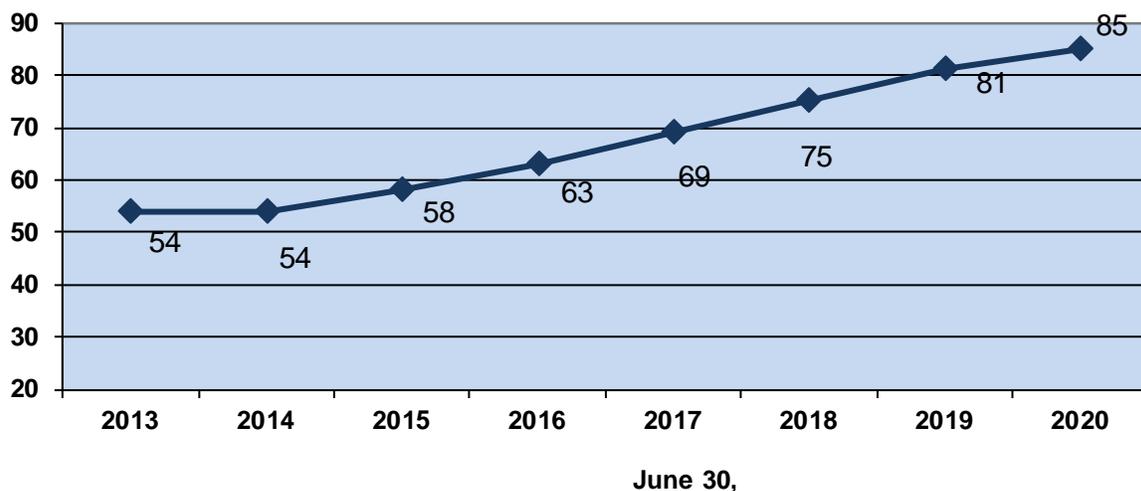
General Administration Budget - Expense Summary



Highlights of the general administration budget are as follows:

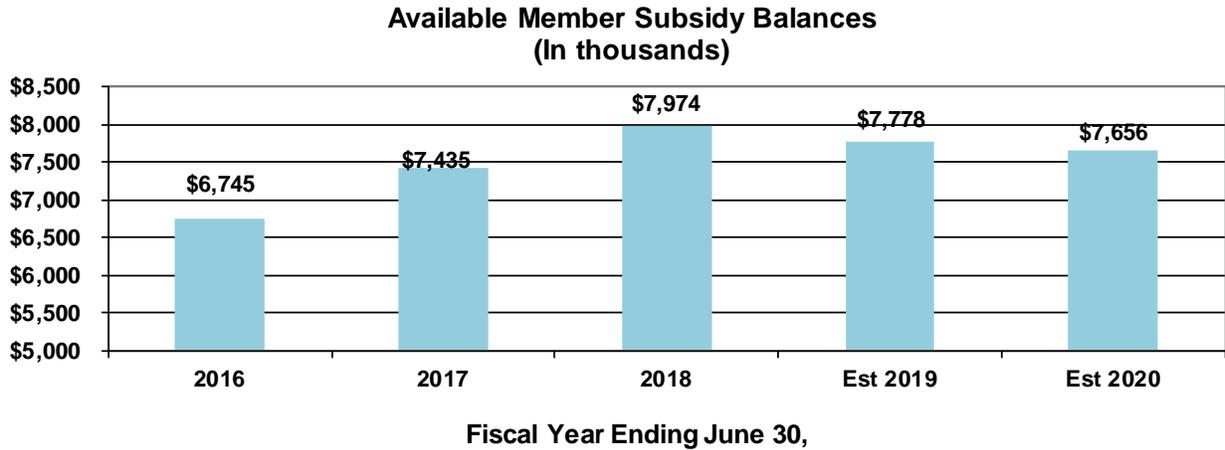
- Salaries and benefits includes four new positions to be added in 2019/20.
- The history of the number of authorized positions is illustrated in the following chart.

History of Authorized Staff Positions



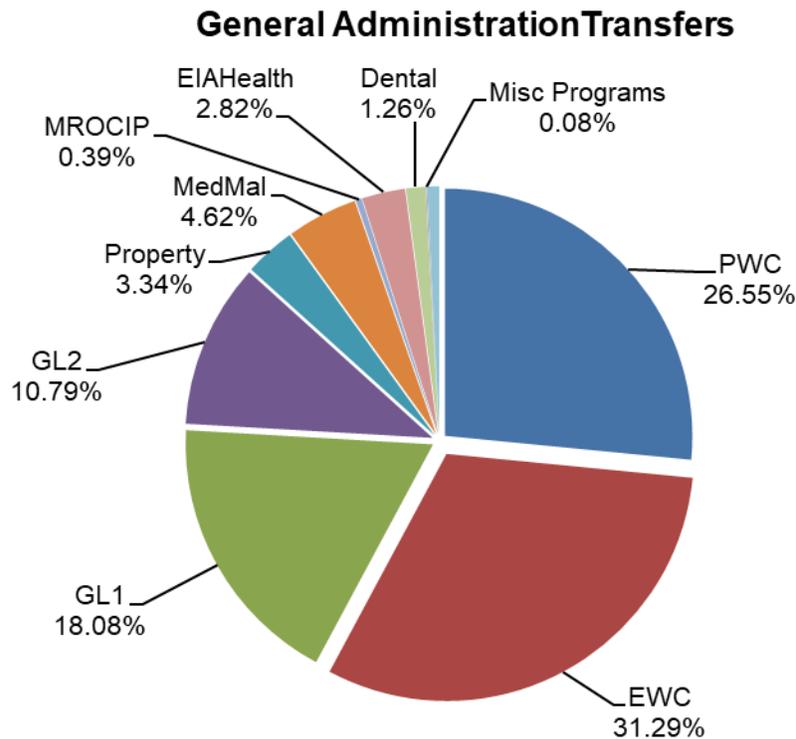
Loss Preventions and Risk Management Subsidies

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 Budget Policy**

Program Goals for General Administration include the following:

Short Term Goals

- Align staff activity to support program specific short and long-term goals.
- Update Performance Measures for all departments.
- Continue member conversion to new system.
- Continue development of member and pool management functionality on the EIA website.
- Expand data and analytics services provided to members.
- Annually update the Insurance Requirements in Contracts Manual.
- Continue legislative advocacy regarding issues affecting EIA's industry.
- Continue the supervisory development training program to prepare technical staff for the next level of career advancement.
- Continue staff training on new data analytics software.
- Implement a comprehensive member outreach plan to increase utilization of existing member services by 10%.
- Continue to enhance Member Service and Risk Control programs:
 - Expand marketing of Enterprise Risk(ERC) program and engage more Enterprise Risk Consultants
 - Continue marketing efforts of the EIA Member Mentor Program
 - Continue and expand Risk Management Practitioner Program
 - Marketing of new services including Background Checks, Cyber Security services, Guard1 Checkpoint System, CPR Training and Safety Data Sheets, to members.
 - Continue marketing the Risk Management Legal Advice Services.
 - Expand marketing of Employment Practices Liability services offered by the Eyres Law Group to all members.
 - Continue marketing efforts of Body-Worn Camera program.
 - Continue to expand Risk Control services to Educational Members.
 - Continue and expand Strategic Planning Facilitation services
 - Continue and expand Risk Assessment Tool capabilities, to include EIA out-of-state Participants.
- Market third year of the Eagle Awards Program.
- Evaluate and implement UiPath (BOTS) system in claims processing and accounts payable, if project is approved.
- Deliver annual employee performance reviews by June 15th of each year.
- Continue the third year of the EIA strategic plan



- Continue enhanced efforts to increase communication and contact with County membership through personal visits and Public Entity membership through webinars and personal visits.
- Internal Policies and procedures inventory, document and update across all EIA departments.

Long Term Goals

- Strengthen funding policies to avoid capital erosion.
- Continue and improve professional development plans to all employees of EIA.
- Implement quality control checks on TPA claim data entered in the claim system.
- Document organization wide policies and procedures.
- Compile department goals and align departmental goals to EIA Strategic plan
- Develop a processes to validate, streamline, and consolidate data throughout the organization
- Foster and promote employee job satisfaction, engagement and professionalism.
- Continue to foster superior customer service to members.
- Continue to develop 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 General Administration 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.

Enterprise Risk Consultant Fees – Enterprise Risk Consultant fee revenue is generated from a program where highly-experienced Risk Managers, Finance, Human Resources, Risk Control Specialists are available for EIA members to use during staff transitions or any other situation. This is a fee for service program pass thru for the EIA financials.



Strategic Planning- The EIA Member Services department now offers facilitating strategic planning sessions for their members at a discounted price.

- 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 have 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.
- Reinsurer LP Subsidy –These are amounts received from some of the EIA reinsurers to be used for certain loss prevention services. Corresponding expenses are reflected in this budget in the member services expense section
- 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. These are added to the member balances in their respective subsidy account and are not treated as revenues effective 18/19 fiscal year.

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 and members interested in joining 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 Finance Committee selects the independent auditor. The audit contract is based on a Request for Proposal (RFP) process determined by the Finance Committee.
- General Admin Consulting includes internal audit costs relating to Enterprise Risk Assessment and Policies and Procedure development and other professional services.
- 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 threshold 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.

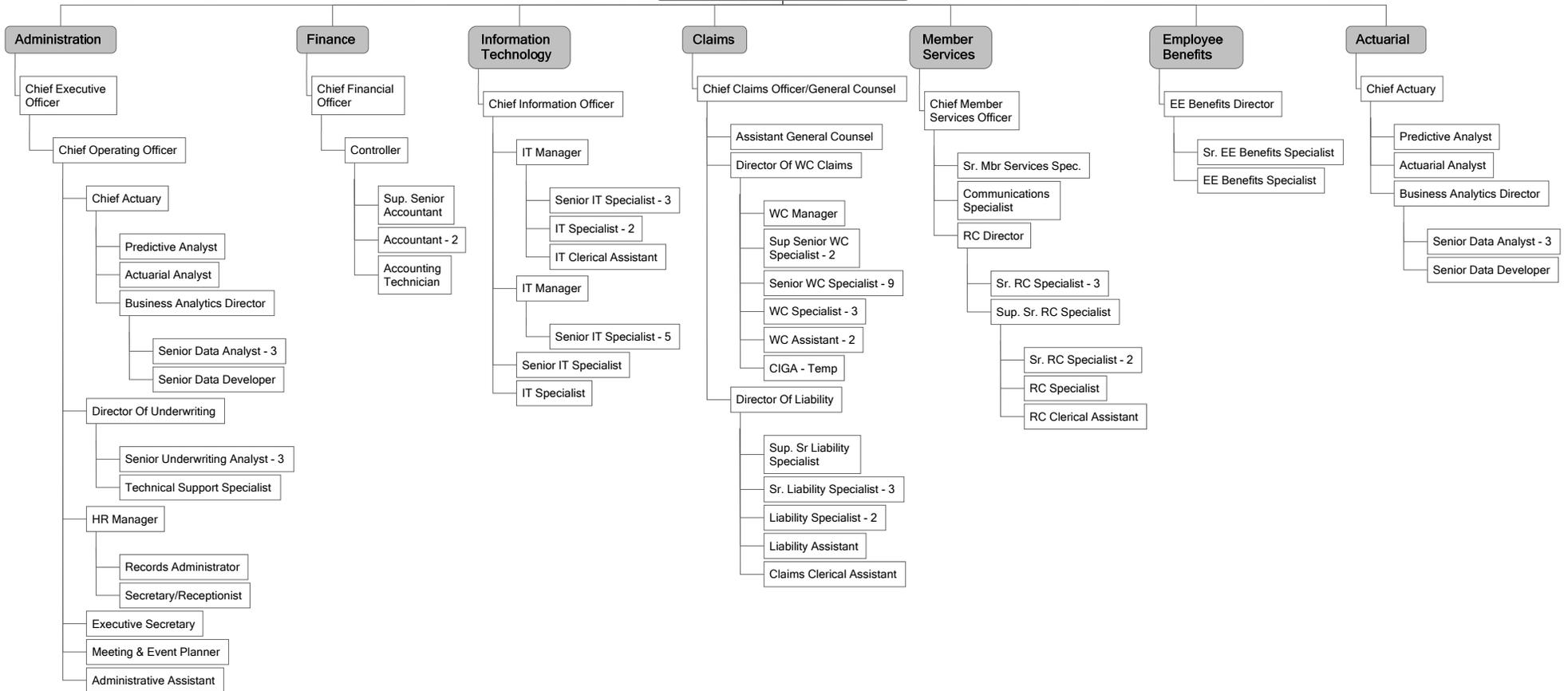


- Legislative advocacy services are provided by two third-party contracts to represent the pooling industry's interest, primarily at the State level.
- Investment expenses represent the cost of third-party investment management services to EIA and the Captive (EIO)
- All Captive (EIO) expenses are borne by the Captive, either directly or as transfer from EIO to the EIA's GA program. Every year, staff recommends the reasonable amount of EIO's share in the GA expenses of the EIA. Since the Captive is a blended component unit of the EIA, its budget and actual financial results are combined with EIA's budget and financial results.
- 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 costs are reduced by carryovers as a result of a lower estimated cost for the current year and per EIA's General Administration Target Funding Guidelines. These administration costs are allocated to all EIA programs based on a three-year average of staff time. The Captive is currently charged a flat administrative fee for the fiscal year recommended by staff and evaluated by the Finance Committee.
- Transfers in from each EIA program were used to pay for loss prevention subsidies. Starting 2018/19 fiscal year, loss prevention subsidies are recorded as liabilities and therefore, no transfers are needed thereafter.
- A transfer in for investment fees reimburses the EIA Treasury for the cost of third-party investment management services.
- EIA rent is the share of rent for EIA occupied premises and it is the transfer out from the GA program into the building program

