

# **CSAC EXCESS INSURANCE AUTHORITY**

**CALIFORNIA**



## **ADOPTED BUDGET**

For the Fiscal Year  
July 1, 2018 to June 30, 2019

# CSAC EXCESS INSURANCE AUTHORITY

## ADOPTED BUDGET

FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019

### EXECUTIVE COMMITTEE

<b>Name</b>	<b>Entity</b>
James Brown	Merced County
Sherri Adams	Solano 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
Roberta Allen	Plumas 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
George Reynolds	Chief Information Officer
Rick Brush	Chief Member Services Officer

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**CSAC Excess Insurance Authority  
Adopted Budget  
For the Fiscal Year 2018/19**

**Table of Contents**

<b>CSAC Excess Insurance Authority Overview</b>	
Transmittal Letter.....	6
Distinguished Budget Presentation Award, GFOA .....	10
Organization and Reporting Entity.....	11
Membership.....	12
Organizational Chart.....	13
Mission Statement .....	14
Budget Process .....	15
Budget Calendar.....	16
<b>Guiding Long-Term Fiscal Policies</b>	
Volume Discounts.....	17
Blending Self Insurance with Purchase of Insurance.....	17
Dividends to Members.....	18
Structure Programs That Are Responsive to Members Needs.....	18
Long-Term Relationships .....	18
Maintain Financial Strength .....	19
<b>Authority-Wide Budget</b>	
Budget Overview .....	20
Combined Budget Schedule.....	29
Combining Schedules.....	30
<b>Program Budgets</b>	
<b>Primary Workers' Compensation</b>	
Budget Overview .....	33
Budget Policies.....	34
Budget Schedules .....	38
<b>Excess Workers' Compensation</b>	
Budget Overview .....	40
Budget Policies.....	42
Budget Schedules .....	46
<b>Primary General Liability</b>	
Budget Schedules .....	48
<b>General Liability, Program 1</b>	
Budget Overview .....	49
Budget Policies.....	51
Budget Schedules .....	54
<b>General Liability, Program 2</b>	
Budget Overview .....	56
Budget Policies.....	57
Budget Schedules .....	60

**CSAC Excess Insurance Authority  
Adopted Budget  
For the Fiscal Year 2018/19**

**Table of Contents**

Property Program	
Budget Overview .....	61
Budget Policies.....	62
Budget Schedules .....	65
Medical Malpractice	
Budget Overview .....	66
Budget Policies.....	67
Budget Schedules .....	70
Master Rolling Owner Controlled Insurance Program	
Budget Overview .....	72
Budget Policies.....	73
Budget Schedules .....	74
EIAHealth	
Budget Overview .....	75
Budget Policies.....	76
Budget Schedules .....	79
Dental	
Budget Overview .....	80
Budget Policies.....	81
Budget Schedules .....	83
Miscellaneous Programs	
Budget Overview .....	84
Budget Policies.....	85
Budget Schedules .....	88
Captive	
Budget Schedules .....	90
General Administration	
Budget Overview .....	91
Budget Policies.....	93
Department Organization Chart.....	98
Administration Department Performance Measures .....	99
Actuarial Department Performance Measures.....	100
Claims Department Performance Measures.....	102
Employee Benefits Department Performance Measures.....	103
Information Technology Department Performance Measures .....	104
Member Services Department Performance Measures.....	105
Finance Department Performance Measures .....	106
Budget Schedules .....	107
Capital Outlay .....	110
Time Study Allocation.....	111

**CSAC Excess Insurance Authority  
Adopted Budget  
For the Fiscal Year 2018/19**

**Table of Contents**

Detailed Schedules	
1. Employee Salary Expenses.....	112
1A. Publicly Available Pay Schedule .....	113
2. Employee Benefits.....	114
3. Authority Meeting Expense.....	115
4. Committee Expenses .....	119
5. Management Training.....	120
6. Computer Hardware, Software, & Technical Support.....	122
7. Technology Program Expense .....	125
8. Insurance.....	126
9. Printing .....	127
10. Member Development .....	128
11. Awards and Recognition.....	129
Building Fund	
Budget Overview .....	130
Budget Schedules .....	131
Statistical/Supplemental Section .....	132
Glossary .....	137



June 1, 2018

Members, Board of Directors  
Folsom, California

Ladies and Gentlemen:

We respectfully submit the authority's proposed budget for fiscal year 2018/19 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.

In FY17/18, our newly formed captive Excess Insurance Organization, Inc. (the EIO or the Captive), is in second year of operations. \$95M in aggregate corridor funding was transferred to the Captive in FY17/18, and an additional \$97M of funding is expected to be transferred in FY18/19.

In FY18/19, we are enhancing our member service and loss prevention programs in the following areas:

- Personal, regional and online training programs and materials,
- The risk control platform, driving assessment modules and website Toolbox enhancements,
- Expanded Member legal services program,
- A new budget of \$408k for the expansion of the Employment Practices Liability (EPL) legal services (available to all EIA major program members) provided by the Eyres Law Group,
- A Service Partner Trade Show, also a pass through expense, and
- Strategic initiatives aimed at managing our school liability and law enforcement exposures.

Our Data & Analytics Department is streamlining our data collection and reporting process to make it less time consuming for both the member and internal staff. Benchmarking tools are being developed, and the use of data for future loss prevention, claims and legislative activities is a strategic initiative. We also brought actuarial services in-house resulting in more timely and relevant data in making program decisions.

We continue to develop pool management functionality on our website, which will assist with exposure data collection and provide members with easier access to their participation (coverages and services) information. In FY18/19, we plan to finish migration to our claims system the remaining third party administrators (TPAs) for our Primary Workers' Compensation Program (PWC).

For FY18/19, EIA continues to modify and adapt its program structures based on both market forces and member need. Our program renewal details are below.

In the **Primary Workers' Compensation Program (PWC)**, EIA retains the risk in the \$0 - \$10k layer. A two year rate plan is agreed upon with the reinsurer in the \$10k to \$125k layer and the aggregate corridor retention transferred to the Captive is being increased to \$13.5M.

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 \$55.6M, 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. EIA is changing from Great American to State National, in 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 **Primary General Liability Program (PGL)** PGL Program will be merged with the GL1 Program as of July 1, 2018. A dividend of \$980,419 has been declared to its members as of June 30, 2018. The remaining funds, including monies for claims liabilities at a 90% confidence level and EIO capital, will be transferred to the GL1 program as of July 1, 2018.

The **General Liability 1 Program (GL1)** funds a \$5M pool and purchases \$20M in reinsurance to achieve a \$25M limit. Great American reinsures the \$5M excess of \$5M layer, with a two year corridor of \$5M. For 2018/19, a discounted corridor of \$2.4M is being transferred to the Captive. An additional corridor of \$1.05M is transferred to the Captive in \$10k to \$100k layer for just Deductible Buy Down (formerly PGL) members.

The **General Liability 2 (GL2) Program** GL2 Program has experienced significant loss development over the last 12-15 months. The renewal data reflected more than 40% increase in program losses compared to last year. This trend extends into \$10M xs \$10M layer. A preliminary discounted corridor deductible of \$22.5M is being transferred to the EIO with a 10% discount rate in this budget.

The **Property Program** renewed on March 31, 2018 with flat rates and increased Earthquake Rooftop, Flood Rooftop and All Risk limits. The self-funded Earthquake deductible buy-down exposure remained the same in 2018/19 as 2017/18, \$30M. The All-Risk Pool layer of \$10.4M will be transferred to the EIO with a discount rate of 3%, and we will be collecting another \$2.5M 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 FY18/19 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 18/19.

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. Rates are expected to increase in the 4-7% range 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 six new positions and two 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 \$2.1M and includes the capital costs of the claims system, Data & Analytics platform development, Storage Area Network, furniture and equipment, and website development. 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)** is a captive insurance company domiciled in Utah. EIA transfers its program corridor retentions, which is capped risk, to the EIO at a discounted rate. 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 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, 2017**

*Christopher P. Morrill*

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.

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.

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 hurricanes

(Harvey, Irma, and Maria) contributed to a slightly hardening property insurance market for this year's renewal with the Property program seeing a 4% rate increases overall. However, markets are paying particular attention to loss development in our general liability programs. There continues to be increased scrutiny by carriers for law enforcement losses, which has presented a challenge to our large entity liability program.

## **Membership**

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

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

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

## **Organization**

The Authority maintains 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.

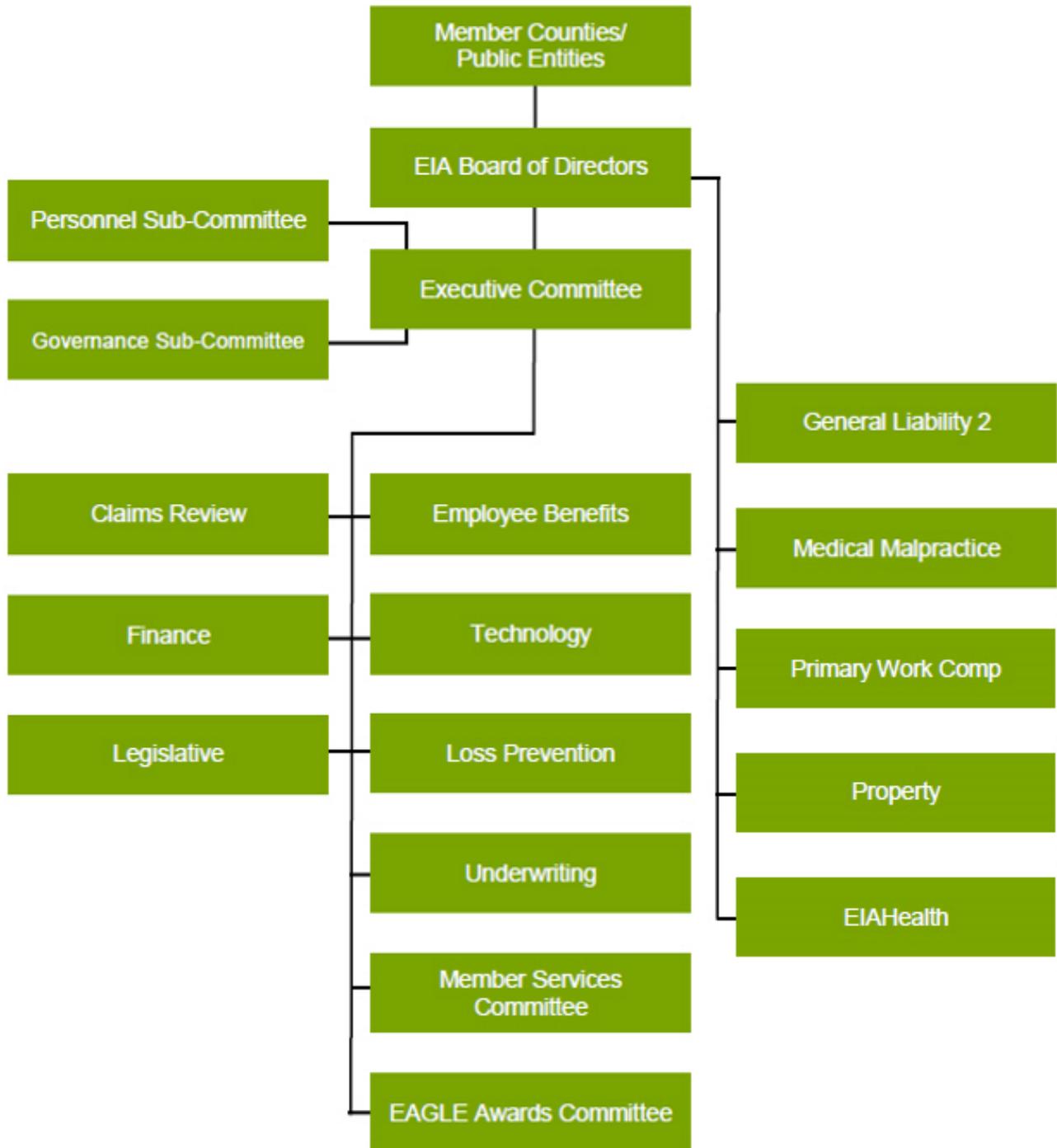
Technology – Provides direction on technology solutions, systems and investments of the Authority.

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.

**2018/19**

**Budget Calendar**

**January 2018**

- 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 2018**

- 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 2018**

- 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 2018**

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

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

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

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

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

## **Volume Discounts**

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

### Pooling

Larger retained risk pools results in:

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

### Insurance Purchase

Volume purchasing can result in:

- Lower insurance rates
- Better coverage agreements

## **Blending Self-Insurance with the Purchase of Insurance 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 \$85.1M in dividends to members during the past ten 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 1955 public entity members (counties, cities, school districts, fire departments, etc.) participating in its programs. See member table in the overview chart section of the budget for trend information on member participation in Authority programs.

