

CSAC EXCESS INSURANCE AUTHORITY

BOARD OF DIRECTORS

MEETING SUMMARY

Hilton Arden West
2200 Harvard Street
Sacramento, California 95815
916-922-4700

Friday, March 1, 2019
8:30 a.m.
First Meeting – 2019

National Expansion

The Board approved moving forward with **expansion under the existing pure captive model** through the **Excess Insurance Authority (EIO)** and expansion of the EWC and GL1 Programs as of July 1, 2019. Expansion of the GL2 and other programs will be on a case-by-case basis as determined by the committees that govern those programs but no sooner than July 1, 2019.

General Liability 1 (GL1) Program

Highlights of the Board's review and actions for the GL1 Program are as follows:

- The Board spent a significant amount of time discussing the financial position of the Program and a **potential reinsurance transfer of the pool outstanding and go-forward losses** to achieve excess of a 70% CL equivalent funding. Authority was **delegated to the Underwriting Committee to approve terms** within specified parameters.
- Proposals for the reinsurance layers above the pool were not yet available, so the Board delegated authority to the Underwriting Committee to approve final terms. A proposal was reviewed and approved on the **Deductible Buy Down renewal** with Berkley Insurance.
- The premium **allocation methodology was amended** as respects **surcharges for large losses** and the administrative charges for the Program, in the amount of \$4,680,168, were set for 2019/20.

Excess Workers' Compensation (EWC) Program

Highlights of the Board's review and actions for the EWC Program are as follows:

- Overall, the Program has an actuarially **projected equity of \$44.2M**, which is equivalent to the 84% confidence level.
- Based on the Target Funding Guidelines, the Board approved pool rates for 2019/20 based on the **80% confidence level, discounted at 3%** for investment income.

- Pool rate changes will vary for each member based on their rating group. On average, **county rates will be down 5%, school rates down 2%, low safety rates down 3%, and high safety rates are down 2%.**
- The Board authorized the renewal of the excess placements with existing reinsurer partners.
- The pool allocation was set and the administrative charges for the Program, in the amount of \$8,425,611, were set for 2019/20.
- A **new endorsement** effective July 1, 2019, U-6, which addresses **off-duty, out-of-state peace officer injuries**, was approved to *provide coverage* of claims **if a member has adopted a resolution** providing coverage for this type of occurrence.
- Proposed amendments to **Addendum A**, Claims Administration Standards, were approved for **circulation to the members for review and comment.**

Other Matters

- The Board established the 2019/20 fiscal year internal borrowing rate at 2.1%.
- A minor amendment was made to the Investment Policy.

Informational Reports

The Board received several informational reports, a few of which are noted below:

- Reports were given by the various committee chairs on the status of the Programs and/or services they oversee;
- **Updated premium estimates for 2019/20** were distributed at the meeting;
- **Renewal status reports** for the various programs; and
- Investment portfolio report from Chandler Asset Management.

The **next meeting** of the Board will be **Friday, June 7, 2019** at the **Hilton Arden West** in **Sacramento.**