**CSAC EIA
Department Organization Chart
Adopted As Of 7/1/2019**



ADMINISTRATION DEPARTMENT

2019/20 Staffing Budget: \$1,907,221

Departmental Functions:

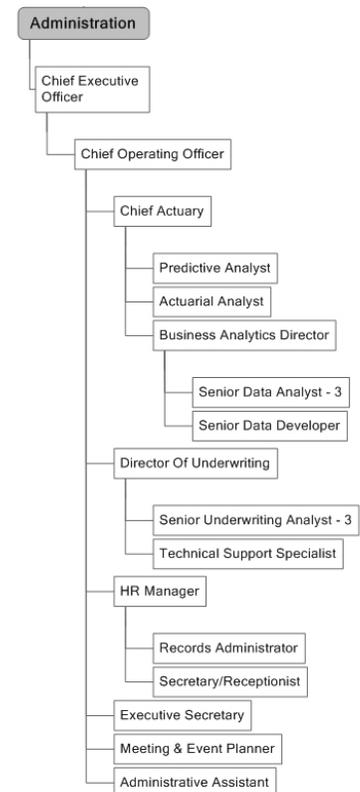
- Oversee administration of EIA programs including marketing, underwriting, and servicing all insurance programs.
- Manage governance functions including preparation and distribution of meeting agendas, preparation of meeting minutes, and coordination of member travel and other meeting arrangements.
- Manage all staff service functions including Human Resources, payroll processing, and employee training.
- 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 2018/19:

- Retained 99% of members at renewal of the programs.
- Continued implementation of the organizational strategic plan.
- Increased contact with members. During the 2018 calendar year, 58 in-person meetings and 17 new member orientations took place. The four-year goal to meet with every public entity member was achieved.
- Applied for an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from the Government Finance Officers Association.
- Achieved CAJPA Re-Accreditation.
- Continued development of administrative communications distributed to members through EIA-TV.
- Continued work on staff succession plans by development of plans for the Specialist and Support Specialist staff.

Performance Measures for Fiscal 2019/20:

- Maintain high member satisfaction ratings.
- Implement expansion outside of California via the EIA's captive insurance company.
- Evaluate assuming actuarial risk through the captive insurance company.
- Compliance 100% of the time in meeting Brown Act deadlines for agenda and meeting materials.
- Continue to increase communication with members, including contacts via web-based meetings or personal visit.
- Continue participation in PAFR program.
- Continue creation of a staff succession plans, finish development of senior management, directors, management, senior specialist, specialist, and support specialist plans and begin development of plans for the technical support specialist and technician staff.
- Oversee implementation of internal audit project to document policies, processes and procedures throughout the organization.

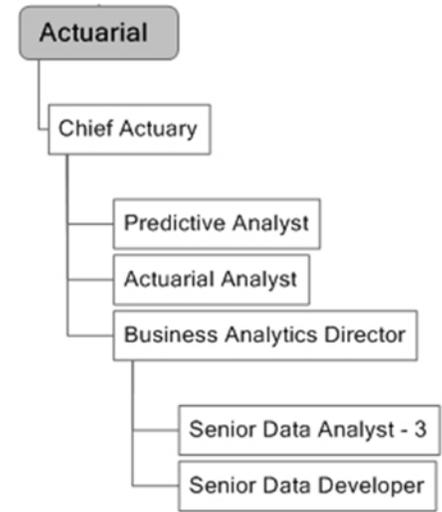


ACTUARIAL SERVICES DEPARTMENT

2019/20 Staffing Budget: \$1,415,758

Actuarial Departmental Functions:

- Provide Actuarial services for the major 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 major property and casualty programs.
- Provide all actuarial support for the EIO.
- Provide in-depth claims and loss analysis.
- Provide quarterly actuarial updates for GL1, EWC and MM.
- Provide PWC and DBD quotes as well as other ad-hoc analyses as needed.



Actuarial Major Accomplishments for Fiscal 2018/19:

- Completed actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2019/20 year.
- Produced outstanding liability and projection estimates on a quarterly basis.
- Produce in-depth loss development factor analysis for the EWC and GL1 programs.
- Produced in-depth size of loss distributions for GL1.
- Provided the actuarial estimates and factors, cash flow projections and balance sheets necessary to evaluate the GL1 LPT and reinsurance renewal.
- Evaluated reinsurance structures and premium costs against self-insurance.
- Provided all actuarial support for the EIO.
- Provided 11 PWC quotes and 4 PGL quotes.
- Provided a GL2 actuarial rate study and member model to analyze various reinsurance scenarios.
- Provided other actuarial analyses.

Actuarial Performance Measures for Fiscal 2019/20:

- Complete actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2020/21 year.
- Produce outstanding liability and projection estimates on a quarterly basis for the EWC, GL1 and MM programs.
- Produce in-depth loss development factor analysis for the EWC and GL1 programs.
- Produce in-depth size of loss distributions for EWC, GL1 and possibly GL2.
- Provide all actuarial support for the EIO.
- Provide PWC and DBD quotes as needed.
- Analyze various underwriting factors (territory, safety/non-safety) for the EWC and GL1 programs.
- Hire and integrate a data scientist.

DnA Departmental Functions:

- Develop and deploy reports, analytics, and data driven applications including benchmarking for the membership.
- Work with data providers (members and TPAs) to improve the quality and availability of loss and exposure information for the EIA and its membership.
- Support the data needs of the Administration, Actuarial, Underwriting, Claims, Finance and Member Services / Loss Prevention Departments.
- Manage member loss experience data collection, processing, and reporting:
- Manage the loss reporting process (for program performance management, financial reporting, and carrier invoicing / reimbursement).

DnA Major Accomplishments in Fiscal 2018/19:

- Completed the annual loss data collection process for the major P&C programs.
- Delivered quarterly Claims Summary Reports (CSR) and Loss Portfolio Transfer (LPT) reports, and monthly and quarterly Bordereaux (BDX).
- Tracked all CIGA billing and payment activity due to the CastlePoint liquidation (for both PWC and EWC).
- Provided data support for the GL1 Program (and the recent GL1 loss portfolio transfer), including monthly excess loss activity, and monthly pool cash flow analysis.
- Worked on several projects for the GL2 Program to support the 2019/2020 renewal process:
 - Matched the GL2 member reported claims with EIA excess claims and provided additional data and reports based on both data sources to the market.
 - Developed a new “Report Card” for all GL2 members to be used to gauge the quality, completeness, and consistency of their loss data submissions.
 - Produced a detailed review of all 9/30/2018 GL2 member submissions to each member specifying all problems and issues found within the files.
 - Currently wrapping up the process working with all GL2 members and data providers to collect their loss data submissions on a monthly basis beginning 6/30/2019 (rather than annually).
- Developed a new membership information dashboard for staff.
- Completed the addition of Health and Benefits and Miscellaneous Coverage membership information to the DnA database
- Added premium estimates, member buy backs, member services, provider / member mapping, member contacts, and governance information to the DnA database.
- Completed work on the database components required for the new automated loss reporting process.
- Began development on an automated replacement reporting process for the CSRs, LPTs, and BDX.
- Development work on the member dashboard and benchmarking prototype application has been pushed back due to the work required to support the EIA liability programs, and to support the ever increasing CSR, BDX and LPT reporting requirements.

DnA Performance Measures for Fiscal 2019/20:

- Complete the Annual Loss Data Collection processes for the major programs accurately and on time.
- Deliver the quarterly Claims Summary (CSR) and Loss Portfolio Transfer (LPT) reports, and monthly Bordereau (BDX) reports accurately, and on time. Add new Loss Portfolio Transfer reports, Bordereaux, and CSRs as necessary.
- Produce annual excess reportable, monthly CIGA reimbursement / reconciliation / tracking, and monthly Education Tower reports.
- Make significant progress on streamlining the CSR, BDX and LPT reporting process.
- Pending no significant new demands on D&A staff, deploy an initial online dashboard and benchmarking prototype application to the member pilot group prior to fiscal year-end.

CLAIMS DEPARTMENT

2019/20 Staffing Budget: \$3,482,800

Departmental Functions:

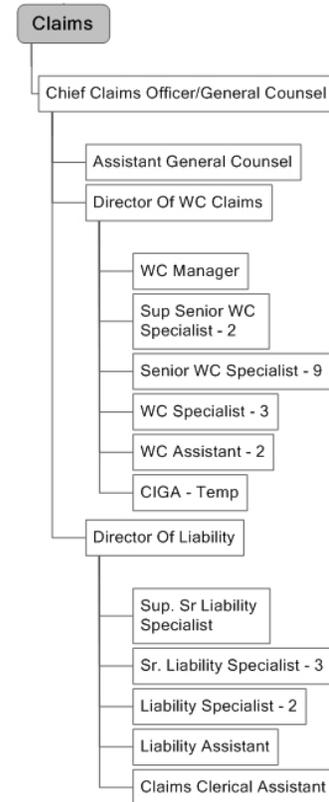
- Plan, organize and direct the claim functions throughout the Excess Insurance Authority.
- Work with members, vendors and business partners to control claims costs.
- Provide analysis of loss trends to facilitate intervention for loss prevention and loss control, to address frequency and severity issues.

Major Accomplishments in Fiscal 2018/19:

- Revised the Underwriting and Claims Administration Standards and Addendums A and B thereto.
- Revised the GL1 and GL2 Memorandums of Coverage.
- Implemented a Member Claims Handling Scorecard for the GL2 Program members.
- Through lobbying efforts, had a significant impact on a number of bills introduced by the California legislature in 2018.
- Created a strategic plan for the EIA's Workers' Compensation Department.
- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.
- The EIA's workers' compensation settlement specialist continued to resolve difficult claims resulting in savings to the EWC program.
- Continued obtaining reimbursements from CIGA and Riverstone for the EWC coverage periods that involved Castlepoint.
- Processed Bordereaux invoicing for EWC and PGL programs monthly.

Performance Measures for Fiscal 2019/20:

- In coordination with IT, complete the transition of Corvel by June 2020.
- Collaborate with IT to create a proposal for building an in-house claims system.
- Create a Liability Department Strategic Plan.
- Work with Alliant to obtain access to Property Claims information from Alliant's claims system.
- Complete first round of member claims handling scorecards for GL2 members.
- 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.
- Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.

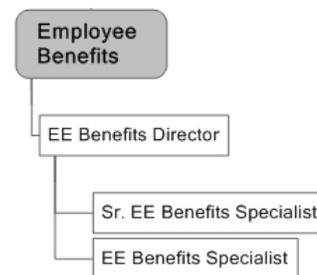


EMPLOYEE BENEFITS DEPARTMENT

2019/20 Staffing Budget: \$445,989

Departmental Functions:

- Oversight of EIAHealth & Employee Benefits Program Administration.
- Collaborate with Broker and Carrier partners in the representation of program initiatives.
- Educate Members on EIAHealth and Employee Benefits offerings and important issues related to industry specific compliance.
- 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.
- Maintain and audit complex Program Performance Reports for Health and Dental.
- Present and implement cost containment strategies.