## **Maintain Financial Strength**

### **Target Equity Funding**

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

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

### **Capitalization and Debt Policy**

The original capitalization of the Authority in October 1979 was provided by certificates of participation by the founding member counties. The Authority has paid off these certificates of participation and has incurred no debt since the extinguishment of these obligations. While the Authority's 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 periodically reviewed 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, 2018 to June 30, 2019

## Authority-wide Budget

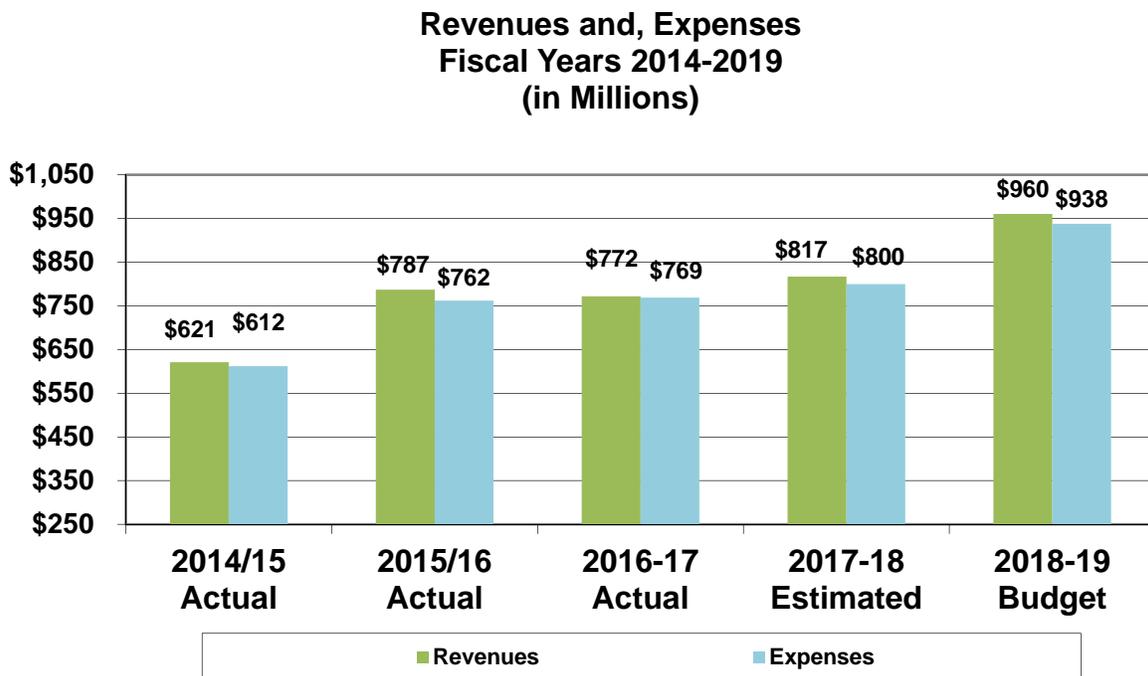
The Budget has \$22.6M increase in net position before dividends, and a dividend expense of \$0.11M, producing a \$22.5M increase to net position. This is a balanced budget, meaning that budgeted revenue exceeds expenditures and provides a budgeted increase to net position. The budget includes a number of new initiatives as outlined in the transmittal letter. Included is the Authority-wide Budget and individual program budgets. Highlights of the 2018/19 proposed budget are as follows:

Total revenues are \$960M, an increase of \$95M over budgeted 2017/18.

Total expenses are \$938M, an increase of \$89M. Expenses include returning dividends of \$0.11M to members.

Net position will increase from an estimated \$161M to a budgeted \$183M.

Revenues and expenses for the 2018/19 budget and the past four years are as follows:

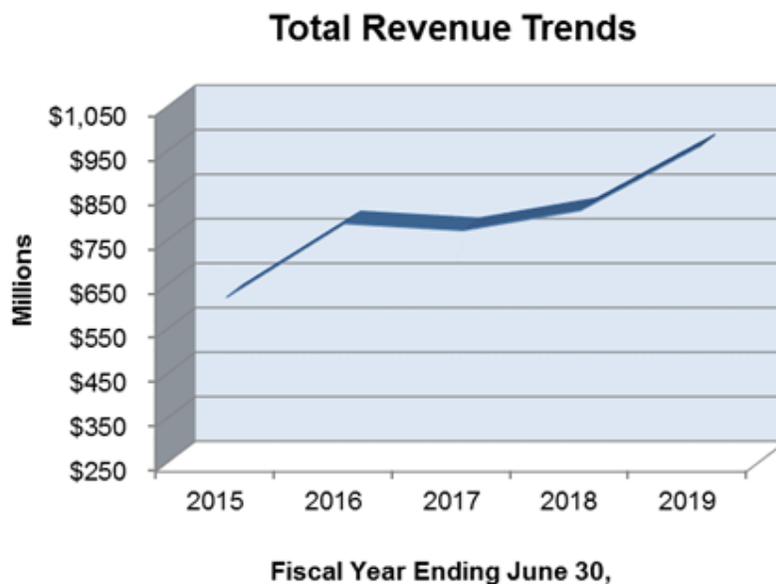


## Revenues

Sources of revenues are illustrated in the following chart:

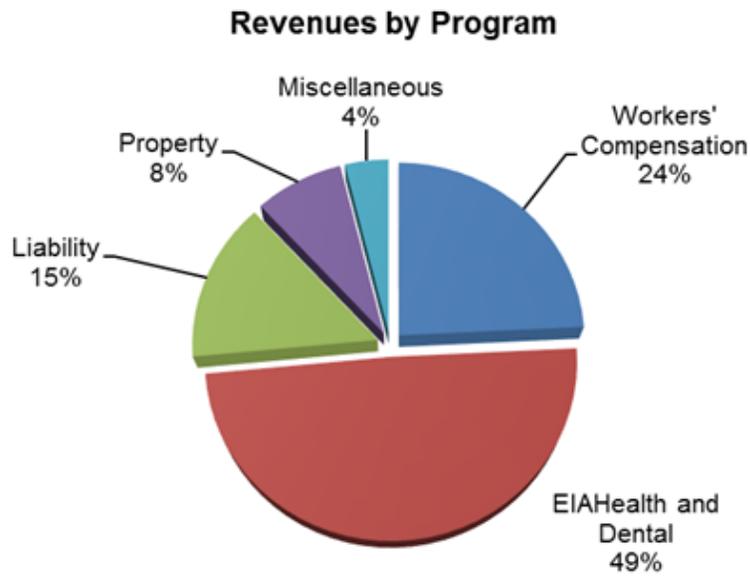


The \$960M in revenues represents a \$95M increase or 18% over the 17/18 budget, and a 55% increase over the last five years. Growth in membership, new programs, and additional pool funding and higher premiums for transferred risk accounts for much of the increase in revenues and expenses year over year. The following chart illustrates the growth of Authority revenues:



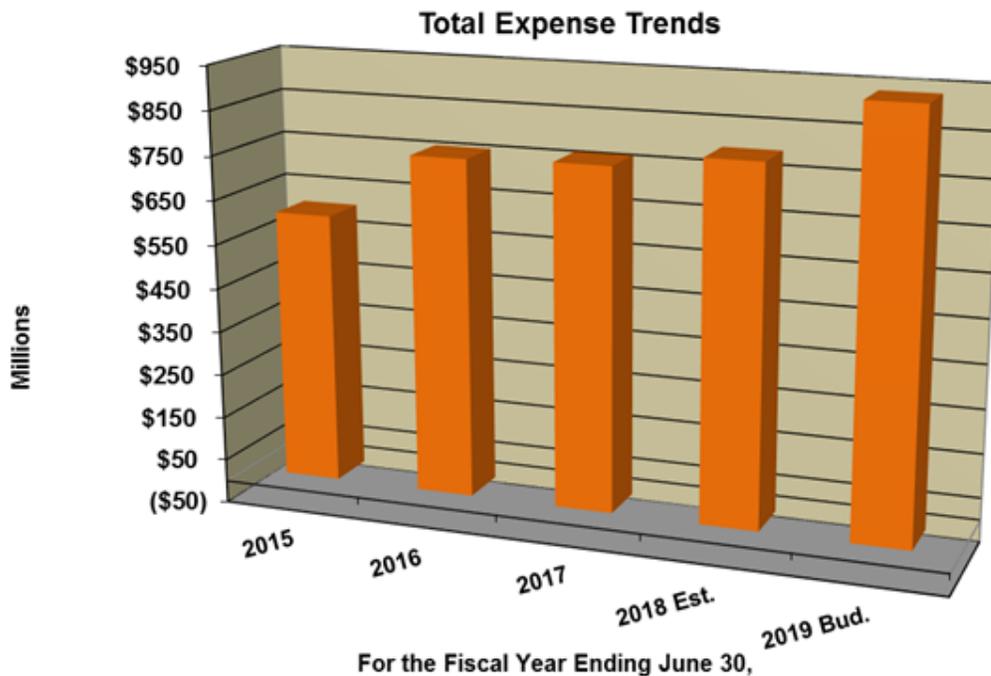
## Revenues

The following chart shows revenues by program.



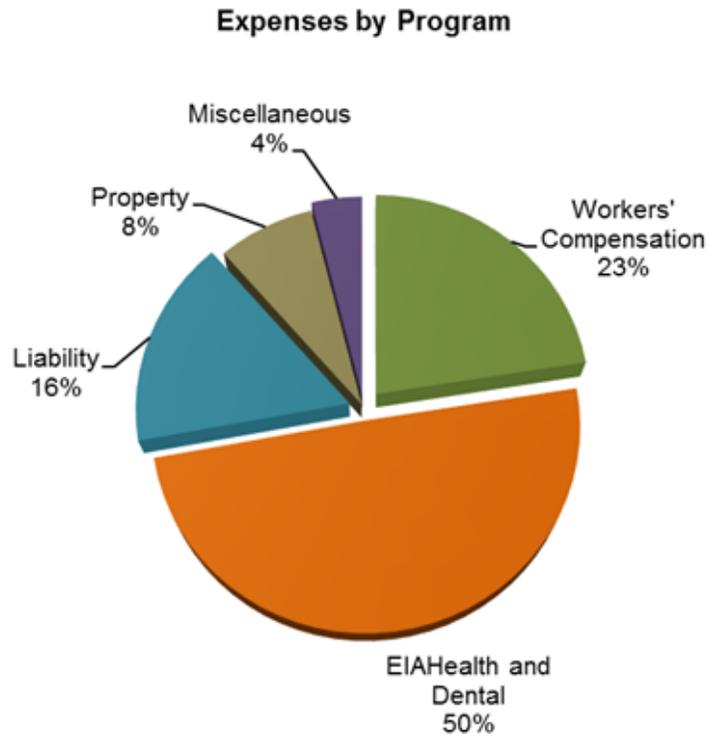
## Expenses

Authority budgeted expenses for fiscal year 2018/19 have increased \$89M over last year's budget. The following chart illustrates the increase of Authority expenses:



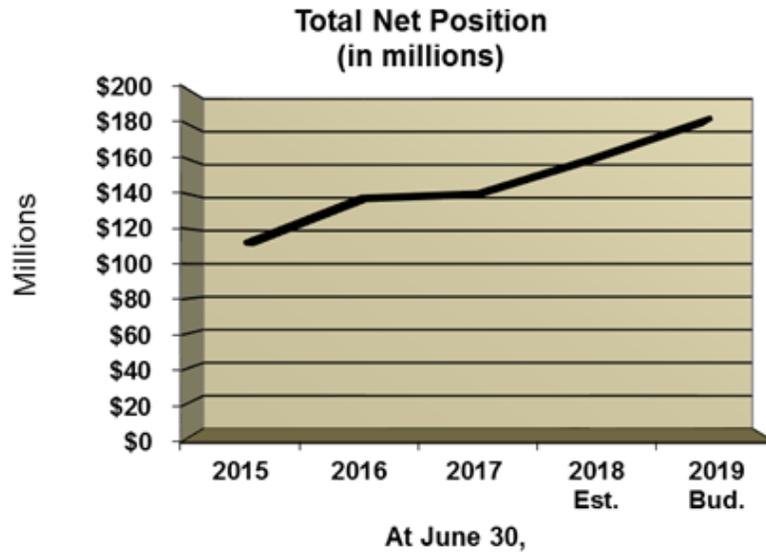
Budgeted expenses support all Authority programs. These programs include primary and excess workers' compensation programs, two excess liability programs, a combined workers' compensation and liability program, a property program, a medical malpractice program and two employee benefits programs.