Major Accomplishments in Fiscal 2018/19:

- EIAHealth program growth of 20%, with an increase in service levels to members and their employees/retirees.
- EIA Healthcare Symposium conducted in Long Beach, Sacramento and Pleasanton, attended by over 100 EIA members. Attendance increased by 25% in 2018.
- Implementation of Dental Health Maintenance Organization (DHMO) segment.
- Increased communication of Life & Disability, Vision and EAP services to existing members and to those not currently participating in the programs.
- Implementation of wellness initiatives, including diabetes prevention.
- Implemented Carrum Health Surgical benefit on a program wide basis.
- Strengthen communication and collaboration with our Broker and Carriers.
- Documentation of Employee Benefits process and procedures.
- Introduction of an Integrate Data Analytics Platform for EIAHealth members.

Performance Measures for Fiscal 2019/20:

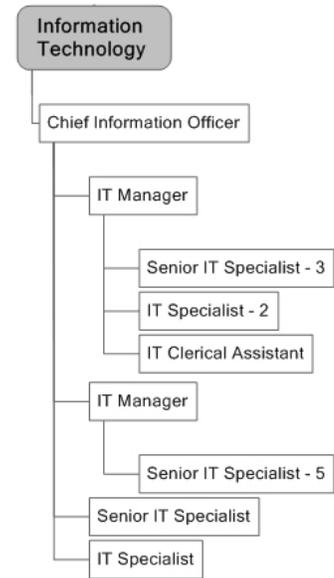
- Increase continued visibility and education of services available to members through the Employee Benefits programs.
- Increased enhancement of the Employee Benefits information available via our EIA website.
- Create an EIAHealth member communication plan for important program announcements.
- Conduct quarterly meeting with all EIA Consultant and Carrier partners.
- Maintain high member satisfaction.
- Improve program transparency with increase in reports provided to the EIAHealth and Employee Benefits Committees.
- Promote member growth in all Employee Benefits Programs.

INFORMATION TECHNOLOGY DEPARTMENT

2019/20 Staffing Budget: \$1,959,349

Departmental Functions:

- Maintain personal computer infrastructure to support automated needs of the EIA.
- Provide specialized reporting capabilities for claims handling.
- Provide first level of support for members who are on our Insurity ClaimsXpress contract.
- Provide project management, system conversion, and system upgrade support for members.
- Provide development and management of 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.



Major Accomplishments in Fiscal 2018/19:

- Enhanced migration/conversion data validation
- Upgrade all ClaimsXpress application instances to 18R1
- Enhanced the existing UR\Managed Care module
- Enhanced the replication between the EIA and MM program
- Retired previous SaaS pool management system and legacy website
- Completed phase 1 of renewal applications for EWC, GL, GL2 and MM
- Implemented Storage Area Network (SAN)
- Refreshed EIA board room A/V equipment
- Implemented Agile with Scrum to better organize our development effort and support our members and staff

Performance Measures for Fiscal 2019/20:

- Evaluate and pursue development of the following claims system (ClaimsXpress) activities, if deemed appropriate
 - Implementation of the WC TPA CorVel
 - Implement new UR and Managed Care module interface
 - Upgrade to newest stable version in all instances
 - Build out Wiki using Confluence
- Devise a project plan for the development of a proprietary claims system. If adopted, move forward with the plan
- Complete renewal application enhancements (phase 2)
- Continue development of the website portal's applications for prospects and additional named covered parties
- Implement automated workflows for claims related processes (bots)

MEMBER SERVICES DEPARTMENT

2019/20 Staffing Budget: \$1,619,617

Departmental Functions:

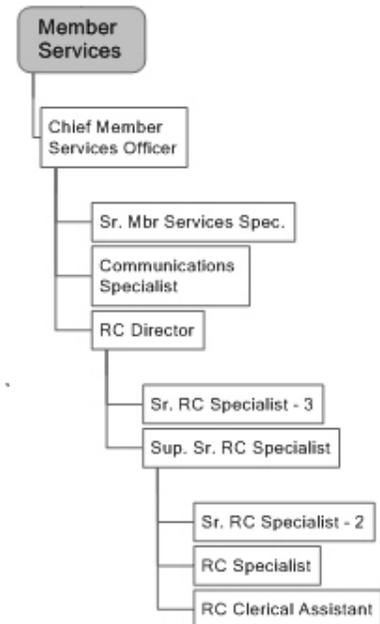
- Provide member directed risk management services that target and reduce exposure to losses
- Market existing services to ensure member awareness
- Evaluate new service offerings based on member demand, as well as staffing and funding considerations
- Provide on-demand training and loss prevention services that continually adapt to members' changing risk needs
- Develop/maintain information resources and best practices
- Maintain a library of training aids and programs
- Participate in the EIA prospect evaluation process
- Participate in and conduct EIA member meetings

Major Accomplishments in Fiscal 2018/19:

- Published a new Employment Practices Manual
- Expanded the Enterprise Risk Consultants program
- Created the ED Connect Series
- Launched the Fire Apparatus Inspection Software
- Expanded locations and offerings of the Risk Management Practitioner Certificate Program
- Added 40 new Safety Talks: A Tailgate/ Toolbox Resource
- Created Strategic Planning Facilitation services
- Updated the IRIC Manual to a 2019 version
- Updated the TargetSolutions Catalog with additional content
- 85% increase in attendance at all training programs (year over year)
- Recognized 5 EAGLE Award winners
- Launched a QuickStart Guide to ease service implementation
- Launched the Claims Learning Advantage Series
- Held the first ever Service Partners Trade Show with 30 booths
- Created a Vacant Property Risk Assessment Tool and Best Practices

Performance Measures and Goals for Fiscal 2019/20:

- 10% increase in training course completions and EIA tv on-demand offerings
- Target a 5% increase in EPN enrollment
- Influence TargetSolutions platform enhancements, including an Interactive Online Driver Training Program
- Influence EPN platform enhancements
- Develop a Mentor Program
- Develop a Risk Management Manual
- Create additional Practical Training for Claims Handlers

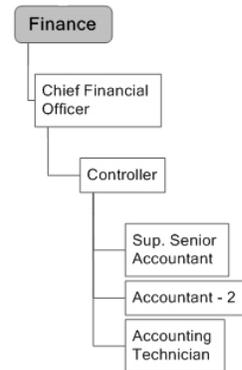


FINANCE DEPARTMENT

2019/20 Staffing Budget: \$730,729

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 2018/19:

- 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 964 invoices with a total value of \$404.6M with all amounts collected within 60 days.
- Financial audit completed for 2017/18 with no findings and unqualified opinion.
- Continued to provide HR with payroll support.
- Coordinated the implementation of mobile application, Expensify, for both staff and member submission of expense reimbursement requests.
- Assisted with CIGA invoicing process on the claim years from the CastlePoint liquidation.
- Coordinated internal auditor, Moss Adams, in initial Enterprise risk assessment.
- Initiated transition of accounting data to cloud hosting.
- Participated in preparation of global EIA disaster recovery plan.

Performance Measures for Fiscal 2019/20:

- Obtain CAFR and budget awards from GFOA.
- Continue to bill and collect 100% of renewal billing within 60 days of the new fiscal year.
- Present financials to the Board by their October meeting that agree in substance to the final audited financials.
- Re-evaluate Captive investment policy and management of assets.
- 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 2 weeks.
- Provide Claims Summary Report funding numbers within quarterly specified timeframes.
- Continue to work with internal auditor, Moss Adams, to implement suggested documentation of policies and procedures.
- 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.
- Provide information needed to implement UiPath BOT processing for accounts payable tasks.

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Member Services							
Insurance Cert Tracking/Ent Risk Cons/Strategic Planning	\$ 238,638	\$ 238,382	\$ 297,000	\$ 297,000	\$ 341,550	\$ 44,550	
Claims System Access	398,308	320,621	500,000	807,391	510,043	(297,348)	Member conversion to new SIMS claims system; incl. depreciation
EIA Drug and Alcohol Consortium	600	600	0	0	0	0	
Investment Income	11,731	568,096	600,000	214,500	294,000	79,500	
PLIP Income	79,969	57,872	76,000	78,000	78,000	0	
Shared Cost Agreements	60,943	47,678	80,515	80,515	121,577	41,062	50% of Employee Benefits Specialists; \$40k CIGA temp
Reinsurer LP Subsidy/Credit	0	132,037	132,037	137,500	137,500	0	Estimated
Service partner Trade Show	0	3,900	0	6,500	7,000	500	No cost to EIA
Loss Prevention Training Fees & Materials	0	0	500	500	500	0	
Additional Subsidy funded by Members	48,588	0	0	50,000	0	(50,000)	Accounted for as Liabilities effective 18/19 year
Other Revenues	24,897	107,016	107,016	1,000	1,000	0	
TOTAL REVENUES	863,674	1,476,202	1,793,068	1,672,906	1,491,169	(181,737)	
EXPENDITURES:							
Salaries and Benefits							
Regular Salaries	7,437,441	6,037,389	8,200,000	8,294,188	9,188,758	894,570	See Schedule 1 for detail on Salaries and Benefits
Retirement	590,058	485,696	650,000	916,340	1,188,267	271,927	
Employee Benefits	1,726,560	1,296,211	1,800,000	1,888,140	1,971,619	83,479	See Sch 2. Includes Benefit costs of new employees
Employment Taxes	96,247	79,918	117,000	129,424	142,250	12,826	
Temporary Services	161,138	7,431	17,000	275,000	220,000	(55,000)	CIGA temps, WC Projects, possible maternity leave
Employment Services	12,722	4,033	6,000	12,450	12,450	0	
Total Salaries and Benefits	10,024,166	7,910,678	10,790,000	11,515,542	12,723,344	1,207,802	
Services and Supplies:							
Staff Travel	374,513	294,417	473,000	473,000	504,000	31,000	Travel to file reviews, settlements, etc. Primarily increase Admin & Claims travel.
Authority Meeting Expenses	261,972	212,843	463,490	463,490	518,175	54,685	See Schedule 3
Committee Expenses	192,513	89,685	172,079	172,079	167,351	(4,728)	See Schedule 4
Audit Service	83,000	70,700	70,700	76,200	77,000	800	Incl. peer review of internal actuarial work
Legal Counsel	19,731	0	45,000	45,000	35,000	(10,000)	Includes \$30k for Amicus; Reduction due to not being used as frequent
Periodicals and Publications	11,206	3,625	9,800	9,800	11,150	1,350	See Schedule 5
Training and Education	23,102	40,877	100,000	135,225	145,775	10,550	See Schedule 5
Educational Scholarships	7,617	10,560	15,000	8,000	8,000	0	See Schedule 5
Conferences and Seminars	54,893	38,300	90,000	107,975	98,611	(9,364)	See Schedule 5
Membership Dues	44,940	45,142	61,865	61,865	60,316	(1,549)	See Schedule 5
Office Supplies	44,365	26,665	65,000	67,600	114,100	46,500	New workstations incl hotel, 12 replacement chairs and 6 new chairs
Computer Supplies, Software and Annual Maint.	254,457	230,564	500,467	500,467	531,028	30,561	See Schedule 6; Licenses for new employees, software related process improvement/workflow efficiencies (Bots, budget input etc.) and increased cloud hosting services
Computer Hardware, Backup Data Center	75,423	74,539	164,350	164,350	182,900	18,550	See Schedule 6; More laptops, equipment for new conference room, D&A server improvements
WebEx Conferencing	9,738	11,925	15,900	15,900	15,900	0	See Schedule 6
Computer Technical Assistance	58,405	31,030	125,050	125,050	140,925	15,875	See Schedule 6 Increase in Data center infrastructure, ATS Laserfiche Technical support