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

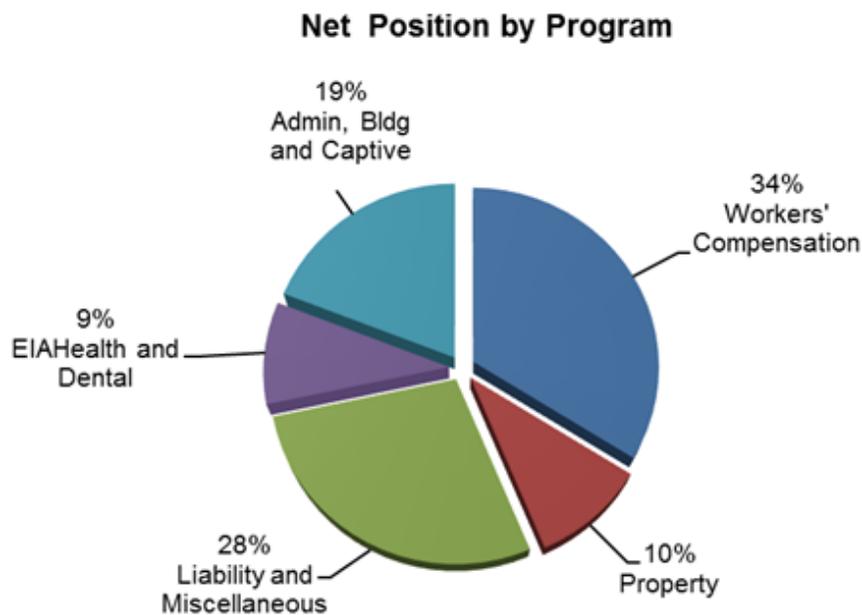


## Net Position

The budget includes a return of net position in the form of dividends of \$0.11M. The past five year history of the net position balance is illustrated in the following chart:



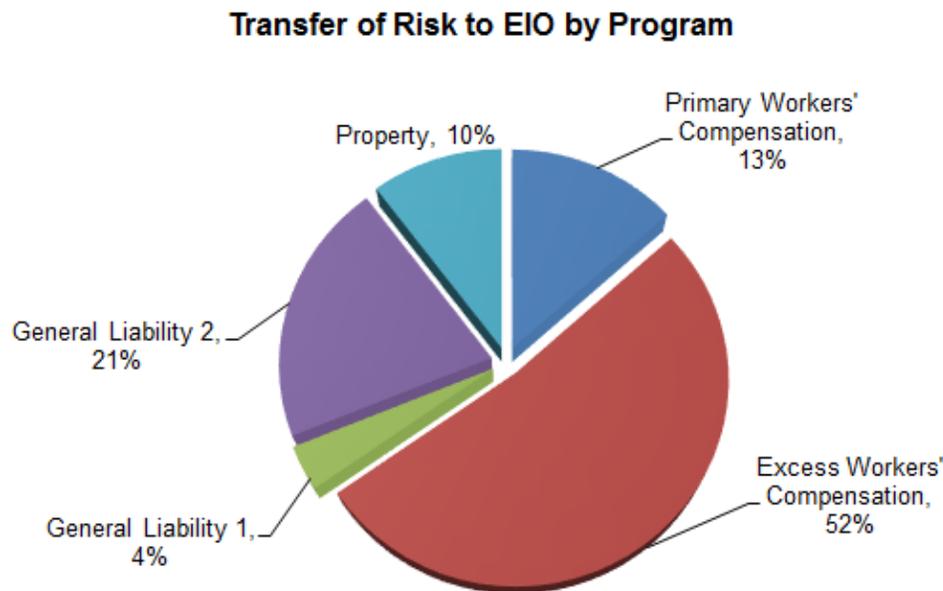
The distribution of 2019 budgeted net position by program is illustrated in the following chart:



## 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 2018/19 transfer of risk to the EIO by program is illustrated in the following chart:



## Capital Budget

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

## Member Participation

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

Total public entities, including sub-members that participate through their JPA, include 1965 special districts, cities and other government agencies.

	Fiscal Year-End			
	2016	Actual 2017	2018	Budgeted 2019
<b>Member Units</b>				
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
<b>Total Member Units</b>	<b>648</b>	<b>697</b>	<b>706</b>	<b>695</b>
Member Counties	55	55	55	55
Member Public Entities	273	272	273	283
<b>Total Members</b>	<b>317</b>	<b>328</b>	<b>327</b>	<b>328</b>

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**CSAC EXCESS INSURANCE AUTHORITY  
REVENUE AND EXPENSE ADOPTED BUDGET  
Line Item Summary for All Programs  
July 1, 2018 to June 30, 2019**

	CAFR Actual 2016/17	Revised Budget 2017/18	Estimated 2017/18	Percent of Total Revenue or Total Expense	Budget 2018/19	Percent of Total Revenue or Total Expense	Budget Increase (Decrease) Compared to 2017/18 Budget
<b>REVENUES:</b>							
Premiums for Transferred Risk	535,583,984	555,052,727	563,621,224	64.17%	633,661,200	66.00%	78,608,473
Dividend Income	192,828	191,516	120,239	0.02%	100,000	0.01%	(91,516)
Broker Fees	9,996,927	10,352,372	10,504,294	1.20%	11,212,412	1.17%	860,040
Contributions for Retained Risk	196,118,073	208,181,630	210,266,716	24.07%	217,272,989	22.63%	9,091,359
Public Entity Participation Fees	738,862	0	0	0.00%	0	0.00%	0
Member Growth	0	50,000,000	0	5.78%	50,000,000	5.21%	0
Investment Income	3,809,683	15,060,535	6,244,205	1.74%	21,021,000	2.19%	5,960,465
Financing Charges	792,537	85,000	107,482	0.01%	105,000	0.01%	20,000
Administration Fees	21,294,667	23,250,283	22,890,464	2.69%	24,114,464	2.51%	864,181
Program Development Fees	2,400	0	5,800	0.00%	0	0.00%	0
Member Services	935,244	1,236,291	1,141,291	0.14%	1,326,891	0.14%	90,600
Tenant Income	463,338	475,050	475,184	0.05%	481,935	0.05%	6,885
Other Income	1,709,173	1,046,864	1,560,172	0.12%	836,515	0.09%	(210,349)
<b>TOTAL REVENUES</b>	<b>771,637,716</b>	<b>864,932,268</b>	<b>816,937,071</b>	<b>100.00%</b>	<b>960,132,405</b>	<b>100.00%</b>	<b>95,200,137</b>
<b>Expenditures</b>							
Member Dividends	3,034,902	2,721,516	1,108,158	0.32%	110,000	0.01%	(2,611,516)
Insurance Purchased	537,135,168	541,572,292	546,270,077	63.83%	611,601,182	65.23%	70,028,890
Broker Fees	10,056,293	10,352,372	10,488,739	1.22%	11,200,969	1.19%	848,597
Provision for Claims	185,159,424	188,218,525	191,819,186	22.18%	199,587,731	21.29%	11,369,206
Unallocated Loss Adjustment Expense	4,035,629	1,870,000	1,658,000	0.22%	1,958,000	0.21%	88,000
Member Growth Premium/Provision for Claims	0	50,000,000	0	5.89%	50,000,000	5.33%	0
Program Services	13,006,216	31,637,080	28,997,381	3.73%	39,359,036	4.20%	7,721,956
Member Services	1,959,453	2,599,585	2,455,494	0.31%	3,239,791	0.35%	640,206
Member Subsidies	793,691	2,000,000	1,300,000	0.24%	2,000,000	0.21%	0
General Administration Expense	12,500,483	15,081,803	14,047,955	1.78%	16,688,142	1.78%	1,606,339
Building Operation Expense	313,250	1,167,640	1,083,866	0.14%	539,057	0.06%	(628,583)
Depreciation	794,562	704,550	609,092	0.08%	848,270	0.09%	143,720
Delegated to Committees	0	595,000	0	0.07%	545,000	0.06%	(50,000)
<b>TOTAL EXPENDITURES</b>	<b>768,789,071</b>	<b>848,520,363</b>	<b>799,837,948</b>	<b>100%</b>	<b>937,677,178</b>	<b>100.00%</b>	<b>89,156,814</b>
Net Increase or (Decrease)	2,848,645	16,411,905	17,099,123		22,455,227		6,043,322
<b>NET POSITION - JULY 1</b>	<b>137,672,617</b>	<b>144,118,242</b>	<b>140,521,262</b>		<b>160,838,436</b>		
Increase in Net Position Due to SANDPIPA Merger	0		3,218,051		0		
<b>NET POSITION - JUNE 30</b>	<b>140,521,262</b>	<b>160,530,147</b>	<b>160,838,436</b>		<b>183,293,663</b>		

**CSAC Excess Insurance Authority  
Combining Budget for All Programs  
July 1, 2018 to June 30, 2019**

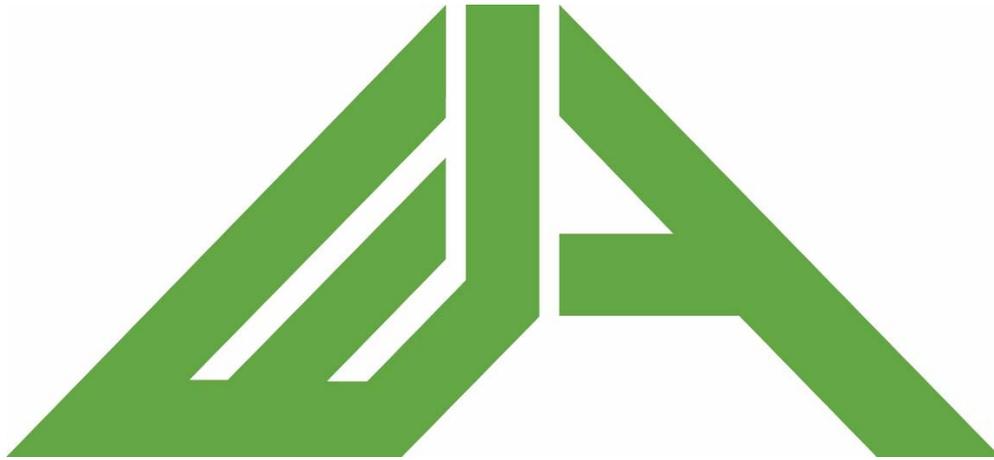
Combining 2018/19 Budget	PRIMARY WORKERS' COMP.	EXCESS WORKERS' COMP.	PRIMARY GENERAL LIABILITY	GENERAL LIABILITY 1	GENERAL LIABILITY 2	PROPERTY	MEDICAL MALPRACTICE	MR OCIP	EIAHEALTH	DENTAL	MISC. PROGRAMS	TOTAL ALL INSURANCE PROGRAMS
<b>REVENUES:</b>												
Premiums for Transferred Risk	32,313,895	126,971,669	0	10,549,344	58,031,632	64,297,988	6,860,223	10,000,000	387,938,356	0	34,038,583	731,001,690
Dividend Income	0	0	0	0	0	100,000	0	0	0	0	0	100,000
Broker Fees	1,470,013	2,939,518	0	1,193,689	594,975	11,443	8,774	0	3,384,000	1,610,000	0	11,212,412
Contributions for Retained Risk	18,980,394	8,956,338	0	45,442,293	0	2,500,000	8,913,474	0	0	35,140,000	0	119,932,499
Public Entity Participation Fees	0	0	0	0	0	0	0	0	0	0	0	0
Member Growth	0	0	0	0	0	0	0	0	0	0	0	50,000,000
Investment Income	1,257,000	4,973,000	0	3,300,000	25,000	1,041,410	759,000	0	115,500	255,750	33,000	11,759,660
Financing Charges	65,000	25,000	0	0	0	15,000	0	0	0	0	0	105,000
Administration Fees	4,808,005	8,348,565	0	4,487,612	3,374,105	1,031,974	1,304,203	140,000	620,000	0	0	24,114,464
Program Development Fees	0	0	0	0	0	0	0	0	0	0	0	0
Member Services	0	0	0	0	0	0	0	0	0	0	0	0
Tenant Income	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	700,000	0	0	5,000	0	0	705,000
<b>TOTAL REVENUES</b>	<b>58,894,307</b>	<b>152,214,090</b>	<b>0</b>	<b>64,972,938</b>	<b>62,025,712</b>	<b>69,697,815</b>	<b>17,845,673</b>	<b>10,140,000</b>	<b>392,062,856</b>	<b>37,005,750</b>	<b>34,071,583</b>	<b>948,930,724</b>
<b>EXPENSES:</b>												
Member Dividends	0	0	0	0	0	100,000	0	0	10,000	0	0	110,000
Insurance Purchased	33,044,395	127,915,865	0	10,557,810	59,254,996	64,297,988	6,860,223	10,000,000	362,971,812	0	34,038,583	708,941,672
Broker Fees	1,470,013	2,939,518	0	1,193,689	594,975	0	8,774	0	3,384,000	1,610,000	0	11,200,969
Provision for Claims	10,539,750	6,318,000	0	44,724,515	0	0	7,443,466	0	0	37,275,000	0	106,300,731
Unallocated Loss Adjustment Expense	1,294,000	308,000	0	219,000	110,000	9,000	18,000	0	0	0	0	1,958,000
Program Services	10,102,500	1,445,080	0	621,800	312,500	310,000	605,712	0	25,124,744	419,850	0	38,942,186
Member Services	0	0	0	0	0	0	0	0	0	0	0	0
Member Subsidies	0	0	0	0	0	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0
Financing Expenses	0	0	0	0	0	858,410	0	0	0	0	0	858,410
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	0	0	0	0	0	50,000,000
Delegated to Committees	50,000	50,000	0	50,000	50,000	25,000	25,000	0	25,000	25,000	0	300,000
<b>TOTAL EXPENSES</b>	<b>56,500,658</b>	<b>138,976,463</b>	<b>0</b>	<b>57,366,814</b>	<b>60,322,471</b>	<b>65,600,398</b>	<b>14,961,175</b>	<b>10,000,000</b>	<b>391,515,556</b>	<b>39,329,850</b>	<b>34,038,583</b>	<b>918,611,968</b>
<b>TRANSFERS:</b>												
Transfers out to:												
General Administration	(4,534,377)	(5,123,344)	0	(3,358,116)	(1,643,084)	(573,908)	(679,320)	(100,392)	(508,653)	(210,823)	(13,300)	(16,745,317)
Loss Prevention Subsidies	(39,000)	(169,000)	0	(106,000)	(15,000)	(98,000)	(51,000)	0	0	0	0	(478,000)
Claims System	(427,498)	(127,611)	0	(38,283)	(19,142)	0	(25,522)	0	0	0	0	(638,056)
Risk Management Subsidy Dividend	0	0	0	0	0	0	0	0	0	0	0	0
Investment Fees	(32,625)	(139,722)	0	(74,994)	(1,015)	(16,066)	(14,790)	(145)	(2,117)	(7,424)	(1,102)	(290,000)
Building Rent	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL TRANSFERS</b>	<b>(5,033,500)</b>	<b>(5,559,677)</b>	<b>0</b>	<b>(3,577,393)</b>	<b>(1,678,241)</b>	<b>(687,974)</b>	<b>(770,632)</b>	<b>(100,537)</b>	<b>(510,770)</b>	<b>(218,247)</b>	<b>(14,402)</b>	<b>(18,151,373)</b>
Net Increase or (Decrease)	(2,639,851)	7,677,950	0	4,028,731	25,000	3,409,443	2,113,867	39,463	36,530	(2,542,347)	18,598	12,167,384
<b>NET POSITION - JULY 1, 2018</b>	<b>27,358,809</b>	<b>29,678,054</b>	<b>102,524</b>	<b>33,958,176</b>	<b>963,121</b>	<b>14,517,386</b>	<b>8,017,841</b>	<b>321,247</b>	<b>1,604,315</b>	<b>17,793,955</b>	<b>1,784,170</b>	<b>136,099,598</b>
<b>NET POSITION - JUNE 30, 2019</b>	<b>24,718,958</b>	<b>37,356,004</b>	<b>102,524</b>	<b>37,986,907</b>	<b>988,121</b>	<b>17,926,829</b>	<b>10,131,708</b>	<b>360,710</b>	<b>1,640,845</b>	<b>15,251,608</b>	<b>1,802,768</b>	<b>148,266,981</b>

**CSAC Excess Insurance Authority  
Combining Budget for All Programs  
July 1, 2018 to June 30, 2019**

Combining 2018/19 Budget	TOTAL ALL INSURANCE PROGRAMS	GENERAL ADMIN	IRON POINT BUILDING	CAPTIVE (EIO)	ELIMINATION	AUTHORITY WIDE BUDGET
<b>REVENUES:</b>						
Premiums for Transferred Risk	731,001,690	0	0	0	(97,340,490)	633,661,200
Dividend Income	100,000	0	0	0	0	100,000
Broker Fees	11,212,412	0	0	0	0	11,212,412
Contributions for Retained Risk	119,932,499	0	0	97,340,490	0	217,272,989
Public Entity Participation Fees	0	0	0	0	0	0
Member Growth	50,000,000	0	0	0	0	50,000,000
Investment Income	11,759,660	214,500	0	10,000,000	(953,160)	21,021,000
Financing Charges	105,000	0	0	0	0	105,000
Administration Fees	24,114,464	0	0	0	0	24,114,464
Program Development Fees	0	0	0	0	0	0
Member Services	0	1,326,891	0	0	0	1,326,891
Tenant Income	0	0	481,935	0	0	481,935
Other Income	705,000	131,515	0	0	0	836,515
<b>TOTAL REVENUES</b>	<b>948,930,724</b>	<b>1,672,906</b>	<b>481,935</b>	<b>107,340,490</b>	<b>(98,293,650)</b>	<b>960,132,405</b>
<b>EXPENSES:</b>						
Member Dividends	110,000	0	0	0	0	110,000
Insurance Purchased	708,941,672	0	0	0	(97,340,490)	611,601,182
Broker Fees	11,200,969	0	0	0	0	11,200,969
Provision for Claims	106,300,731	0	0	93,287,000	0	199,587,731
Unallocated Loss Adjustment Expense	1,958,000	0	0	0	0	1,958,000
Program Services	38,942,186	0	0	416,850	0	39,359,036
Member Services	0	3,239,791	0	0	0	3,239,791
Member Subsidies	0	2,000,000	0	0	0	2,000,000
General Administration Expense	0	16,688,142	0	0	0	16,688,142
Building Operation Expense	0	0	539,057	0	0	539,057
Depreciation	0	582,000	266,270	0	0	848,270
Financing Expenses	858,410	0	94,750	0	(953,160)	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
<b>TOTAL EXPENSES</b>	<b>918,611,968</b>	<b>22,709,933</b>	<b>920,077</b>	<b>93,728,850</b>	<b>(98,293,650)</b>	<b>937,677,178</b>
<b>TRANSFERS:</b>						
Transfers out to:						
General Administration	(16,745,317)	16,845,317	0	(100,000)	0	0
Loss Prevention Subsidies	(478,000)	478,000	0	0	0	0
Claims System	(638,056)	638,056	0	0	0	0
Risk Management Subsidy Dividend	0	0	0	0	0	0
Investment Fees	(290,000)	290,000	0	0	0	0
Building Rent	0	(481,657)	481,657	0	0	0
<b>TOTAL TRANSFERS</b>	<b>(18,151,373)</b>	<b>17,769,716</b>	<b>481,657</b>	<b>(100,000)</b>	<b>0</b>	<b>0</b>
Net Increase or (Decrease)	12,167,384	(3,267,311)	43,515	13,511,640	0	22,455,227
<b>NET POSITION - JULY 1, 2018</b>	<b>136,099,598</b>	<b>13,430,284</b>	<b>690,978</b>	<b>15,617,576</b>	<b>(5,000,000)</b>	<b>160,838,436</b>
<b>NET POSITION - JUNE 30, 2019</b>	<b>148,266,981</b>	<b>10,162,973</b>	<b>734,493</b>	<b>29,129,216</b>	<b>(5,000,000)</b>	<b>183,293,663</b>

# **CSAC EXCESS INSURANCE AUTHORITY**

**CALIFORNIA**



## **PROGRAM BUDGETS**

For the Fiscal Year  
July 1, 2018 to June 30, 2019

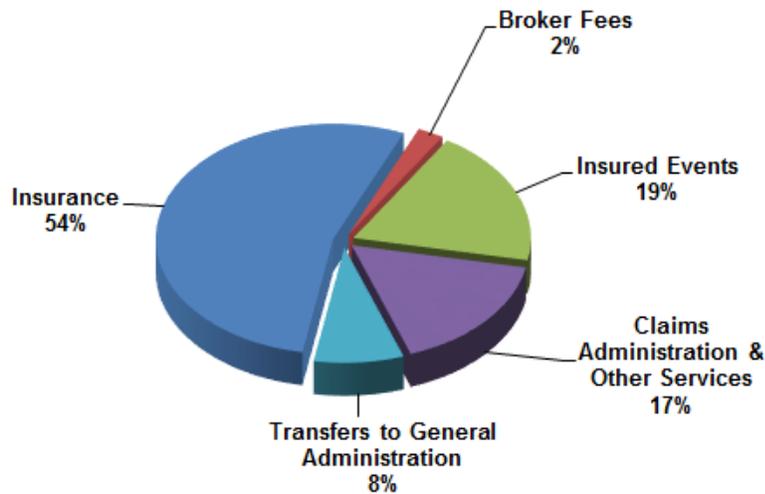
**Primary Workers' Compensation**

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

Number of Members	38
Covered Payroll	\$2.4 Billion
Pool Premium	\$11.0 Million
Insurance	\$19.3 Million
Premium to EIO	\$13.0 Million
Public Entity Broker Fees	\$1.5 Million
ULAE Premiums	\$7.9 Million
Administration and Fees	\$4.8 Million

A summary of the PWC Program budget is as follows:

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



At June 30, 2018, net position in the PWC Program is projected to be \$24.7M, which is within the target range of \$18.8M - \$42.5M.



## **Primary Workers' Compensation (PWC)** **Program Budget Policy**

Program Goals for the PWC include the following:

### **Short Term Goals**

- Continue to evaluate new service offerings.
- Conduct risk assessments for members and develop solutions for loss control.
- 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, and LWP are now using the EIA's claims system. Adminsure and Corvel should be transitioned to the EIA's claims system during the 2018/19 fiscal year.
- Increase engagement with PWC members via the member mentor program.
- Continue to evaluate transfer of risk opportunities in the EIA Captive.

### **Medium Term Goals**

- Preserve a structure that minimizes/eliminates assessment risk.
- 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.
- The PWC Committee has established a development fee of \$400, per member. Program development fees are one-time charges to new members joining the Program.

### **Expenses**

- The PWC Committee annually considers returning available net assets to members in the form of member dividends. The PWC Committee generally evaluates the amount of net assets available for dividends as the balance in excess of the 90% confidence level.
- PWC insurance premiums include the cost of insurance for claims transferred to an insurance company. Coverage limits are determined annually by the PWC Committee. Claim costs in excess of \$125,000 are covered by the EWC Program.
- The provision for claims current and the provision for claims prior years, is the actuarial adjustment to claim liabilities.
- The Provision for ULAE accrues the cost not directly associated with specific claims but related to claims administration and settlement for the remaining life of the claims, and is charged as part of the Admin Fee. The provision includes both



the actuarial amount related to the external TPA fees and Self Insurance Plans Fee and the internal (EIA) program administration costs.

- The Claims Administration line item provides for the fees to the approved PWC claims administrators (Third Party Administrators). TPA contracts are reviewed and considered for renewal by the PWC Committee.
- Member claims audits are scheduled for each TPA every two years, or as determined by the PWC Committee.
- 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 assessment fees are levied by the Department of Industrial Relation to pay for the self-insured employer assessments for:
  - Administration of the State Workers' Compensation System
  - Uninsured Employers Benefit Trust
  - Subsequent Injuries Benefit Trust
  - Workers' Compensation Fraud Fund
  - CA Occupational Safety and Health Fund
  - Labor Enforcement and Compliance Fund
- The claims system expense includes the cost to operate our claims system. These expenses also include converting data from the TPAs to our Systema claims system. Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees, and any other expenses approved by the Committee.
- An expense budget of \$50,000 has been delegated to the PWC Committee for any unforeseen budget expenses. The PWC Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