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
Website Design/Hosting/Support	\$ 332,546	\$ 256,734	\$ 386,965	\$ 386,965	\$ 392,000	\$ 5,035	See Schedule 6; change in website design costs, enhanced services and better accessibility, more functionality
Claims System	547,515	424,574	924,574	1,364,524	1,120,009	(244,515)	See Schedule 7; majority of TPA and member conversions complete, expenses due to annual support, maintenance, and hosting. Incl. \$200k depr for proprietary claims system
Insurance	224,856	231,494	240,800	240,800	296,035	55,235	See Schedule 8; increase in Liability Insurance
Postage	9,758	7,473	13,000	16,000	12,000	(4,000)	
Telephone	38,937	46,526	70,400	70,400	62,200	(8,200)	New Cell Phone reimbursement policy of every two years.
Printing	61,737	44,183	55,000	79,050	79,050	0	See Schedule 9
Maintenance	0	0	5,000	7,000	7,000	0	
Accreditation and Certifications	1,015	12,155	12,500	12,950	2,750	(10,200)	CAJPA accreditation due in FY 21/22; GFOA award submissions
Consultant	13,412	57,410	89,000	89,000	86,350	(2,650)	PERS and OPEB actuarial; addl peer review for actuarial 25k, internal audit 50k
Awards and Recognition	13,716	7,305	15,000	22,495	24,295	1,800	See Schedule 11- Meals for staff trainings and other events
Member Development	19,906	16,041	20,000	49,415	98,058	48,643	See Schedule 10; CASBO conference expenses, member give aways items; Incl \$50k for hard market messaging
Legislative Advocate Contracts	100,800	75,600	112,000	112,000	130,000	18,000	Based on contracts
Bank Charges	6,393	3,560	5,500	6,000	6,000	0	
Investment Expense	252,960	185,550	260,000	290,000	200,000	(90,000)	Portfolio investment management services; decreased due to LPT
Total Services and Supplies	3,139,426	2,549,477	4,581,440	5,172,600	5,125,978	(46,622)	
Member Services							
RC Seminars / Training Programs & Materials	31,477	(6,211)	28,789	73,600	72,600	(1,000)	\$15k will be paid for SAM Manual out of funds recd from Markel
EIA Loss Prevention Platform	1,055,000	1,105,000	1,162,000	1,155,000	1,212,000	57,000	\$100k of this expense will be from funds recd from Safety National
A-Check Global EPN Program	154,894	120,817	161,100	161,100	167,534	6,434	Contractual increase
Automated Assessment Tool	0	61,900	61,900	61,800	75,000	13,200	Maintenance & support cost going forward, EIO add 19/20
INXPO On Demand Program	0	18,700	33,700	31,500	32,500	1,000	
Educational RC Programs	0	0	0	3,000	3,000	0	
Reinsurer RC Subsidy/Credit	0	132,037	132,037	137,500	137,500	0	from charles
Service partner Trade Show	0	0	0	6,500	7,500	1,000	No cost to EIA
Member Legal Services	78,000	284,000	492,000	492,000	552,000	60,000	Incl. Evers Law Group and Legal Counsel. \$2,500 of Evers Law Group expense will be from funds recd from Berkley
Other RC Program Services & Materials	67,047	5,742	6,400	6,400	6,400	0	
Insurance Cert Tracking Serv/Enterprise Risk	238,222	237,029	304,000	304,000	349,600	45,600	Pass thru expenses (except for EIA portion), contractual incr.
Crisis Incident Management	0	0	0	0	0	0	Pass through program discontinued
Claims System Access	291,111	234,126	500,000	807,391	510,043	(297,348)	Pass through expenses; includes depreciation
Total Member Services	1,915,751	2,193,140	2,881,926	3,239,791	3,125,677	(114,114)	
Depreciation							
Furniture and Equipment	65,013	63,150	103,000	157,000	191,000	34,000	Incl. New HP Servers and Conference Room speaker system
Software	605,763	304,962	431,000	425,000	680,000	255,000	Incl. Website development; Data analytics development platform
Total Depreciation	670,776	368,112	534,000	582,000	871,000	289,000	
Loss Prevention Subsidies	718,937	0	0	2,000,000	0	(2,000,000)	Accounted for as Liabilities effective 18/19 year
Contingency Delegated to Executive Committee	0	0	0	200,000	200,000	0	Available with a two-thirds vote of the Executive Committee
TOTAL EXPENDITURES	16,469,056	13,021,407	18,787,366	22,709,933	22,045,999	(663,934)	

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
TRANSFERS:							
Transfer In (Out) from:							
General Admin Transfer - PWC	\$ 4,029,102	\$ 4,534,377	\$ 4,534,377	\$ 4,534,377	\$ 4,809,446	\$ 275,069	Based on 3 year average time study of EIA staff
General Admin Transfer - EWC	4,315,948	5,123,344	5,123,344	5,123,344	5,828,299	704,955	" "
General Admin Transfer - PGL	675,527	0	0	0	0	0	" "
General Admin Transfer - GL1	2,268,661	3,358,116	3,358,116	3,358,116	3,390,973	32,857	" "
General Admin Transfer - GL2	1,391,829	1,643,084	1,643,084	1,643,084	2,054,626	411,542	" "
General Admin Transfer - Property	533,364	573,908	573,908	573,908	628,030	54,122	" "
General Admin Transfer - Medical Malpractice	493,242	679,320	679,320	679,320	858,625	179,305	" "
General Admin Transfer - MROCIP	100,166	100,392	100,392	100,392	74,050	(26,342)	" "
General Admin Transfer - EIAHealth	409,956	508,653	508,653	508,653	539,342	30,689	" "
General Admin Transfer - Dental	213,760	0	210,823	210,823	236,885	26,062	" "
General Admin Transfer - Miscellaneous Programs	12,800	13,300	13,300	13,300	14,200	900	Interest earned in program funds admin fees
General Admin Transfer - EIO	75,000	100,000	100,000	100,000	150,000	50,000	Fee to EIO for administrative services
Loss Prevention Subsidies, PWC	39,000	0	0	39,000	0	(39,000)	Accounted for as Liabilities effective 18/19 year
Loss Prevention Subsidies, EWC	168,000	0	0	169,000	0	(169,000)	Accounted for as Liabilities effective 18/19 year
Loss Prevention Subsidies, PGL	12,000	0	0	0	0	0	Accounted for as Liabilities effective 18/19 year
Loss Prevention Subsidies, GL1	100,000	0	0	106,000	0	(106,000)	Accounted for as Liabilities effective 18/19 year
Loss Prevention Subsidies, GL2	14,000	0	0	15,000	0	(15,000)	Accounted for as Liabilities effective 18/19 year
Loss Prevention Subsidies, Property	94,000	0	0	98,000	0	(98,000)	Accounted for as Liabilities effective 18/19 year
Loss Prevention Subsidies, Med Mal	50,000	0	0	51,000	0	(51,000)	Accounted for as Liabilities effective 18/19 year
Claims System Costs, PWC	774,678	427,498	427,498	427,498	254,057	(173,441)	Now participating in new claims system that includes all PWC TPAs
Claims System Costs, EWC	231,247	127,611	127,611	127,611	75,838	(51,773)	See Schedule 7
Claims System Costs, GL1	69,374	38,283	38,283	38,283	22,751	(15,532)	See Schedule 7
Claims System Costs, GL2	34,687	19,142	19,142	19,142	11,376	(7,766)	See Schedule 7
Claims System Costs, Med Mal	46,249	25,522	25,522	25,522	15,168	(10,354)	See Schedule 7
Risk Management Admin Subsidy, All Programs	738,862	0	0	0	0	0	No longer doing this
EIA Rent	(481,657)	(481,657)	(481,657)	(481,657)	(481,657)	0	Transfer to building program
Investment Fees	273,102	185,551	260,000	290,000	200,000	(90,000)	Charge to programs based on their share of treasury funds
TOTAL TRANSFERS	16,682,897	16,976,444	17,261,716	17,769,716	18,682,009	912,293	
Net Increase or (Decrease)	1,077,515	5,431,239	267,418	(3,267,311)	(1,872,821)	1,394,490	
NET POSITION - JULY 1	13,125,199	6,151,772	6,151,772	13,430,284	6,419,190		
Decrease in Net Position Due to reclass of member subsidy deposits	(8,050,942)						
NET POSITION - JUNE 30	6,151,772	11,583,011	6,419,190	10,162,973	4,546,370		

CSAC EXCESS INSURANCE AUTHORITY
Adopted Capital Outlay Budget
July 1, 2019 to June 30, 2020

Line Item	2019/20 Budget
General Administration Fund	
<u>Furniture and Equipment</u>	
New workstations	\$ 0
BizHub C659	24,000
Boardroom Digital Media refresh	0
Server Network Switches	18,000
Storage Area Network	0
Additional BD Rm Mics	0
New Phone System	0
HP Servers	45,000
Next Gen Firewalls	0
Email Firewall	10,000
Conference Room Speaker System	50,000
Total Furniture and Equipment	147,000
<u>Software</u>	
Website development	845,000
Laserfiche Modules (Web/Forms/Portal)	5,000
UiPath Bots programming	100,000
Data Analytics development platform	118,000
<u>SIMS Claims System</u>	
Custom Development-bi-directional image interface	200,000
Systema Project Management	75,000
Line of business modules	15,000
User licenses	40,000
TPA Site license fees	58,000
New System modules - members	50,000
Systema Project Management-members	100,000
User licenses-members	51,000
<u>Proprietary Claims System</u>	4,000,000
Total Software Additions	5,657,000
EIO (Captive)	
Website development	16,000
Total EIO (Captive)	16,000
Grand Total Capital Outlay	5,820,000

**CSAC Excess Insurance Authority
2019/20 Adopted Budget
Time Study Allocation**

Program	2019 Adjusted Time Study	2018 Adjusted Time Study	2017 Adjusted Time Study	FY 19/20 Budget Three Year Average Time Study*	For Comparison	
					Prior Year Final Allocaton	Percentage of Prior Year
PWC	23.18%	26.00%	26.88%	26.11%	27.10%	96.35%
EWC	31.43%	30.77%	29.96%	31.64%	30.62%	103.33%
PGL	0.00%	3.55%	5.29%			
General Liability 1	19.93%	16.97%	16.73%	18.41%	20.07%	91.72%
General Liability 2	12.64%	9.61%	10.24%	11.15%	9.82%	113.59%
Property	3.77%	2.99%	3.17%	3.41%	3.43%	99.40%
Medical Malpractice	4.92%	5.43%	3.22%	4.66%	4.06%	114.81%
MR OCIP	0.28%	0.29%	0.47%	0.40%	0.60%	67.00%
EIAHealth	2.34%	3.37%	2.82%	2.93%	3.04%	96.32%
Dental	1.51%	1.02%	1.22%	1.29%	1.26%	102.06%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	

**increases/decreases from prior year average are capped at 33%*

CSAC Excess Insurance Authority
2019/20 Adopted Budget
Employee Salary Expense

PERS employer rate for pre 1/1/13 employees	11.120%
PERS employer rate for post 12/31/12 employees	7.191%

Department	Position Count/ Full Time Equiv	Base Salary	Deferred			Life, AD&D LTD, STD & EAP			0.0145 Medicare Taxes	2019/20 Total Employee Expense	2018/19 Total Employee Expense
			PERS	Comp. 457b	Total Retirement	Flexible Benefits	Total Benefits	Total Benefits			
Administration	13	\$ 1,436,864	\$ 136,913	\$ 36,537	\$ 173,450	\$ 265,292	\$ 15,944	\$ 281,235	\$ 15,673	\$ 1,907,221	\$ 1,856,026
Finance	6	533,904	46,606	11,465	58,071	124,215	6,797	131,012	7,742	730,729	708,974
Information Technology	15	1,463,148	135,059	19,615	154,674	301,848	18,463	320,311	21,216	1,959,349	1,722,503
Claims	27	2,371,320	199,864	32,491	232,355	544,485	30,197	574,682	34,384	3,212,741	3,183,259
Legal	1	217,800	10,475	10,890	21,365	25,530	2,206	27,736	3,158	270,059	0
Member Services	12	1,213,499	107,885	17,550	125,435	248,430	14,657	263,087	17,596	1,619,617	1,566,370
Actuarial Services	8	1,116,839	74,232	27,167	101,399	169,482	11,844	181,326	16,194	1,415,758	1,188,476
Employee Benefits	3	330,384	26,564	5,180	31,743	74,873	4,199	79,071	4,791	445,989	315,526
Vacation Pay Liability		176,000	175,450	0	175,450	0	2,114	2,114	2,552	356,116	164,248
Salary and Benefit Savings		0	0	0	0	(50,000)	0	(50,000)	0	(50,000)	(50,000)
Reimbursement for Sr.LP Specialist - Schools		(150,000)	0	0	0	0	0	0	0	(150,000)	(150,000)
Actuarial Designation Progress		4,000	288	80	368	0	48	48	58	4,474	4,482
Incentive Pay Increase - Change in Classification		0	0	0	0	0	0	0	0	0	4,383
Incentive Pay		475,000	28,245	5,712	33,957	0	3,997	3,997	6,888	519,842	464,847
Total Salaries		9,188,758	941,580	166,687	1,108,267	1,704,154	110,465	1,814,619	130,250	12,241,894	10,979,092
Unemployment Cost		0	0	0	0	0	0	0	12,000	12,000	12,000
Temporary Help		220,000	0	0	0	0	0	0	0	220,000	275,000
Retiree Benefits		0	80,000	0	80,000	22,000	0	22,000	0	102,000	102,000
Employment Services		0	0	0	0	0	0	0	0	12,450	12,450
OPEB contribution-retiree benefits		0	0	0	0	135,000	0	135,000	0	135,000	135,000
Reimbursement for OPEB retiree benefits		0	0	0	0	0	0	0	0	0	0
Total	85	\$ 9,408,758	\$ 1,021,580	\$ 166,687	\$ 1,188,267	\$ 1,861,154	\$ 110,465	\$ 1,971,619	\$ 142,250	\$ 12,723,344	\$ 11,515,542

Total Salaries	9,188,758
Total Retirement	1,188,267
Total Benefits	1,971,619
Total Taxes	142,250
Total Temporary Help	220,000
Total Employment Services	12,450
Grand Total	\$ 12,723,344

Notes:

FY19/20 - Four new positions across three areas: IT, Liability and Employee Benefits. These positions spread technical work among staff, speed up product & project timelines, reduce caseloads, and increase control over services. There are also one upgrade and three reclassifications related to increased responsibilities, higher level of work, and increased technical tasks. These changes will bring the employee count to 85 in 2019/20.