### **Transfers**

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

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**CSAC EXCESS INSURANCE AUTHORITY**  
**PRIMARY WORKERS' COMPENSATION PROGRAM**  
**Adopted Budget**  
**July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	54,689,379	42,800,131	42,800,131	40,428,600	32,313,895	(8,114,705)	Includes corridor deductible in the \$10 - \$125k layer reinsured by EIO, Excludes CSRM
Payroll Adjustment, Excess Insurance	1,873,102	1,147,718	1,147,718	0	0	0	
Contributions for Retained Risk	10,365,503	10,906,401	10,906,401	11,494,170	11,045,011	(449,159)	Billed at 90% confidence level undiscounted.
Payroll Adjustment, Pool Premiums	190,105	(53,802)	(53,802)	0	0	0	
ULAE Premium	9,725,290	10,790,755	10,790,755	10,387,300	7,935,383	(2,451,917)	Billed at 80% CL; discounted at 1.5%, Excludes CSRM
Public Entity Broker Fees	1,420,648	1,361,738	1,361,738	1,317,516	1,470,013	152,497	
Public Entity Participation Fees	168,697		0	0	0	0	PE fees eliminated by Board at March 2017 meeting
Administration Fees	6,247,449	6,780,280	6,780,280	6,416,869	4,808,005	(1,608,864)	Admin fee of \$1.38M due to CSRM's departure to come from surplus
Investment Income	151,800	105,169	230,169	906,500	1,257,000	350,500	
Member Finance Charges	66,142	65,092	65,092	55,000	65,000	10,000	
Development Fees	400	400	400	0	0	0	
Other Income	173,642	4	4	0	0	0	
<b>TOTAL REVENUES</b>	<b>85,072,158</b>	<b>73,903,886</b>	<b>74,028,886</b>	<b>71,005,955</b>	<b>58,894,307</b>	<b>(12,111,648)</b>	
<b>EXPENDITURES:</b>							
Member Dividends	2,500,000	0	0	2,500,000	0	(2,500,000)	
<b>Retained and Transferred Risk</b>							
Insurance Premium Expense	54,731,863	42,800,131	42,800,131	41,431,380	33,044,395	(8,386,985)	Placement Broker Fee paid through Admin charges
Primary W.C. Reinsurance Prem. PR Audit	1,873,102	1,105,234	1,105,234	0	0	0	
Broker Fees	1,398,680	1,361,738	1,361,738	1,317,516	1,470,013	152,497	
Provision for Claims, Current Year	8,967,000	9,576,000	9,576,000	9,627,265	9,581,750	(45,515)	Provision for claims at expected
Provision for Claims, Prior Years	(1,369,136)	2,217,082	2,217,082	150,000	958,000	808,000	Provision for prior year claims
Provision for ULAE	1,960,225	0	1,153,000	1,350,000	1,294,000	(56,000)	Actuarial adjustment to the liability for future claims administration
CA State W.C. Assessments	1,363,146	1,839,134	1,839,134	1,900,000	2,400,000	500,000	DIR fees based on indemnity payments included in ULAE
<b>Total Retained and Transferred Risk</b>	<b>68,924,880</b>	<b>58,899,319</b>	<b>60,052,319</b>	<b>55,776,161</b>	<b>48,748,158</b>	<b>(7,028,003)</b>	
<b>Program Administration</b>							
Claims Administration	6,135,647	4,619,959	6,700,000	8,600,000	7,300,000	(1,300,000)	TPA fees to administer claims for the life of the claim
EIA Actuarial and Consulting Serv.	0	0	0	0	0	0	Actuarial services brought in-house
ISO Index Fees	66,034	19,481	55,000	55,000	75,000	20,000	Claims indexing service
Member Claims Audits	71,838	80,730	125,000	125,000	145,000	20,000	TPA's locations are audited on a biannual basis, CMS audit budgeted for 18/19
Labor Law Services	81,250	56,250	75,000	75,000	0	(75,000)	Eyres Law Group in GA eff 18/19
Legal Fees	175	0	10,000	10,000	10,000	0	
Banking Services and Fees	39,743	28,057	43,000	47,500	47,500	0	
Managed Care Program Monitoring	111,433	72,000	110,000	118,000	125,000	7,000	Incl Bill review fee monitoring and negotiating
<b>Total Program Administration</b>	<b>6,506,120</b>	<b>4,876,478</b>	<b>7,118,000</b>	<b>9,030,500</b>	<b>7,702,500</b>	<b>(1,328,000)</b>	
Appropriations Delegated to PWC Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of PWC Committee
<b>TOTAL EXPENDITURES</b>	<b>77,931,000</b>	<b>63,775,796</b>	<b>67,170,319</b>	<b>67,356,661</b>	<b>56,500,658</b>	<b>(10,856,003)</b>	

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

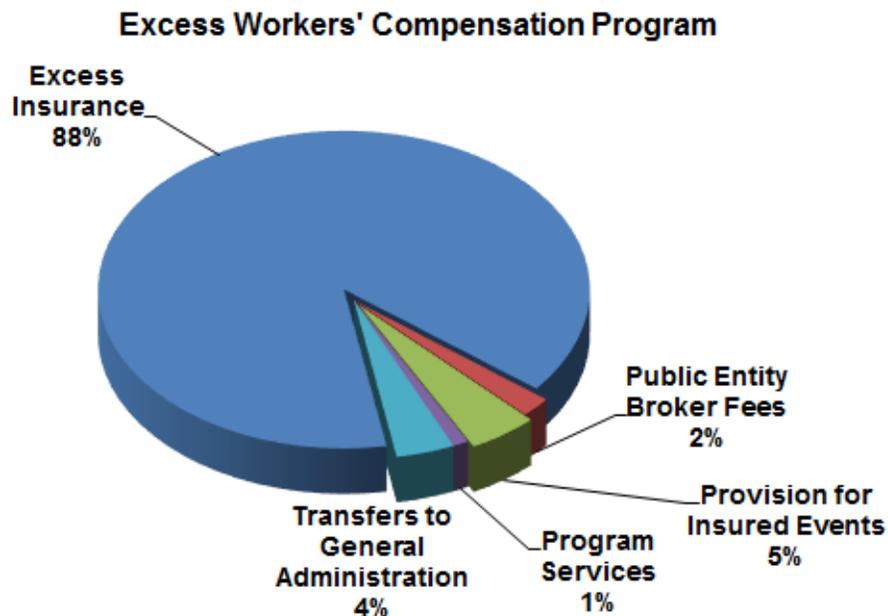
Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(3,719,516)	(4,029,101)	(4,029,101)	(4,029,101)	(4,534,377)	(505,276)	
Loss Prevention Subsidies	(38,000)	(39,000)	(39,000)	(39,000)	(39,000)	0	
Claims System Costs	(741,344)	(774,678)	(774,678)	(774,678)	(427,498)	347,180	
Risk Management Subsidy Dividend	(163,017)	(168,697)	(168,697)	(168,697)	0	168,697	
Investment Fees	(25,616)	(23,982)	(29,000)	(28,826)	(32,625)	(3,799)	
<b>TOTAL TRANSFERS</b>	<b>(4,687,493)</b>	<b>(5,035,458)</b>	<b>(5,040,476)</b>	<b>(5,040,302)</b>	<b>(5,033,500)</b>	<b>6,802</b>	
Net Increase or (Decrease)	2,453,665	5,092,632	1,818,091	(1,391,008)	(2,639,851)	(1,248,843)	
<b>NET POSITION - JULY 1</b>	<b>23,087,053</b>	<b>25,540,718</b>	<b>25,540,718</b>	<b>21,793,917</b>	<b>27,358,809</b>		
<b>NET POSITION - JUNE 30</b>	<b>25,540,718</b>	<b>30,633,349</b>	<b>27,358,809</b>	<b>20,402,909</b>	<b>24,718,958</b>		
Net Position Designated for:							
Target Equity	14,338,000	14,338,000	14,338,000	14,338,000	14,338,000		
Risk Management Dividend	168,697	0	0	0	0		
PWC Conversion Project	277,039	277,039	277,039	0	0		
Unrestricted Net Position and Admin	10,756,982	16,018,310	12,743,770	6,064,909	10,380,958		
<b>Total Net Position</b>	<b>25,540,718</b>	<b>30,633,349</b>	<b>27,358,809</b>	<b>20,402,909</b>	<b>24,718,958</b>		
Target Equity							
Low Range	14,338,000	14,338,000	14,338,000	14,200,000	18,811,124		
High Range	40,466,200	40,466,200	40,466,200	41,900,000	42,192,760		

## **Excess Workers' Compensation**

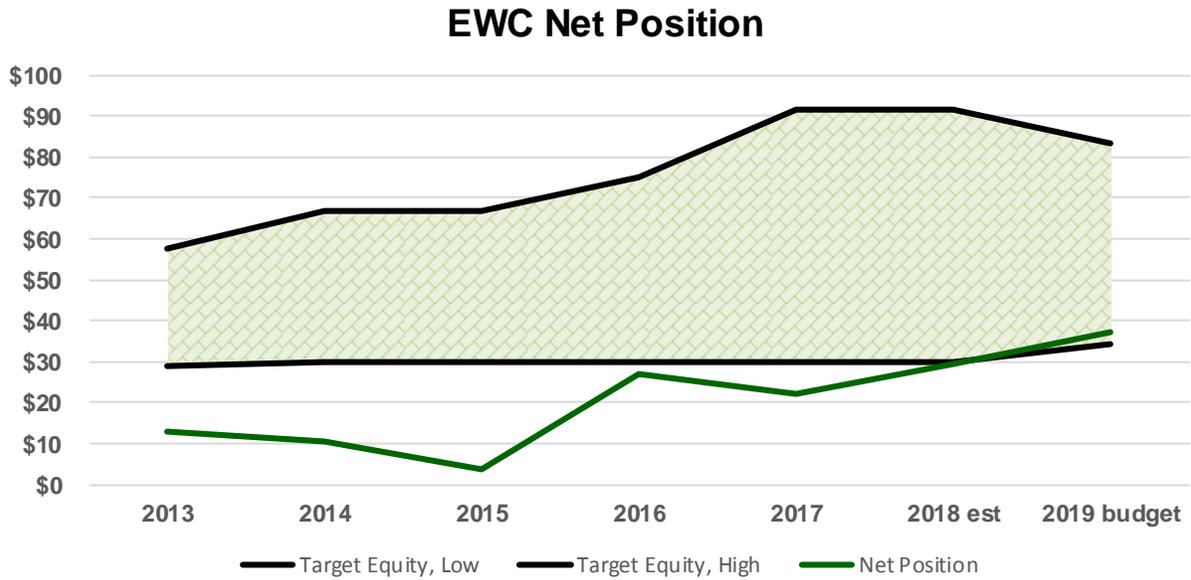
The objective of the Excess Workers' Compensation (EWC) program is to provide members an affordable Excess Workers' Compensation Program. The EWC Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Number of Members	171
Covered Payroll	\$30.8 Billion
Pool Contribution	\$9.0 Million
Insurance	\$76.4 Million
Premium to EIO	\$50.5 Million
Broker Fees	\$2.9 Million
Administration and Fees	\$8.3 Million
Loss Prevention Subsidies	\$1,000 per member

A summary of the EWC Program budget is as follows:



The EWC Program proposed budget would result in an ending net position of \$37.3M. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$34.1 - \$83.4M. 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 (2018/19 is the third year of the phase in).
- Evaluate ways to mitigate the Program's long-term exposure to uncollectible reinsurance.
- Use multi-year underwriting matrices, where ever possible, to help ensure renewal pricing from underwriters at a "not-to-exceed" amount of 15% for the upcoming year.
- Continue to monitor the long-term discount assumption and make conservative adjustments, as needed.
- Continue standardizing California EDI codes for workers' compensation to allow for better claims analysis and trend identification.
- Implement a new data analytics platform to allow for benchmarking of claims data.
- Increase focus on settling problematic, long-term, high-exposure claims via compromise and release.
- Evaluate transfer of risk options on the EWC claims commuted in FY2015/16.
- Continue to consider risk transfer opportunities in the EIA Captive.

### **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 20% variance.
- The EWC risk tolerance is neutral. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable, 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. Program costs are defined below.
- The Underwriting and Executive Committees have established a development fee of \$350, per member. Program development fees are one time charges to new members joining the Program.

### **Expenses**

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



- Premium for transferred risk is the expense for insurance purchased based on the risk financing decisions made.
- The provision for claims, current and provision for claims prior years' are the actuarial adjustments to claim liabilities.
- The provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim, and is charged as part of the admin fee.
- Member claims audits are scheduled for each member or Third Party Administrator (TPA) every two years, or as determined by the Claims Review Committee, 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.
- 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 Web Enabled Claims System transfer is based on program usage.
- Investment Fees are charged to the programs based on the average daily balance of program funds invested.

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**CSAC EXCESS INSURANCE AUTHORITY**  
**EXCESS WORKERS' COMPENSATION PROGRAM**  
**Adopted Budget**  
**July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premium for Transferred Risk	102,873,232	125,760,092	125,760,092	124,780,964	126,971,669	2,190,705	Includes corridors transferred to the EIA Captive.
Payroll Audit, Excess Premiums	3,491,280	3,947,661	3,947,661	0	0	0	
Contribution for Retained Risk	21,322,414	7,745,771	7,745,771	8,641,612	8,956,338	314,726	Includes 10% quote share in \$45M excess of \$5M layer
Payroll Adjustments, Retained Risk	2,878,530	1,892,984	1,892,984	0	0	0	
Administration Fees	6,885,771	7,690,957	7,690,957	7,518,421	8,348,565	830,144	
Public Entity Broker Fees	2,968,135	2,873,968	2,873,968	2,876,074	2,939,518	63,444	
Public Entity Participation Fees	330,936	0	0	0	0	0	
Investment Income	978,765	459,548	1,334,500	4,988,100	4,973,000	(15,100)	
Member Finance Fees	32,794	26,654	26,654	20,000	25,000	5,000	
Development Fees	1,400	1,050	1,050	0	0	0	
Other Income	2,000	700,000	700,000	0	0	0	Includes Liberty commutation of the 2016/17 year
<b>TOTAL REVENUES</b>	<b>141,765,257</b>	<b>151,098,685</b>	<b>151,973,637</b>	<b>148,825,171</b>	<b>152,214,090</b>	<b>3,388,919</b>	
<b>EXPENDITURES:</b>							
Retained and Transferred Risk							
Excess Workers' Comp. Premiums	103,459,334	125,681,505	125,681,505	125,673,089	127,915,865	2,242,776	
Payroll Adjustments	3,491,280	3,947,661	3,947,661	0	0	0	
Broker Fees	2,976,879	2,881,875	2,881,875	2,876,074	2,939,518	63,444	
Provision for Claims, Current Year	14,915,638	0	0	0	718,000	718,000	10% quote share in \$45M excess of \$5M layer
Provision for Claims, Prior Years	14,591,000	5,440,986	5,440,986	10,230,000	5,600,000	(4,630,000)	
Provision for ULAE	861,125	0	400,000	400,000	308,000	(92,000)	Cost to run off portfolio
<b>Total Retained and Transferred Risk</b>	<b>140,295,256</b>	<b>137,952,026</b>	<b>138,352,026</b>	<b>139,179,163</b>	<b>137,481,383</b>	<b>(1,697,780)</b>	
Program Administration							
Managed Care Program Monitoring	430	0	1,000	5,000	5,000	0	Incl Bill review fee monitoring and negotiating
Legal Fees	44,905	36,135	50,000	50,000	90,000	40,000	
ISO Index Fees	283,504	134,835	290,000	290,000	310,000	20,000	Claims indexing service
Member Claims Audits	565,111	376,865	600,000	660,000	760,000	100,000	
EIA Claims Audits	0	0	0	25,800	0	(25,800)	Due in 2017/18
Crisis Management Services	0	0	20,000	100,000	110,080	10,080	
Member Actuarial Studies	162,553	111,050	168,000	168,000	170,000	2,000	
<b>Total Program Administration</b>	<b>1,056,503</b>	<b>658,885</b>	<b>1,129,000</b>	<b>1,298,800</b>	<b>1,445,080</b>	<b>146,280</b>	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	Available with a two-thirds vote of Executive Committee
<b>TOTAL EXPENDITURES</b>	<b>141,351,759</b>	<b>138,610,912</b>	<b>139,481,026</b>	<b>140,527,963</b>	<b>138,976,463</b>	<b>(1,551,500)</b>	

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(4,033,519)	(4,315,948)	(4,315,948)	(4,315,948)	(5,123,344)	(807,396)	
Loss Prevention Subsidies	(165,000)	(168,000)	(168,000)	(168,000)	(169,000)	(1,000)	
Claims System Costs	(221,297)	(231,247)	(231,247)	(231,247)	(127,611)	103,636	
Risk Management Subsidy Dividend	(284,021)	(330,936)	(330,936)	(330,801)	0	330,801	
Investment Fees	(138,324)	(101,790)	(126,333)	(152,221)	(139,722)	12,499	External investment management fees
<b>TOTAL TRANSFERS</b>	<b>(4,842,161)</b>	<b>(5,147,921)</b>	<b>(5,172,464)</b>	<b>(5,198,217)</b>	<b>(5,559,677)</b>	<b>(361,460)</b>	
Net Increase or (Decrease)	(4,428,663)	7,339,852	7,320,147	3,098,991	7,677,950	4,578,959	
<b>NET POSITION - JULY 1</b>	<b>26,786,570</b>	<b>22,357,907</b>	<b>22,357,907</b>	<b>27,180,754</b>	<b>29,678,054</b>		
<b>NET POSITION - JUNE 30</b>	<b>22,357,907</b>	<b>29,697,759</b>	<b>29,678,054</b>	<b>30,279,745</b>	<b>37,356,004</b>		
Net Position Designated for:							
Target Equity	22,026,971	29,697,759	29,678,054	30,269,665	37,356,004		
Risk Management Dividend	330,936	0	0	0	0		
<b>Total Net Position</b>	<b>22,357,907</b>	<b>29,697,759</b>	<b>29,678,054</b>	<b>30,269,665</b>	<b>37,356,004</b>		
Target Equity							
Low Range	29,973,000	29,973,000	29,973,000	32,900,000	34,125,000		
High Range	91,624,000	91,624,000	91,624,000	103,106,000	83,443,000		

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

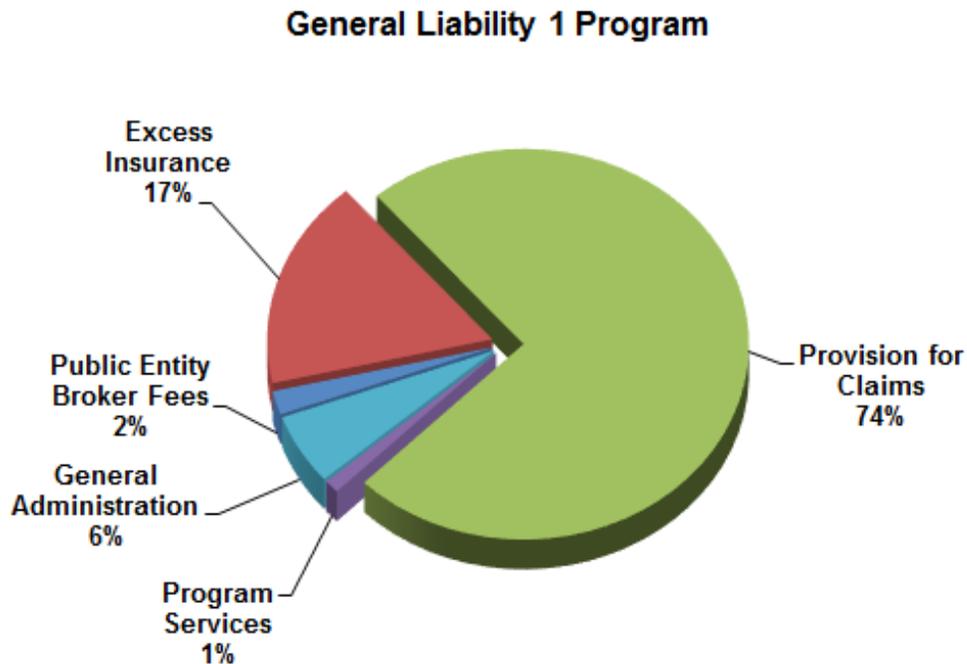
Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premium for Transferred Risk	1,933,487	1,839,995	1,839,995	1,839,999	0	(1,839,999)	
Public Entity Broker Fees	46,711	41,980	41,980	28,180	0	(28,180)	
General Administration Fees	444,436	484,737	484,737	498,538	0	(498,538)	
Public Entity Participation Fees	1,981	0	0	0	0	0	PE fees eliminated by Board at March 2017 meeting
Investment Income	7,517	3,208	4,433	19,000	0	(19,000)	
Development Fees	0	0	0	0	0	0	
Other Income	287,504	61	61	2,500	0	(2,500)	
<b>TOTAL REVENUES</b>	<b>2,721,636</b>	<b>2,369,981</b>	<b>2,371,206</b>	<b>2,388,217</b>	<b>-</b>	<b>(2,388,217)</b>	
<b>EXPENDITURES:</b>							
Dividend Expense	266,000	0	980,419	0	0	0	
Retained and Transferred Risk							
Premium for Transferred Risk	1,933,487	1,840,000	1,840,000	1,853,799	0	(1,853,799)	
Broker Fees	46,712	41,980	41,980	28,180	0	(28,180)	
Provisions for Member Deductible Pmts.	635,595	359,592	500,000	900,000	0	(900,000)	Members invoiced for \$0 - \$10K in claims expense
Less Member Deductible Billings	(635,595)	(371,529)	(500,000)	(900,000)	0	900,000	
Provision for Prior Year claims	(127,061)	(9,846)	(9,846)	0	0	0	
Provision for ULAE	99,548	0	0	15,000	0	(15,000)	
Total Retained and Transferred Risk	1,952,686	1,860,197	1,872,134	1,896,979	0	(1,896,979)	
Program Expenses							
EIA Actuarial and Consulting Services	0	0	0	0	0	0	
Claim Audits	272	1,400	10,000	20,000	0	(20,000)	
Legal Services	7,613	16,099	21,000	10,000	0	(10,000)	
ISO index Fees	0	0	500	500	0	(500)	
Bank Fees and Services	3,610	2,451	3,300	4,300	0	(4,300)	
Total Program Expenses	11,495	19,950	34,800	34,800	0	(34,800)	
Appropriation Delegated to PGL Committee	0	0	0	50,000	0	(50,000)	Available with two-thirds vote of PGL Committee
<b>TOTAL EXPENDITURES</b>	<b>2,230,181</b>	<b>1,880,147</b>	<b>2,887,353</b>	<b>1,981,779</b>	<b>0</b>	<b>(1,981,779)</b>	
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(536,365)	(675,527)	(675,527)	(675,527)	0	675,527	
Loss Prevention Subsidies	(13,000)	(12,000)	(12,000)	(12,000)	0	12,000	
Risk Management Admin. Dividend	(1,808)	(1,981)	(1,981)	(1,981)	0	1,981	
Investment Fees	(406)	(190)	(380)	(406)	0	406	
<b>TOTAL TRANSFERS</b>	<b>(551,579)</b>	<b>(689,698)</b>	<b>(689,888)</b>	<b>(689,914)</b>	<b>0</b>	<b>689,914</b>	
Net Increase or (Decrease)	(60,124)	(199,864)	(1,206,035)	(283,476)	-	283,476	
<b>NET POSITION - JULY 1</b>	<b>1,368,683</b>	<b>1,308,559</b>	<b>1,308,559</b>	<b>1,240,350</b>	<b>102,524</b>		
<b>NET POSITION - JUNE 30</b>	<b>1,308,559</b>	<b>1,108,695</b>	<b>102,524</b>	<b>956,874</b>	<b>102,524</b>		
Net Position Designated for:							
Target Equity	11,300	11,300	11,300	11,300	11,300		
Risk Management Dividend	1,981	0	0	0	0		
Admin Carryover	0	0	0	0	0		
Unrestricted Net Position	1,295,278	1,097,395	91,224	945,574	91,224		
Total Net Position	1,308,559	1,108,695	102,524	956,874	102,524		
Target Equity							
Low Range	11,300	5,800	5,800	5,800			
High Range	1,243,000	1,230,000	1,230,000	1,230,000			

## **General Liability 1**

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

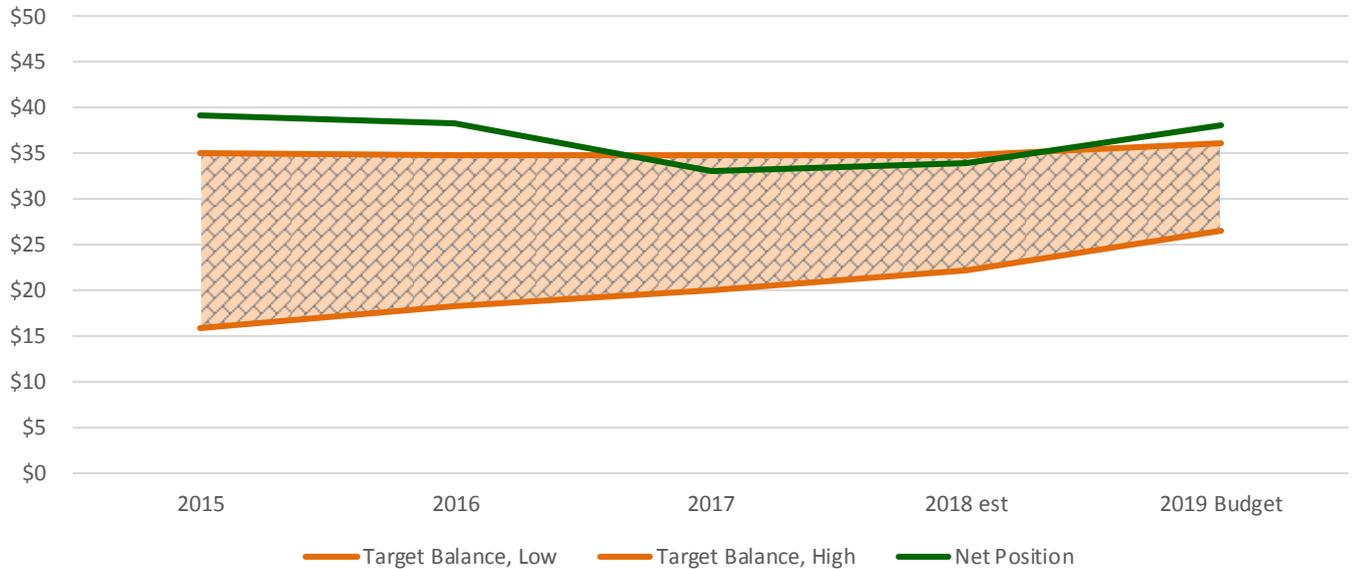
Number of Members	122
Covered Payroll	\$6.6 Billion
Pool Premium	\$45.4 Million
Insurance	\$8.1 Million
Premium to EIO	\$2.4 Million
Public Entity Broker Fees	\$1.2 Million
Administration and Fees	\$4.5 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the GLI Program budget is as follows:



The GL1 Program proposed budget would result in an ending net position of \$38M. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$26.6 - \$36.1M. 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 reduce net assets so that the pool's funding is near the top of the target surplus range in three years.
- Where the pool's funding is in excess of the top of the target surplus range, evaluate declaring dividends and/or use some surplus to offset administrative costs.
- Continue using standardized EIAGL codes for general liability to allow for better claims analysis and trend identification.
- Implement a new data analytics platform to allow for benchmarking of claims data.
- Use multi-year underwriting matrices, where possible, to help ensure renewal pricing from underwriters at a "not-to-exceed" amount of 10% for the upcoming year.
- Continue to monitor the long-term discount assumption, keeping the assumption conservatively lower than what is anticipated.
- Continue to evaluate transfer of risk opportunities in the EIA Captive.

### **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 neutral. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).