FY18/19 - Seven new positions in FY18/19 are across four areas: Finance, Underwriting, Data & Analytics, and Workers' Comp. These positions spread technical work among staff, speed up product & project timelines, reduce caseloads, increase control over services and address the increase in administration work load. There are also two reclassifications relating to increased responsibilities, higher level of work, increased technical tasks and in one case, new supervisory responsibilities. One of the reclassification will result in elimination of a position which would bring the total position count to 81 in 2018-19.

CSAC Excess Insurance Authority
Publicly Available Pay Schedule
Salary Ranges Effective July 1, 2019

Position	Salary Grade	Salary Range (Annual)	
Chief Executive Officer	Contract		\$365,000
Chief Actuary	16	223,296 -	357,276
Chief Operating Officer	15	171,540 -	274,464
Chief Member Services Officer	15	171,540 -	274,464
Predictive Analyst	14	165,372 -	239,784
Chief Information Officer	13	140,112 -	224,184
Chief Financial Officer	13	140,112 -	224,184
Chief Claims Officer	13	140,112 -	224,184
Director of Data & Analytics	12	137,760 -	206,640
Director of Underwriting	12	137,760 -	206,640
Director of Employee Benefits	12	137,760 -	206,640
Director of Risk Control	12	137,760 -	206,640
Director of Liability Claims	12	137,760 -	206,640
Director of WC Claims	12	137,760 -	206,640
IT Manager	11	131,208 -	196,812
WC Claims Manager	10	110,712 -	166,068
Controller	10	110,712 -	166,068
Excess Liability Claims Manager	10	110,712 -	166,068
Human Resources Manager	10	110,712 -	166,068
Supervising Sr. RC Specialist	9-S	91,932 -	133,296
Supervising Sr. Accountant	8-S	87,648 -	127,092
Supervising Sr. WC Claims Specialist	8-S	87,648 -	127,092
Sr. Risk Control Specialist	9	79,932 -	115,896
Sr. I.T. Specialist	9	79,932 -	115,896
Sr. Member Services Specialist	9	79,932 -	115,896
Sr. Specialist - Developer Analyst	9	79,932 -	115,896
Sr. Liability Claims Specialist	8	76,236 -	110,544
SR. WC Claims Specialist	8	76,236 -	110,544
Sr. Underwriting Analyst	8	76,236 -	110,544
Sr. Data Analyst	8	76,236 -	110,544
Liability Claims Specialist	7	66,576 -	93,204
Actuarial Analyst	7	66,576 -	93,204
Risk Control Specialist	6	58,728 -	82,224
WC Claims Specialist	6	58,728 -	82,224
IT Specialist	5	56,064 -	78,492
Communications Specialist	5	56,064 -	78,492
Accountant	5	56,064 -	78,492
Underwriting Specialist	5	56,064 -	78,492
Employee Benefits Specialist	5	56,064 -	78,492
Meeting Planner	4	52,896 -	74,052
Executive Secretary	4	52,896 -	74,052
Liability Claims Assistant	3	47,328 -	66,264
WC Claims Assistant	3	47,328 -	66,264
Accounting Technician	2	42,288 -	59,208
Clerical Assistant	1	39,000 -	50,700
Secretary / Receptionist	1	39,000 -	50,700

CSAC Excess Insurance Authority
2019/20 Adopted Budget
Employee Benefits

Flexible Spending Benefit Program Contribution

	Jan 2019 Rates			Estimated Rate Change	Estimated 2020 Rates		
	Emp. Only	Emp. + 1	Family		Emp. Only	Emp. + 1	Family
Anthem Blue Cross Select HMO	\$ 946.14	\$ 1,892.28	\$ 2,459.96	15%	\$ 1,088.06	\$ 2,176.12	\$ 2,828.95
Anthem Blue Cross Traditional	1,178.79	2,357.58	3,064.85	15%	1,355.61	2,711.22	3,524.58
Blue Shield Access+ HMO	881.01	1,762.02	2,290.63	15%	1,013.16	2,026.32	2,634.22
Kaiser	687.99	1,375.98	1,788.77	15%	791.19	1,582.38	2,057.09
United Healthcare HMO	928.85	1,857.70	2,415.01	15%	1,068.18	2,136.36	2,777.26
Western Health Advantage	696.68	1,393.36	1,811.67	15%	801.18	1,602.36	2,083.42
PERS Choice	798.58	1,597.16	2,076.31	15%	918.37	1,836.73	2,387.76
PERS Select	508.68	1,017.36	1,322.57	15%	584.98	1,169.96	1,520.96
PERS Care	1,027.99	2,055.98	2,672.77	15%	1,182.19	2,364.38	3,073.69
Average	850.52	1,701.05	2,211.39		880.29	1,760.58	2,288.79
Dental	58.99	107.29	179.53	5%	61.94	112.65	188.51
Dental - Buy Up Option	60.70	110.50	184.90	5%	63.74	116.03	194.15
Vision	7.30	12.90	20.30	5%	7.67	13.55	21.32
Vision - Buy Up Option	10.00	17.90	28.50	5%	10.50	18.80	29.93
Totals	\$ 987.51	\$ 1,949.64	\$ 2,624.62		\$ 1,024.13	\$ 2,021.60	\$ 2,722.68

Estimated 2017 Increase
50% of 2017 Projected Rate Increase

Flexible Benefit Eff 1/1/19	EIA Payment	Flexible Spending Plan	Estimated Flexible Benefit Eff 1/1/20	EIA Payment	Flexible Spending Plan
\$ 1,803.02	\$ 136.00	\$ 1,667.02	\$ 1,852.05	\$ 141.00	\$ 1,711.05

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Authority Meeting Expense

Line Item	2018/19 Budget	Quantity	Cost per Item	2019/20 Budget
October - Aptos				
Wed. EC Dinner	\$ 16,500	120	\$ 150	\$ 18,000
Thur. Morning Meetings	6,600	120	60	7,200
Thur. EC & Seminar Lunch	7,700	120	70	8,400
Thur. Afternoon Break	1,900	100	20	2,000
Thur. BOD Dinner	16,500	120	150	18,000
Fri. BOD Morning Break	6,600	120	60	7,200
Fri. BOD Lunch	7,700	120	70	8,400
Meeting Room Rental Fees	2,000			1,500
AV Rentals	10,000			10,000
Lodging	55,500	223	275	61,325
Member Travel Expenses	18,000			20,000
Total October Meeting	\$ 149,000			\$ 162,025
March - Hilton, Sacramento				
Wed. EC Dinner	\$ 5,625	75	\$ 100	\$ 7,500
Thur. EC Meetings	4,675	85	55	4,675
Thur. EC Lunch	5,700	95	70	6,650
Thur. Afternoon Break	1,900	95	20	1,900
Thur. BOD Dinner	7,500	110	80	8,800
Fri. BOD Meeting	5,500	110	55	6,050
Fri. BOD Lunch	6,600	110	60	6,600
Meeting Room Rental Fees	2,000			2,500
AV Rentals	12,000			12,000
Lodging	17,500			15,750
Member Travel Expenses	13,000			10,000
Total March Meeting	\$ 82,000			\$ 82,425
June - Hilton, Sacramento				
Wed. EC Dinner	\$ 5,625	75	\$ 100	\$ 7,500
Thur. EC Meeting	4,675	85	55	4,675
Thur. EC Lunch	5,700	95	70	6,650
Thur. Afternoon Break	1,900	95	20	1,900
Thur. BOD Dinner	7,500	110	80	8,800
Fri. BOD Meeting	5,500	110	55	6,050
Fri. BOD Lunch	6,600	110	60	6,600
Meeting Room Rental Fees	2,000			2,500
AV Rentals	12,000			12,000
Lodging	17,500			15,750
Member Travel Expenses	13,000			18,000
Total June Meeting	\$ 82,000			\$ 90,425

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Authority Meeting Expense

Line Item	2018/19 Budget	Quantity	Cost per Item	2019/20 Budget
Public Entity Annual Meetings				
Northern California - Folsom				
Seminar Breakfast/Morning Break	\$ 300	50	\$ 5	\$ 250
Seminar Lunch	1,200	50	20	1,000
Seminar Afternoon Break	300	50	5	250
Lodging	1,850			1,850
Member Travel Expenses	6,000			6,000
Southern California - Ontario				
Seminar Breakfast/Morning Break	3,000	50	50	2,500
Seminar Lunch	3,300	50	55	2,750
Seminar Afternoon Break	600	50	10	500
AV/Equipment	2,000			2,500
Lodging	3,000			3,000
Member Travel Expenses	6,000			6,000
Total Public Entity Annual Meeting	\$ 27,550			\$ 26,600
EIA Encounter Meetings				
Northern California - Hilton, Sacramento				
Seminar Morning Break Service	\$ 700	50	\$ 10	\$ 500
Seminar Lunch	1,400	50	20	1,000
Seminar Afternoon Break Service	700	50	10	500
Lodging	1,850	10	185	1,850
Member Travel Expenses	9,000			11,500
Southern California - Ontario				
Seminar Morning Break Service	2,000	50	40	2,000
Seminar Lunch	2,250	50	55	2,750
Seminar Afternoon Break Service	500	50	10	500
AV/Equipment	2,000			2,500
Lodging	3,000			3,000
Member Travel Expenses	9,000			11,500
Total EIA Encounter Meetings	\$ 32,400			\$ 37,600

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Authority Meeting Expense

Line Item	2018/19 Budget	Quantity	Cost per Item	2019/20 Budget
Educational Forums				
Northern California - Pleasanton				
Seminar Morning Break Service	\$ 1,600	40	\$ 40	\$ 1,600
Seminar Lunch	2,000	40	50	2,000
Seminar Afternoon Break Service	400	40	10	400
Room Rental	1,000			1,000
Speaker's Fees	3,000			3,000
AV/Equipment	2,000			2,000
Lodging	2,700			2,700
Member Travel Expenses	1,500			6,000
Southern California - Ontario				
Seminar Morning Break Service	1,600	40	40	1,600
Seminar Lunch	2,000	40	50	2,000
Seminar Afternoon Break Service	400	40	10	400
Room Rental	1,000			1,000
Speaker's Fees	3,000			3,000
AV/Equipment	1,000			2,000
Lodging	2,700			2,700
Member Travel Expenses	1,500			6,000
Total Educational Forums	\$ 27,400			\$ 37,400
Executive Committee Retreat				
Pre-conference Dinner	\$ 6,465	50	\$ 115	\$ 5,750
1st Day Meeting Expense	1,500			2,500
1st Day Breakfast	2,750	50	55	2,750
1st Day Lunch	3,000	50	65	3,250
1st Day Break	1,250	50	25	1,250
1st Day Dinner	5,000	50	100	5,000
1st Day Evening Activity	0	50	100	5,000
2nd Day Meeting Expense	1,000			1,000
2nd Day Breakfast	2,250			2,750
2nd Day Lunch	2,000			3,000
AV Rentals	1,000			500
Lodging	29,600			30,000
Facilitator	8,000			7,500
Member Travel Expense	7,500			7,500
Executive Committee Retreat Totals	\$ 71,315			\$ 77,750