Budget Policies for the 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. Program costs are defined below.
- The Underwriting and Executive Committees has established a development fee of \$350, per member. Program development fees are one-time charges to new members joining the Program.

### **Expenses**

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

**CSAC EXCESS INSURANCE AUTHORITY**  
**GENERAL LIABILITY 1 PROGRAM**  
**Adopted Budget**  
**July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	9,919,014	8,571,994	8,571,994	8,498,000	10,549,344	2,051,344	Corridor deductible reinsured by EIA Captive
Contributions for Retained Risk	31,800,683	40,151,652	40,151,652	38,547,900	45,442,293	6,894,393	Funded at the 65% confidence level
Public Entity Broker Fees	948,027	1,097,196	1,097,196	995,485	1,193,689	198,204	
Public Entity Participation Fees	77,716	0	0	0	0	0	PE fees eliminated by Board at March 2017 meeting
Investment Income	380,024	224,041	616,041	2,450,000	3,300,000	850,000	Estimated on average balance of \$200M at 1.65%
Administration Fees	2,633,857	3,255,947	3,255,947	3,108,907	4,487,612	1,378,705	
Program Development Fees	700	2,800	2,800	0	0	0	
Other Income	5,425	1,052	1,052	0	0	0	
<b>TOTAL REVENUES</b>	<b>45,765,446</b>	<b>53,304,682</b>	<b>53,696,682</b>	<b>53,600,292</b>	<b>64,972,938</b>	<b>11,372,646</b>	
<b>EXPENDITURES:</b>							
Pool Dividends	0	0	0	0	0	0	
<b>Retained and Transferred Risk</b>							
Premium for Transferred Risk	9,915,462	8,149,136	8,149,136	8,498,000	10,557,810	2,059,810	Prior year corridor retention transferred to EIA Captive
Broker Fees	947,916	1,087,404	1,087,404	995,485	1,193,689	198,204	
Provision for Claims, Current Year	28,521,710	32,582,600	32,582,600	35,000,000	40,658,515	5,658,515	Provision for claims at expected
Provision for Claims, Prior Years	7,848,740	10,570,223	10,570,223	2,012,500	4,066,000	2,053,500	Provision for prior year claims
Provision for ULAE	992,826	0	50,000	50,000	219,000	169,000	Including PGL
<b>Total Retained and Transferred Risk</b>	<b>48,226,654</b>	<b>52,389,363</b>	<b>52,439,363</b>	<b>46,555,985</b>	<b>56,695,014</b>	<b>10,139,029</b>	
<b>Program Administration</b>							
Actuarial fees	0	0	0	0	0	0	Actuarial services brought in-house
ISO Fees	625	1,187	1,787	3,000	2,500	(500)	Including PGL
Member Claims Audits	31,085	12,000	76,000	80,000	90,000	10,000	Including PGL
EIA Claims Audit	2,200	0	15,000	15,000	0	(15,000)	Due in 2017/18
Labor Law Services	162,500	110,000	150,000	150,000	0	(150,000)	New service effective 1/1/15 with Eyres Law Group
Legal Expenses	83,872	83,023	150,600	80,000	315,000	235,000	Including PGL
Crisis Management Services	0	21,396	41,396	100,000	100,000	0	
Bank Fees	0	0	0	0	4,300	4,300	Allocated to PGL members only
Member Actuarial Studies	90,400	66,650	80,000	80,000	110,000	30,000	
<b>Total Program Administration</b>	<b>370,682</b>	<b>294,256</b>	<b>514,783</b>	<b>508,000</b>	<b>621,800</b>	<b>113,800</b>	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of the Executive Committee
<b>TOTAL EXPENDITURES</b>	<b>48,597,336</b>	<b>52,683,619</b>	<b>52,954,146</b>	<b>47,113,985</b>	<b>57,366,814</b>	<b>10,252,829</b>	
<b>TRANSFERS:</b>							
<b>Transfers out to:</b>							
General Administration	(2,082,121)	(2,268,661)	(2,268,661)	(2,268,661)	(3,358,116)	(1,089,455)	
GASB 68 Pension Funding	0	0	0	0	0	0	
Loss Prevention Subsidies	(101,000)	(100,000)	(100,000)	(100,000)	(106,000)	(6,000)	
Claims System Costs	(66,389)	(69,374)	(69,374)	(69,374)	(38,283)	31,091	
Risk Management Subsidy Dividend	(73,240)	(77,716)	(77,716)	(77,710)	0	77,710	
Investment Fees	(56,660)	(54,622)	(68,000)	(62,872)	(74,994)	(12,122)	
<b>TOTAL TRANSFERS</b>	<b>(2,379,410)</b>	<b>(2,570,373)</b>	<b>(2,583,751)</b>	<b>(2,578,617)</b>	<b>(3,577,393)</b>	<b>(998,776)</b>	

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

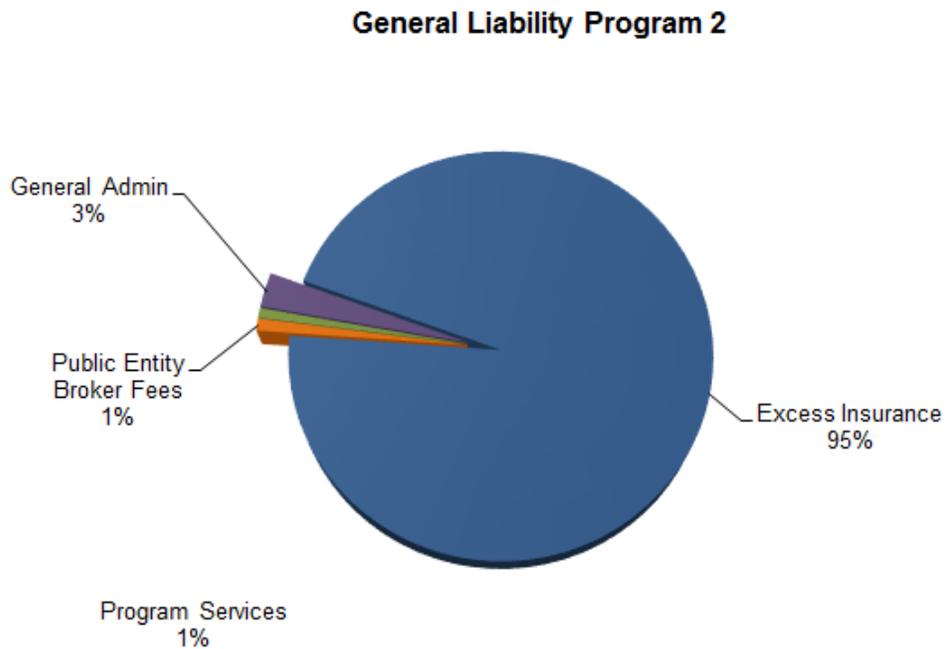
Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
Net Increase or (Decrease)	(5,211,300)	(1,949,310)	(1,841,215)	3,907,690	4,028,731	121,041	
<b>NET POSITION - JULY 1</b>	38,278,481	33,067,181	33,067,181	34,002,176	33,958,176		
Increase in Net Position Due to SANDPIPA Merger		2,732,210	2,732,210				
<b>NET POSITION - JUNE 30</b>	33,067,181	33,850,081	33,958,176	37,909,866	37,986,907		
Net Position Designated for:							
Target Equity	20,100,000	33,850,081	33,958,176	34,800,000	36,100,000		
Risk Management Dividend	77,716	0	0	0	0		
Unrestricted Net Position	12,889,465	0	0	3,109,866	1,886,907		
<b>Total Net Position</b>	33,067,181	33,850,081	33,958,176	37,909,866	37,986,907		
Target Equity							
Low Range	20,100,000	20,100,000	20,100,000	22,200,000	26,600,000		
High Range	34,800,000	34,800,000	34,800,000	34,800,000	36,100,000		

## **General Liability 2**

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

Number of Members	17
Self Insured Retentions	\$1 to \$3.5 Million
Insurance	\$37.8 Million
Premium to EIO	\$20.2 Million
Public Entity Broker Fees	\$595 Thousand
Administration and Fees	\$3.4 Million

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





## **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, where ever possible, to help ensure stable renewal pricing from underwriters.
- Evaluate different risk financing strategies in challenging renewal times; such as evaluating pooling/risk sharing, evaluate SIR changes, and assess different retention and layering strategies.
- 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).
- Expand program to new members.

Budget Policies for the GL2 Program include the following:

### **Revenues**

- Based on market conditions, coverage for the Program is provided by insurance, or a combination of insurance and an aggregate pool or Mega Fund, which provides coverage between the member's SIR and the insured layer.
- The allocation of premiums between participating members is approved annually by the GL2 Committee.
- Broker fees are charged to all public entity members. The amount charged is based on the broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M. Currently the broker is refunding a portion of broker fees to the Program to offset program expenses.



- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The GL2 Committee has established a development fee of \$500, per member. Program development fees are one time charges to new members joining the Program.

### **Expenses**

- GL2 premiums for transferred risk include the cost of insurance for claims in excess of each member's SIRs and the GL2 Pool or Mega Fund. Policy limits are determined annually by the GL2 Committee. Members can obtain optional excess insurance through the Miscellaneous Programs that 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.
- 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.
- 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 loss prevention subsidy of \$1,000 per member is transferred to the General Administration Program and added to each member's loss prevention subsidy account.
- The Claims System transfer was established based on program usage.
- Investment Fees are charged on the average daily balance of program funds invested.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

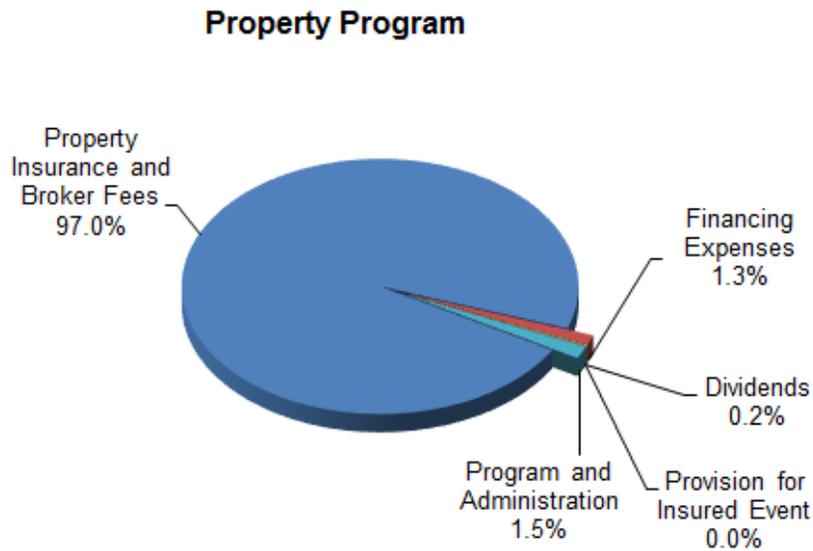
Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	46,724,983	48,889,111	48,889,111	52,167,164	58,031,632	5,864,468	Group corridor deductible transferred to EIA Captive
Contributions for Retained Risk	0	0	0	0	0	0	
Public Entity Broker Fees	494,440	511,551	511,551	559,639	594,975	35,336	
Public Entity Participation Fees	76,865	0	0	0	0	0	PE fees eliminated by Board at March 2017 meeting
Investment Income and Finance Fees	(19,701)	(12,629)	(11,404)	47,810	25,000	(22,810)	
General Administration Fees	2,636,408	1,839,244	1,839,244	2,972,252	3,374,105	401,853	Includes Placement Broker fees
Development Fees	700	700	700	0	0	0	
Other Income, Legal Expense Reimbursement	0	0	0	0	0	0	
<b>TOTAL REVENUES</b>	<b>49,913,695</b>	<b>51,227,977</b>	<b>51,229,202</b>	<b>55,746,865</b>	<b>62,025,712</b>	<b>6,278,847</b>	
<b>EXPENDITURES:</b>							
Retained and Transferred Risk							
Premium for Transferred Risk	47,375,721	48,889,112	48,889,112	53,588,024	59,254,996	5,666,972	
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	0	0	0	0	0	0	No more rebate
Broker Fees	467,140	511,551	511,551	559,639	594,975	35,336	
Provision for ULAE	51,003	0	20,000	20,000	110,000	90,000	
Total Retained and Transferred Risk	47,893,864	49,400,663	49,420,663	54,167,663	59,959,971	5,792,308	
Program Administration							
ISO Fees	2,493	4,443	6,443	8,500	7,500	(1,000)	
Member Actuarial Studies	16,000	16,000	30,000	30,000	30,000	0	
Uncovered Disputed Claims	0	0	0	0	0	0	
Legal Services	391,341	12,231	37,231	125,000	125,000	0	
Member Claims Audit	3,410	5,500	33,000	33,000	50,000	17,000	
EIA Claims Audit	32,110	0	0	0	0	0	
Crisis Management Services	45,000	0	20,000	100,000	100,000	0	
Financing Expense	0	0	0	0	0	0	
Total Program Administration	490,354	38,174	126,674	296,500	312,500	16,000	
Appropriation Delegated to GL2 Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of GL2 Committee
<b>TOTAL EXPENDITURES</b>	<b>48,384,218</b>	<b>49,438,837</b>	<b>49,547,337</b>	<b>54,514,163</b>	<b>60,322,471</b>	<b>5,808,308</b>	
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(1,315,307)	(1,391,829)	(1,391,829)	(1,391,829)	(1,643,084)	(251,255)	
GASB 68 Pension Funding	0	0	0	0	0	0	
Loss Prevention Subsidies	(11,000)	(14,000)	(14,000)	(14,000)	(15,000)	(1,000)	
Claims System Costs	(33,195)	(34,687)	(34,687)	(34,687)	(19,142)	15,545	
Risk Management Subsidy Dividend	(57,623)	(76,865)	(76,865)	(76,865)	0	76,865	
Investment Fees	(2,792)	(870)	(1,400)	(4,205)	(1,015)	3,190	
<b>TOTAL TRANSFERS</b>	<b>(1,419,917)</b>	<b>(1,518,251)</b>	<b>(1,518,781)</b>	<b>(1,521,586)</b>	<b>(1,678,241)</b>	<b>(156,655)</b>	
Net Increase or (Decrease)	109,560	270,889	163,084	(288,884)	25,000	313,884	
<b>NET POSITION - JULY 1</b>	<b>690,477</b>	<b>800,037</b>	<b>800,037</b>	<b>726,995</b>	<b>963,121</b>		
<b>NET POSITION - JUNE 30</b>	<b>800,037</b>	<b>1,070,926</b>	<b>963,121</b>	<b>438,111</b>	<b>988,121</b>		