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Authority Meeting Expense

Line Item	2018/19 Budget	Quantity	Cost per Item	2019/20 Budget
Board/Exec Committee Travel				
Property Renewal Trip	\$ 23,500			\$ 12,250
Liability Renewal Trip	7,250			7,500
Conference Travel	1,075			1,200
Board/Exec Committee Travel Total	<u>\$ 31,825</u>			<u>\$ 20,950</u>
Other Trainings				
Liability Guidelines Training Sessions				10,000
Strategic Planning CRC and UM committees				11,000
WC Guidelines Training Sessions				2,000
				<u>\$ 23,000</u>
Budget Savings	<u>(40,000)</u>			<u>(40,000)</u>
Total Authority Meeting Expenses	<u>\$ 463,490</u>			<u>\$ 518,175</u>

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Committee Expenses

Line Item	Number of Members	Number of In-Person Meetings	Cost Per In-Person Meeting	Number of Web Ex Meetings	2018/19 Budget	2019/20 Budget	Budget Inc. (Dec.)
<u>EIA Committees</u>							
Claims Review	12	8	\$ 2,423	6	\$ 26,462	\$ 19,384	\$ (7,078)
EAGLE	Committee merged with Member Services				2,859	0	(2,859)
EIAHealth	9	4	2,922	3	9,757	11,686	1,929
Employee Benefits	9	3	2,878	2	7,794	8,635	841
Executive	12	8	5,193	5	40,404	41,545	1,142
Finance	9	5	2,510	1	12,694	12,549	(145)
General Liability 2	16	2	4,787	3	9,956	9,573	(383)
Legislative	15	8	5,719	3	44,063	45,754	1,691
Medical Malpractice	9	2	2,444	6	5,742	4,889	(853)
Member Services	9	3	2,899	2	8,681	8,696	15
Primary Workers' Compensation	11	4	3,085	2	13,289	12,339	(950)
Property	13	2	550	2	5,851	1,101	(4,750)
Risk Control	11	2	4,701	4	7,471	9,401	1,930
Technology	9	2	3,512	4	6,533	7,023	490
Underwriting	11	6	2,769	2	13,546	16,616	3,070
Pre-EB Committee Dinners			4,000		4,000	4,000	0
All Other Pre-Committee Dinners			8,000		8,000	8,000	0
Less Savings					(55,020)	(53,838)	1,182
Savings							
Total Committees					\$ 172,079	\$ 167,351	\$ (4,727)

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Training and Education

Line Item		2018/19 Budget	2019/20 Budget	Budget Inc. (Dec.)
Periodicals and Publications				
GASB	CFO	\$ 450	\$ 450	\$ 0
Business Insurance	CFO	200	0	(200)
California W.C. Reporter	Claims	550	550	0
Work Comp Central	Claims	600	650	50
Workers' Comp Executive	Claims	600	600	0
Pacer Online Service	Claims	150	200	50
Workers' Comp Codes	Claims	1,100	1,500	400
California Workers' Comp Handbook	Claims	650	700	50
Lexis/West Law Research	Claims	2,500	3,500	1,000
Member Services Periodicals	GA	1,800	1,800	0
Employee Benefit News	GA	300	300	0
HR Magazine & Library	GA	200	200	0
HR Pamphlets & Posters	GA	200	200	0
Other	GA	500	500	0
Total Periodicals and Publications		\$ 9,800	\$ 11,150	\$ 1,350
Education & Training				
IT Education and Training		\$ 70,895	\$ 70,895	0
Fund Accounting/ABRA Training		3,500	3,400	(100)
Education and Training - Mgmt. & Employee		15,600	16,600	1,000
Education Allowance Pool*		45,230	54,880	9,650
Total Education & Training		\$ 135,225	\$ 145,775	\$ 10,550
Scholarships				
Educational Scholarships - PRIMA	All	\$ 8,000	\$ 8,000	\$ 0
Total Scholarships		\$ 8,000	\$ 8,000	\$ 0

* Education Allowance is based on the CSU Sacramento tuition rates for two six-unit semesters and is estimated to be a total of \$3,330.

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Training and Education

Line Item		2018/19 Budget	2019/20 Budget	Budget Inc. (Dec.)
Conferences and Seminars				
AGRIP Exec Institute/Ed Forum/ Leadership		\$ 13,075	\$ 13,200	\$ 125
AICPA / GFOA		1,500	1,401	(99)
CAJPA		12,600	5,600	(7,000)
CAJPA Finance & Technology Spring Meeting		2,850	3,575	725
National WC Disability Conference		3,750	3,300	(450)
CA Div. Of WC Annual Seminar		1,600	1,350	(250)
CCWC Forum		1,350	300	(1,050)
Claims and Litigation Management (CLM)		0	5,250	5,250
Comp Laude		0	927	927
CAAA & AWCP		0	1,325	1,325
Valley Industrial Claims Seminars		500	700	200
PARMA (Conference & Chapter Meetings)		10,650	5,600	(5,050)
Member Services/LP (ASSE, CSOOC, CASBO, etc.)		11,000	12,960	1,960
CalPELRA		750	3,000	2,250
Laserfiche Conference		1,600	1,600	0
PRIMA		0	595	595
RIMS		1,000	2,000	1,000
IT Conferences		18,600	23,295	4,695
Data and Analytics Conferences		3,000	10,200	7,200
Actuary Conferences		0	1,333	1,333
Other		24,150	1,100	(23,050)
Totals Conferences and Seminars		\$ 107,975	\$ 98,611	\$ (9,364)
Memberships				
CAJPA, PRIMA, PARMA, CalPELRA, IEA, RIMS	GA	\$ 3,450	\$ 4,390	\$ 0
AGRIP	CEO	4,000	4,500	500
CCWC, AWCP, CPCU, State Bar of California	WC	8,050	7,650	(400)
CSOOC, ASSE, PASMA, NFPA BCSP	RC	2,270	1,555	(715)
CFPS, WSO, ACG-IH	RC	270	270	0
American Board of Industrial Hygiene	RC	125	0	(125)
Sacramento Claims Association	Liab	450	0	(450)
GFOA, GASB, AICPA, FEI	CFO	1,125	750	(375)
Costco/Sams Club	GA	170	170	0
Meeting Planners Association	GA	400	300	(100)
Society of Government Mtg Professionals	GA	100	55	(45)
SHRM, SAHRA (HR)	HR	315	327	12
California Chamber of Commerce	GA	500	549	49
IFEBP (Emp Benefits)	EB	0	1,250	1,250
CSAC Premiere Membership	GA	25,000	25,000	0
California Health Care Coalition	EB	2,000	2,000	0
Int'l Foundation for Employee Benefit Plans	EB	1,000	0	(1,000)
CASBO	GA	1,400	1,440	40
League of California Cities	GA	3,000	3,000	0
Data & Analytics Dept Memberships	GA	1,500	0	(1,500)
Other	GA	6,740	7,110	370
Total Memberships		\$ 61,865	\$ 60,316	\$ (1,549)

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Computer Hardware, Software, Technical Support

	2018/19 Budget	Quantity	Cost Per Item	2019/20 Budget	Budget Incr(Decr)
<u>Computer Supplies and Software</u>					
Adobe Acrobat	\$ 7,605			\$ 7,465	\$ (140)
Microsoft Software and Licenses	30,435			67,565	37,130
Anti-Virus Licenses	880	9	80	720	(160)
Online subscriptions	3,000	1	5,200	5,200	2,200
Mindjet Mindmanager Pro 9	4,125	9	375	3,375	(750)
Laserfiche Additional Licenses and LSAP	6,250	6	670	4,020	(2,230)
Redgate SQL Prompt	3,200			4,770	1,570
Redgate Full Suite	6,000	2	3,000	6,000	0
Redgate SQL Source Control	1,500	1	1,500	1,500	0
Red Gate SQL Compare	745	1	745	745	0
Red Gate Data Compare	500	1	500	500	0
Travel Reimbursement App	19,980	185	108	19,980	0
Task Management	8,392	70	120	8,400	8
VoIP System Upgrade	0	6	250	1,500	1,500
GFI Licenses	8,050	20	350	7,000	(1,050)
Zen Desk Tracking System	9,700			9,700	0
Zerto License	4,500	5	1,500	7,500	3,000
Monitoring Software	10,000	1	10,000	10,000	0
ShadowProtest Backup Software	5,000	1	5,000	5,000	0
VMWare vSphere Standard (per core) Hosts	9,000	4	1,500	6,000	(3,000)
LogMeIn Rescue	3,000	1	3,000	3,000	0
SANS Security Software & Tools	10,000	1	10,000	10,000	0
Patch Management Software	0	1	1,000	1,000	1,000
Visual Studio & MSDN	2,700	5	800	4,000	1,300
Wrike Project Management	3,000	1	3,000	3,000	0
Unfuddle Subscription - Source code management	510	1	1,188	1,188	678
BCC - Employer ACA Reporting Software	2,750	1	2,750	2,750	0
Pool Management Software - CHSI Functionality	25,000			0	(25,000)
Pool Management Software - CHSI	133,800			0	(133,800)
Wireframe Software	2,500	25	100	2,500	0
Collaboration/Project Management Tools	32,000			32,000	0
Paperless AP & Budget Input Software	2,000	1	10,000	10,000	8,000
Sharefile	8,500			8,500	0
New SSL Certs	0	3	100	300	300
SCRUM software	0	1	3,600	3,600	3,600
Infrastructure Task Management software	0	1	2,500	2,500	2,500
MIP Cloud Hosting	0	1	12,000	12,000	12,000
VoIP Improvements	0	1	10,000	10,000	10,000
Statistical/Data Science Software	0			60,000	60,000
Statistical/Data Science Software	0			12,000	12,000
<u>Annual Maintenance</u>					
Anti-Virus Maintenance	200	2	100	200	0
Mindjet Mindmanager Pro 9 1 Yr. Maintenance	9,000	115	100	11,500	2,500
Symantec Anti-Virus Renewal	4,400	125	40	5,000	600
GFI MailArchiver Annual Support	2,200	125	20	2,500	300
Barracuda Annual Support	800			800	0
Desktop Central Annual Maintenance	1,000	1	1,000	1,000	0
Exclaimer Annual Maintenance	200	1	200	200	0
VOIP Maintenance	8,500			0	(8,500)
Citrix Netscaler Renewal	600	1	600	600	0
Abila MIP Fund Accounting Software Annual Support	5,500	0	0	0	(5,500)
EBS Annual Support	3,500	1	4,000	4,000	500
Laserfiche (LSAP Annual Maintenance)	20,000	1	20,000	20,000	0

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Computer Hardware, Software, Technical Support

	2018/19 Budget	Quantity	Cost Per Item	2019/20 Budget	Budget Incr(Decr)
Solutions Simplified Bots license fee	\$ 0	\$ 1	\$ 10,000	\$ 10,000	\$ 10,000
VMWare vSphere Standard (per core) Hosts SSA	2,800	12	375	4,500	1,700
VMWare vSphere Standard Server SSA	1,350	1	1,350	1,350	0
VMWare Maintenance - vSphere Essentials	700	2	350	700	0
Fortinet Renewal Maintenance	10,000	1	15,000	15,000	5,000
Zerto Annual Maintenance	4,500	9	500	4,500	0
SSL Certificates	1,000	10	100	1,000	0
CHSI Escrow Account	1,095			0	(1,095)
FPPC Software Maintenance and Hosting	3,500	1	3,500	3,500	0
BCC - Employer ACA Reporting Maintenance	3,000	1	3,000	3,000	0
Qlik Software Maintenance	40,000	1	50,000	50,000	10,000
Miscellaneous Software Expenses	7,000	1	7,000	7,000	0
Computer Supplies	5,000	1	5,000	5,000	0
Text to Speech renewal	0	1	1,500	1,500	1,500
KnowBe4	0	1	2,500	2,500	2,500
Vizlib Extensions	0			7,200	7,200
Climber Extensions	0			7,200	7,200
Menubar Extensions	0			6,000	6,000
Total Computer Supplies and Software	\$ 500,467			\$ 531,028	\$ 30,561
<u>Computer Hardware</u>					
HP Monitors	\$ 7,800	58	\$ 300	\$ 17,400	\$ 9,600
Backup Tapes	500	1	1,000	1,000	500
AWS Environment - Qlik	0	1	6,000	6,000	6,000
Cloud Logging for Firewalls	600	2	300	600	0
Network Penetration Testing Service	5,000	10	500	5,000	0
Workstation Battery Backup	2,500	1	3,000	3,000	500
Board Projector	5,000			0	(5,000)
Desktop Computers	19,500	6	1,500	9,000	(10,500)
Laptop Computers	78,000	30	3,000	90,000	12,000
Adjustable Monitor Stands	300	12	50	600	300
RoomDisplay Board (Green Room)	0	1	2,000	2,000	2,000
Power Distribution Unit	1,100	2	550	1,100	0
Misc. D&A server	10,000	1	15,000	15,000	5,000
APC UPS for Rack	5,000			0	(5,000)
Desktop Phones	4,400	9	500	4,500	100
Phone Headsets	8,400	12	350	4,200	(4,200)
Mobile Phones	5,250			0	(5,250)
Ergonomic Equipment	1,000	1	1,000	1,000	0
Miscellaneous Computer Hardware	5,000	1	5,000	5,000	0
Risk Control Projectors	0	5	800	4,000	4,000
DATTO VoIP Switch	0	1	1,500	1,500	1,500
Green Room AV	0	1	5,000	5,000	5,000
Network Switch	0	1	2,000	2,000	2,000
Contingency	5,000	1	5,000	5,000	0
Total Computer Hardware	\$ 164,350			\$ 182,900	\$ 18,550
<u>WebEx Web Conferencing</u>	\$ 15,900	12	\$ 1,325	\$ 15,900	\$ 0

Computer Technical Assistance

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Computer Hardware, Software, Technical Support

	2018/19 Budget	Quantity	Cost Per Item	2019/20 Budget	Budget Incr(Decr)
Accounting System	\$ 3,500			0	\$ (3,500)
Data Center Usage (Colocation services)	24,000	12	3,000	36,000	12,000
ATS	4,800	12	650	7,800	3,000
Network Consulting	60,000			60,000	0
MIP Consulting - Systema/Abila interface	15,000			15,000	0
HR System Consulting - Reports	7,500			8,000	500
HR System Customization	7,500			8,000	500
Laserfiche - Technical Support	2,250	25	225	5,625	3,375
Printer Maintenance	500	1	500	500	0
Cabling	0	1	4,000	4,000	4,000
Total Computer Technical Assistance	\$ 125,050			\$ 140,925	\$ 15,875
 <u>Website Design/Hosting/Support</u>					
Website Hosting/Support Annual Maintenance	\$ 19,965			\$ 25,000	\$ 5,035
Website Design	352,000			352,000	0
Support for Benchmarking/Analytics	15,000			15,000	0
Total Website Design/Hosting/Support	\$ 386,965			\$ 392,000	\$ 5,035

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Technology Program Expenses

	2018/19 Budget		2019/20 Budget
<u>EIA Claims System Expense Line Item</u>			
Application Service Provider (ASP) Fee (\$275 per month per user)	\$ 0		\$ 0
SIMS System			
Maintenance due at production use of software	34,000		35,000
Cloud Hosting due at delivery of trial conversion	63,000		65,000
Escrow account	800		900
TPA to TPA Conversion	140,000		70,000
TPA Data Conversion and SIMS Training	100,000		50,000
TPA Maintenance due at production use of software	209,300		150,000
TPA Cloud Hosting due at delivery of trial conversion	471,600		220,000
Depreciation expense	345,826		329,109
Proprietary Claim System Depreciation expense	<u>0</u>		<u>200,000</u>
Subtotal	1,364,526		1,120,009
Estimated unspent funds from prior budget	(726,470)		(740,820)
Amount To Allocate to Programs	<u>\$ 638,056</u>		<u>\$ 379,190</u>
<u>Allocation of EIA Claims System Costs</u>			
PWC	\$ 427,498	67%	\$ 254,057
EWC	127,611	20%	75,838
General Liability 1	38,283	6%	22,751
General Liability 2	19,142	3%	11,376
Medical Malpractice	25,522	4%	15,168
Total Allocated	<u>\$ 638,056</u>	<u>100%</u>	<u>\$ 379,190</u>
<u>Member Claims System Expense Line Item</u>			
Member Data Conversion and SIMS Training	\$ 275,000		\$ 150,000
Member Maintenance due at production use of software	185,000		100,000
Member Cloud Hosting due at delivery of trial conversion	185,000		100,000
Depreciation expense	162,391		160,043
Less Revenue for Member access to new system	<u>\$ (807,391)</u>		<u>\$ (510,043)</u>

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Insurance Cost

Line Item	Renewal Date	2018/19 Budget	2019/20 Budget	Budget Incr(Decr)
General Administration Fund				
Workers Compensation				
PWC	7/1/2019	\$ 28,500	\$ 23,640	\$ (4,860)
EWC	7/1/2019	125,000	126,205	1,205
Blanket Bond/Commercial Crime	6/30/2019	2,200	2,500	300
Property	7/1/2019	8,400	9,400	1,000
Liability	7/1/2019	87,000	157,100	70,100
Cyber Liability Premium	7/1/2019	1,500	1,700	200
Pollution Insurance		5,600	1,279	(4,321)
Notary E&O/Bond	7/1/2019	600	600	0
Less Allocated to Iron Point Building		(18,000)	(26,389)	(8,389)
 Total General Admin Insurance		<u>\$ 240,800</u>	<u>\$ 296,035</u>	<u>\$ 55,235</u>

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Printing Cost

Line Item	2018/19	2019/20	Budget
	Budget	Budget	Incr(Decr)
Copier Cost	\$ 35,000	\$ 35,000	\$ 0
Binding Supplies	1,500	1,500	0
Other Supplies			
Total In House Printing	\$ 36,500	\$ 36,500	\$ 0
Letterhead	\$ 3,500	\$ 3,500	\$ 0
2nd Sheet	850	850	0
Envelopes	2,700	2,700	0
Large Envelopes	1,000	1,000	0
Annual Report	21,000	21,000	0
Business Cards	4,500	4,500	0
Member Services Projects	7,000	7,000	0
Other Projects	2,000	2,000	0
Total Outside Printing	\$ 42,550	\$ 42,550	\$ 0
Total Printing	\$ 79,050	\$ 79,050	\$ 0

CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Member Development Cost

Marketing Expense	2018/19 Budget	2019/20 Budget	Budget Incr(Decr)
Booth Maintenance	\$ 3,000	\$ 3,000	\$ 0
CASBO	0	1,000	1,000
ASC	7,500	0	(7,500)
CalPELRA Exhibit Expenses	3,500	3,500	0
Conference Booth Shipping Charges	500	500	0
RCRC Sponsorship	1,500	1,500	0
RCRC Attendance at Conference	500	500	0
CPOA Sponsorship		5,000	5,000
Exhibitor Raffle Prizes	650	650	0
Booth Art Work	500	500	0
CSAC Exhibit Expenses	0	250	250
Meeting Signage	500	500	0
Marketing Clothing Items	4,873	4,894	22
PR Budget *	0	50,000	50,000
Member Give Away Items	16,392	16,264	(129)
Total	\$ 39,415	\$ 88,058	\$ 48,643
Member Recognition & Awards	\$ 10,000	\$ 10,000	\$ 0
Grand Total - Member Development	\$ 49,415	\$ 98,058	\$ 48,643

*Hard market messaging 2019/20

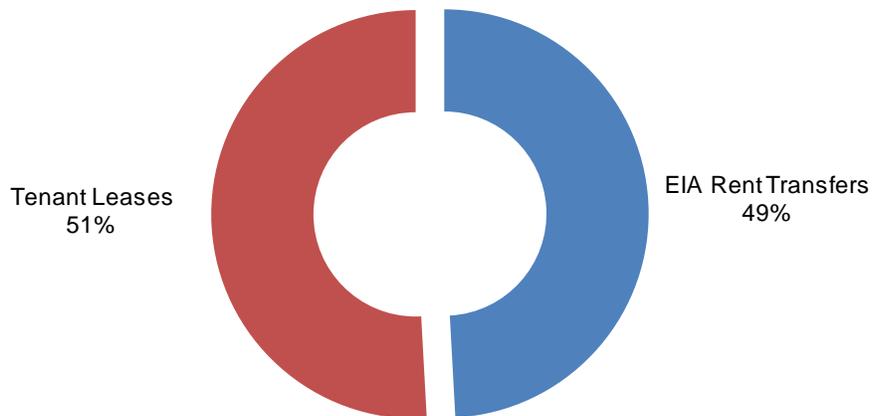
CSAC EXCESS INSURANCE AUTHORITY
2019/20 Budget Worksheet
Adopted Awards and Recognition Cost

Employee Recognition	2018/19 Budget	2019/20 Budget	Budget Incr(Decr)
Reoccurring Employee recognition	\$ 2,780	\$ 2,780	\$ 0
Staff Appreciation Day	2,500	2,500	0
Retirement Parties	500	2,300	1,800
Training Meals	3,500	3,500	0
Staff Appreciation Food	500	500	0
Staff Retreat Food	750	750	0
Flowers (birth/death)	375	375	0
Leaving/Thank You Events	600	600	0
Staff showers (baby/wedding)	240	240	0
Printed Items (Baudville)	250	250	0
Misc./Other	2,000	2,000	0
Years of Service Recognition	500	500	0
Staff Retreat	8,000	8,000	0
Total Employee Recognition	\$ 22,495	\$ 24,295	\$ 1,800

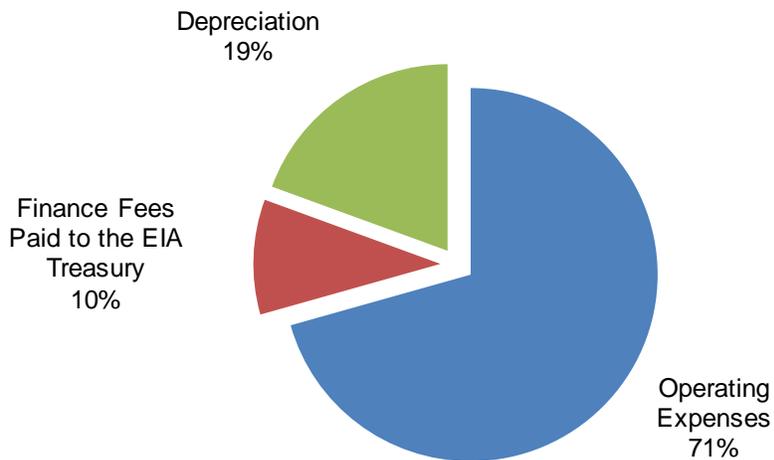
Building Fund

The EIA has invested \$9.1M 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. Due to building repairs, the current building fund budget expects to reduce the surplus by \$347.7k. The Building Fund budget is illustrated in the following charts.

Building fund Revenues and Transfers (in thousands)



Building Fund Budget - Expense Summary (in thousands)



**CSAC EXCESS INSURANCE AUTHORITY
IRON POINT BUILDING PROGRAM
Adopted Budget
July 1, 2019 to June 30, 2020**

Sources and Uses of Financial Resources	CAFR Actual 2017/18	Year to Date 3/31/2019	Estimated 2018/19	Budget 2018/19	Budget 2019/20	Increase (Decrease)	Text Detail
REVENUES:							
Lease Income - Tenants	\$ 446,440	\$ 365,654	\$ 486,835	\$ 481,935	\$ 499,167	\$ 17,232	Escalations in rent clauses
TOTAL REVENUES	446,440	365,654	486,835	481,935	499,167	17,232	
EXPENDITURES:							
Operating Expenses							
Janitorial	56,280	43,043	65,543	68,360	68,360	0	
Utilities	86,969	66,665	94,290	94,290	98,430	4,140	
Garbage	5,448	4,086	6,086	6,300	6,300	0	
Water and Sewer	8,214	6,626	11,626	12,980	12,840	(140)	
Security & Fire Sprinkler Monitoring	10,664	10,956	14,456	14,760	16,100	1,340	
Landscape Maintenance	7,168	4,986	16,000	23,132	21,973	(1,159)	
Pest Control	1,476	945	1,445	1,440	1,530	90	
Commission Expense	0	0	0	0	45,634	45,634	Broker commision for two leases renewed for 19/20 FY
Common Area Maintenance	22,610	16,958	22,957	23,305	24,000	695	
Building Repairs	709,703	14,760	40,000	70,000	300,000	230,000	Addl Repairs needed for leak in one of the EIA offices on 2nd Floor
Building Maintenance	50,955	20,174	50,174	77,350	142,670	65,320	
Mello Roos Tax	15,112	7,521	15,050	15,950	15,880	(70)	
Insurance	17,675	18,000	18,000	18,000	26,390	8,390	
Legal Service	41,101	16,890	55,000	75,000	100,000	25,000	Litigation for building
Management Fees	36,197	27,296	36,395	38,190	38,190	0	
Finance Fees to EIA Treasury	84,254	78,903	103,903	94,750	132,300	37,550	
Total Operating Expenses	1,153,826	337,809	550,925	633,807	1,050,597	416,790	
Depreciation							
Depreciation - Building	95,550	72,235	96,314	99,150	96,320	(2,830)	
Depreciation - Roof	8,333	6,250	8,333	8,340	8,340	0	
Depreciation - Parking Lot	9,939	5,625	7,500	7,510	7,500	(10)	
Depreciation - Tenant Improvements	151,270	113,453	151,270	151,270	145,800	(5,470)	
Total Depreciation	265,092	197,563	263,417	266,270	257,960	(8,310)	
Appropriation for Contingencies	0	0	0	20,000	20,000	0	
TOTAL EXPENDITURES	1,418,918	535,372	814,342	920,077	1,328,557	408,480	
TRANSFERS:							
Transfers in from General Administration							
Building Rent	481,657	481,657	481,657	481,657	481,657	0	
TOTAL TRANSFERS	481,657	481,657	481,657	481,657	481,657	0	
Net Operating Margin	(490,821)	311,939	154,150	43,515	(347,732)	(391,247)	
NET POSITION - JULY 1	1,167,140	676,319	676,319	690,978	830,469		
NET POSITION - JUNE 30	676,319	988,258	830,469	734,493	482,737		

CSAC EXCESS INSURANCE AUTHORITY

CALIFORNIA



STATISTICAL/ SUPPLEMENTAL SECTION

For the Fiscal Year
July 1, 2019 to June 30, 2020

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.

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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.

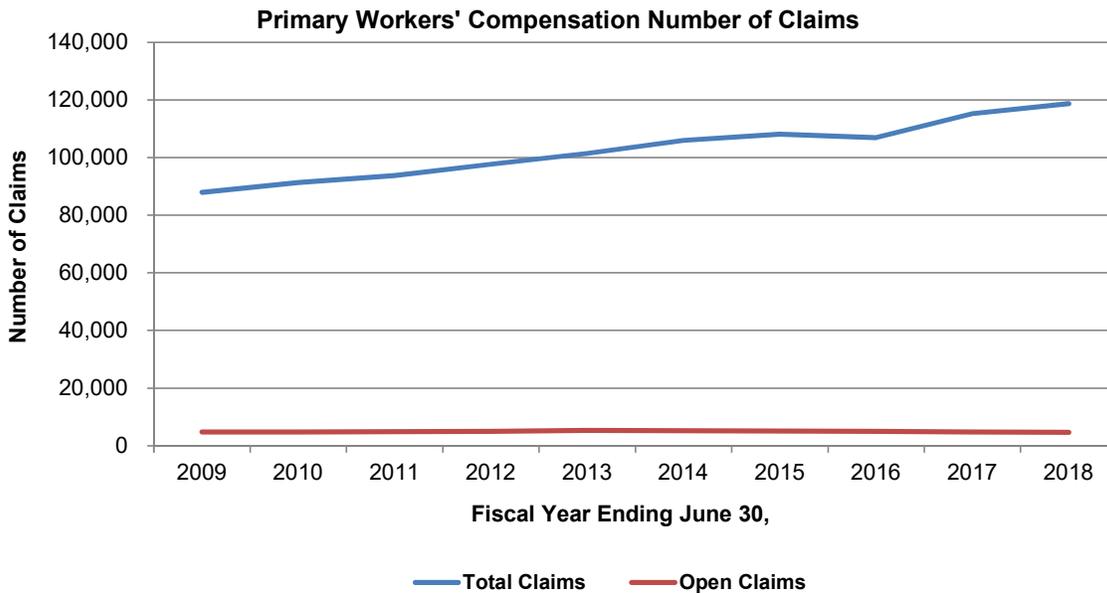
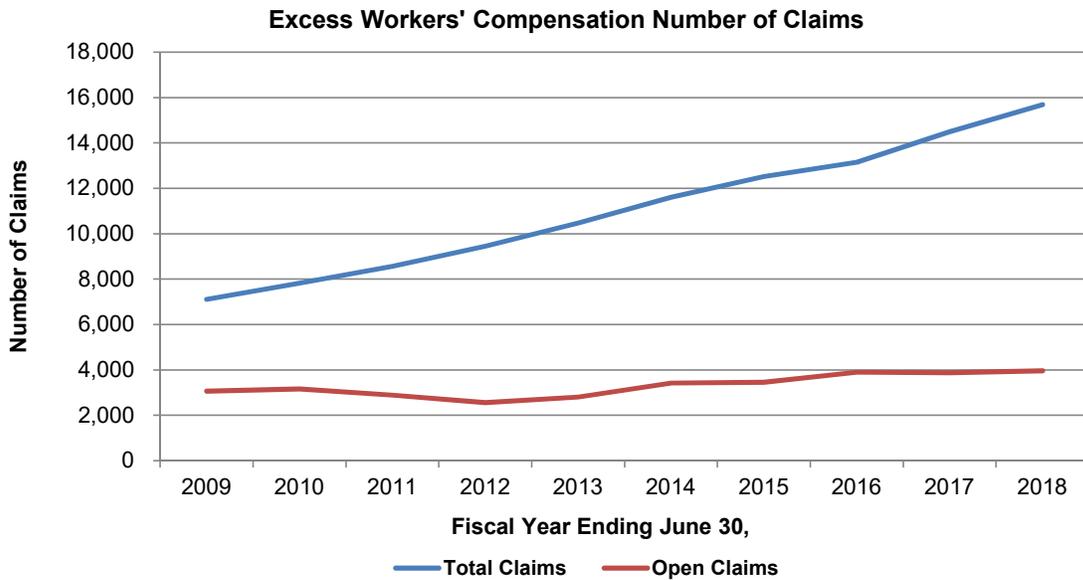
	<u>Page</u>
Operating Indicators and Statistics	136

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.

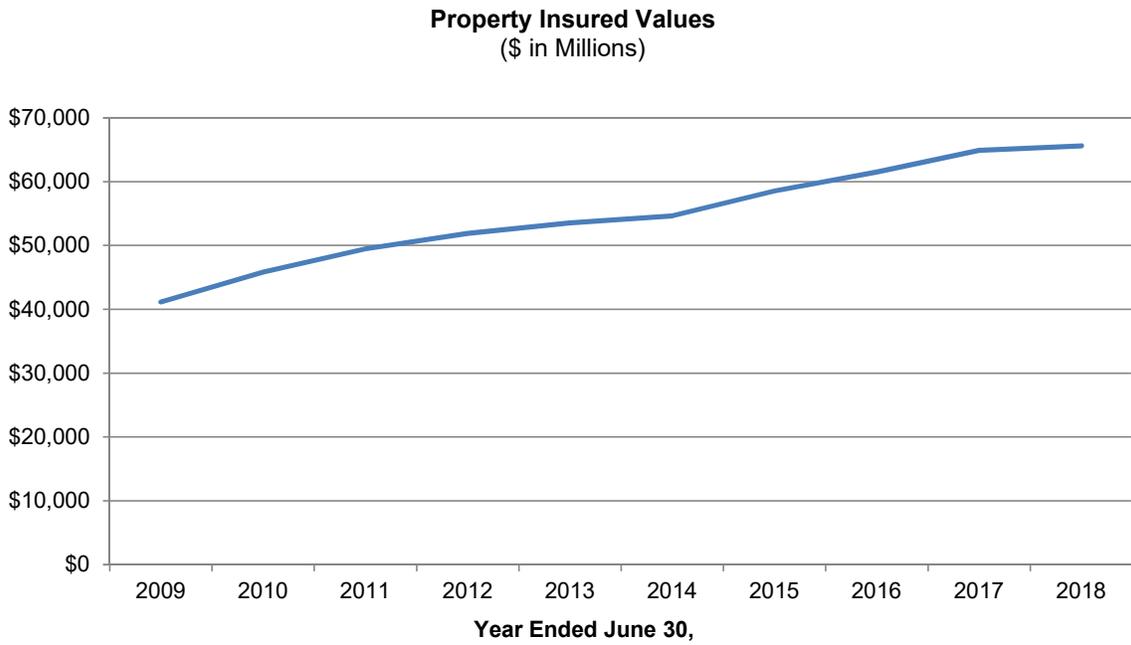
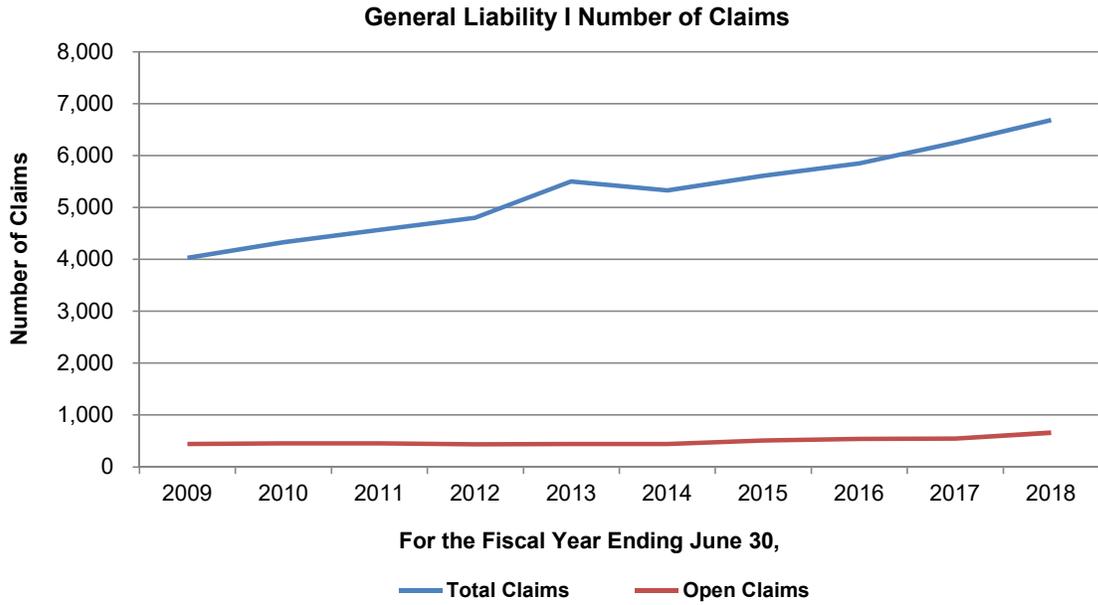
Schedules showing bonded debt and related legal debt ratios are also not applicable.

**CSAC EXCESS INSURANCE AUTHORITY
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2018**

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 EIAHealth employees and lives covered as shown on the following charts.



**CSAC EXCESS INSURANCE AUTHORITY
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2018**



**CSAC EXCESS INSURANCE AUTHORITY
OPERATING INDICATORS AND STATISTICS
JUNE 30, 2017**

	Budget Year Beginning				
	2014	2015	2016	2017	2018
Budgeted Full-Time					
Equivalents by Department					
Administration	12	14	11	12	13
Actuarial			5	7	8
Finance	6	5	5	5	6
Information Technology	9	11	13	13	14
Claims	21	21	23	24	26
Member Services (LP)	8	10	10	12	12
Employee Benefits	2	2	2	2	2
Total Employees	58	63	69	75	81
Number of Retirees	4	4	6	7	10

	Fiscal Year-End			
	Actual		Budgeted	
	2016	2017	2018	2019
Member Units				
Primary Workers' Comp	38	39	39	38
Excess Workers' Comp	170	170	172	171
Primary General Liability	23	33	22	21
General Liability 1	119	114	114	122
General Liability 2	12	15	15	17
Property	101	99	97	100
Medical Malpractice	49	51	51	52
EIAHealth	30	32	32	36
Dental	155	153	153	154
Total Member Units	648	697	706	695
Member Counties	55	55	55	55
Member Public Entities	273	272	273	283
Total Members	317	328	327	328

GLOSSARY

Accrual: Accounting method that records revenues and expenses when they are incurred, regardless of when cash is exchanged.

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.

Amortization: The process of incrementally charging the cost of an asset to expense over its expected period of use.

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.

Bonds: A fixed income instrument that represents a loan made by an investor to a borrower.

Budget: A formal statement of estimated income and expenses based on future plans and objectives.

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.

Fund: A source of money that is allocated for a specific purpose.

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.

Net Position: Assets plus Deferred Outflow of Resources less Liabilities and Deferred Inflow of Resources. Net Position represents investment in capital assets as well as unrestricted fund balance available for future operations or distribution.

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.