## Property

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

Number of Members	100
Member deductibles	\$5,000 to \$100,000
Insured Values	\$67.9 Billion
Insurance	\$54.2 Million
Premium to EIO	\$10.1 Million
Catastrophic Pool	\$2.5 Million
Administration and Fees	\$1.0 Million

A summary of the Property Program budget is as follows:





## **Property Program Budget Policy**

Program Goals for the Property Program include the following:

### **Short-term Goals**

- Increase service offerings to the members.
- Cancel/rewrite primary coverage to maintain a three-year prepaid policy term.
- Provide shared EQ limits for public entity members in Tower VII and access to the EQ Rooftop Layer.
- Implement a policy to address frequency and severity of losses at vacant buildings.
- 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.
- Increase the aggregated pool retention over the next 5 years.
- 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 31<sup>st</sup> with premiums due to underwriters within 30 days. The EIA allows members to pay property premiums on a fiscal year cycle



beginning July 1<sup>st</sup>. The EIA internally finances the prepayment of property premiums, including the second and third year premiums using the Inter-Fund Borrowing Policy. An estimated finance fee is billed to each member as a “Prepaid Balance Adjustment”. 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. Program costs are defined below.
- The Property Committee has established a development fee of \$500, per member. Program development fees are one-time charges to new members joining the Program.

### **Expenses**

- Our primary property insurance policy has a provision for “No Claims” dividends. These dividends are returned to members earning these benefits.
- Property insurance premiums include the cost of primary and excess insurance. The primary insurance cost includes the current portion of the three-year prepaid policy. The provision for claims provides for claim payments within the aggregate pool. A provision is not recorded for the flood pool. Instead, flood pool claims costs are recorded as incurred.
- 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 1<sup>st</sup> through June 30<sup>th</sup>. The insurance premiums are for a policy period of March 31<sup>st</sup> through March 31<sup>st</sup>. This timing difference requires the EIA to finance a portion of the cost of insurance. The primary insurance is on a three-year, prepaid basis. The EIA internally borrows from our own treasury to pay the second and third year of the primary insurance premiums. The excess insurance renews on March 31<sup>st</sup> annually, and is due in late April. The EIA internally borrows funds from the treasury to pay these premiums until member billings are collected in July. The finance expenses are the costs to the EIA’s Treasury to internally borrow funds for the Property Program. An expense is recognized each fiscal quarter based on the



average daily balance of the funds borrowed times the internal borrowing rate approved by the Board of Directors each March.

- The Risk Management Services line item of \$160,000, 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, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
No Claim Dividends	101,312	0	100,000	100,000	100,000	0	
Premiums for Transferred Risk	57,993,491	44,429,920	57,625,000	57,625,000	64,297,988	6,672,988	All risk pool layer transferred to captive
Retained Risk, Agg. Deductible Pool	2,505,754	2,498,557	2,498,557	2,500,000	2,500,000	0	
Broker Fees	13,670	13,670	13,670	0	11,443	11,443	Schools LP position in Genl Admin Prog in FY17/18
Public Entity Participation Fees	82,243	0	0	0	0	0	PE fees eliminated by the Board in March 2017
Investment Income	679,382	416,761	630,681	690,000	1,041,410	351,410	
Member Finance Charges	11,250	15,397	15,397	10,000	15,000	5,000	
Administration Fees	882,929	1,014,597	1,014,597	911,679	1,031,974	120,295	
Other Income	615,096	26,487	702,507	600,000	700,000	100,000	Ceding commission from insurance placement
<b>TOTAL REVENUES</b>	<b>62,885,127</b>	<b>48,415,389</b>	<b>62,600,409</b>	<b>62,436,679</b>	<b>69,697,815</b>	<b>7,261,136</b>	
<b>EXPENDITURES:</b>							
Dividends	97,423	0	100,000	100,000	100,000	0	
Retained and Transferred Risk							
Premium for Transferred Risk	57,827,247	45,484,310	57,625,000	57,625,000	64,297,988	6,672,988	
Broker Fees	113,670	0	0	0	0	0	
Provision for claims, Aggregate Pool	277,576	0	0	0	0	0	Claims for Catastrophic pool expensed as incurred
Provision for ULAE	4,003	0	10,000	10,000	9,000	(1,000)	
<b>Total Retained and Transferred Risk</b>	<b>58,222,496</b>	<b>45,484,310</b>	<b>57,635,000</b>	<b>57,635,000</b>	<b>64,306,988</b>	<b>6,671,988</b>	
Program Administration							
Financing Expenses	596,247	416,761	555,681	700,000	858,410	158,410	Interest on interfund borrowing at 1.65%
Legal Services	455	(517)	7,500	10,000	10,000	0	
Crisis Management Services	0	0	10,000	100,000	100,000	0	
Property Appraisals	0	0	0	0	40,000	40,000	Property Appraisal and Risk Management was combined in 17/18
Risk Management/LP Services	104,066	(113,556)	161,444	200,000	160,000	(40,000)	Property Appraisal and Risk Management was combined in 17/18
<b>Total Program Administration</b>	<b>700,768</b>	<b>302,688</b>	<b>734,625</b>	<b>1,010,000</b>	<b>1,168,410</b>	<b>158,410</b>	
Appropriation for Property Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of Property Committee
<b>TOTAL EXPENDITURES</b>	<b>59,020,687</b>	<b>45,786,998</b>	<b>58,469,625</b>	<b>58,770,000</b>	<b>65,600,398</b>	<b>6,830,398</b>	
<b>TRANSFERS:</b>							
Transfers out to:							
Transfers out to Administration	(543,103)	(533,364)	(533,364)	(533,364)	(573,908)	(40,544)	
GASB 68 Pension Funding	0	0	0	0	0	0	
Loss Prevention Subsidies	(85,000)	(94,000)	(94,000)	(94,000)	(98,000)	(4,000)	
Risk Management Subsidy Dividend	(75,494)	(82,243)	(82,243)	(82,243)	0	82,243	
Investment Fees	(17,274)	(11,532)	(14,750)	(14,750)	(16,356)	290	
<b>TOTAL TRANSFERS</b>	<b>(720,871)</b>	<b>(721,139)</b>	<b>(724,357)</b>	<b>(725,963)</b>	<b>(687,974)</b>	<b>37,989</b>	
Net Increase or (Decrease)	3,143,569	1,907,252	3,406,427	2,940,716	3,409,443	468,727	
<b>NET POSITION - JULY 1</b>	<b>7,967,390</b>	<b>11,110,959</b>	<b>11,110,959</b>	<b>8,889,918</b>	<b>14,517,386</b>		
<b>NET POSITION - JUNE 30</b>	<b>11,110,959</b>	<b>13,018,211</b>	<b>14,517,386</b>	<b>11,830,634</b>	<b>17,926,829</b>		
Net Position Designated for:							
Admin	79,057	0	0	0	0	0	
Risk Management Dividend	0	0	0	0	0	0	
Catastrophic Pool	7,891,498	10,126,085	11,625,260	6,740,000	15,034,703		
Program Stabilization Fund	3,140,404	2,892,126	2,892,126	5,090,634	2,892,126		
<b>Total Net Position</b>	<b>11,110,959</b>	<b>13,018,211</b>	<b>14,517,386</b>	<b>11,830,634</b>	<b>17,926,829</b>		

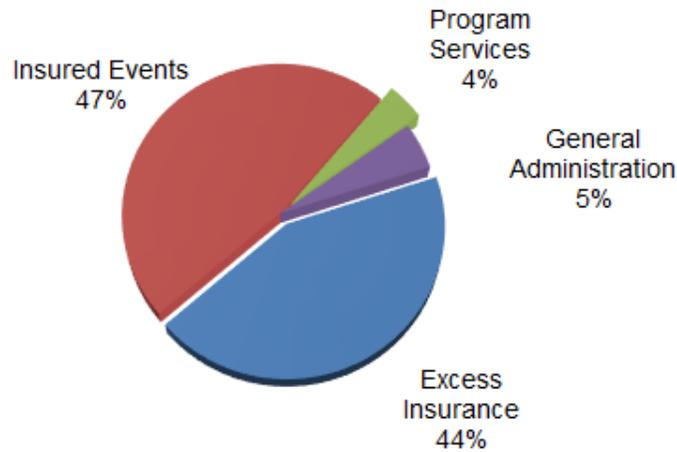
## **Medical Malpractice**

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

Number of Members	52
Pool Premium	\$8.9 Million
Insurance	\$6.9 Million
Administration and Fees	\$1.3 Million
Loss Prevention Subsidy	\$1,000 per member

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

### **Medical Malpractice Program**





## **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.
- Negotiate new contracts for claims administration and loss prevention services.
- Analyze, evaluate, and consider modifications to the rating of the exposures in the program.
- Implement approved modifications to the premium allocation methodologies.
- 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 Pool 1 and Pool 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. Program costs are defined below.
- The Medical Malpractice Committee has established a development fee of \$850 per member. Program development fees are one-time charges to new members joining the Program.
- 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.

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

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premium for Transferred Risk	6,087,843	6,145,622	6,145,622	6,930,220	6,860,223	(69,998)	
Contribution for Retained Risk	7,128,822	7,793,775	7,793,775	8,028,928	8,913,474	884,546	
Public Entity Broker Fees	7,810	6,191	6,191	7,478	8,774	1,296	
Public Entity Participation Fees	424	0	0	0	0	0	
Investment Income	117,484	19,148	112,248	546,000	759,000	213,000	
Finance Charges for Members	0	0	0	0	0	0	
Claims Administration Fees	402,955	409,999	409,999	430,000	444,912	14,912	
Administration Fees	622,927	773,813	773,813	786,617	859,291	72,674	
Program Development Fees	1,700	850	850	0	0	0	
Other Income	0	5,941	5,941	0	0	0	
<b>TOTAL REVENUES</b>	<b>14,369,965</b>	<b>15,155,339</b>	<b>15,248,439</b>	<b>16,729,243</b>	<b>17,845,673</b>	<b>1,116,430</b>	
<b>EXPENDITURES:</b>							
Member Dividends	0	0	0	0	0	0	
<b>Retained and Transferred Risk</b>							
Premium for Transferred Risk	6,087,843	6,145,624	6,145,624	6,930,220	6,860,223	(69,998)	
Broker Fees	7,810	6,191	6,191	7,478	8,774	1,296	
Provision for Claims - Current Year	5,852,065	4,650,454	5,150,454	6,814,000	6,766,466	(47,534)	Estimated at expected discounted at 1.75%
Provision for Claims - Prior Year	692,516	1,551,143	1,551,143	480,000	677,000	197,000	Estimated pending actuarial
Provision for ULAE	66,899	0	25,000	25,000	18,000	(7,000)	
<b>Total Retained and Transferred Risk</b>	<b>12,707,133</b>	<b>12,353,412</b>	<b>12,878,412</b>	<b>14,256,698</b>	<b>14,330,463</b>	<b>73,765</b>	
<b>Program Administration</b>							
Actuarial and Consulting Services	0	0	0	0	0	0	Actuarial services brought in-house
ISO Index Fees	0	0	500	500	500	0	
Legal Expenses	6,630	2,346	9,846	12,000	17,000	5,000	
Claims & Loss Prevention Administration	402,955	307,500	410,000	430,000	444,912	14,912	
Member Actuarial Studies	6,000	4,000	8,000	8,000	12,000	4,000	
Claim Audits	0	0	0	0	8,000	8,000	
Crisis Management Services	0	3,900	13,900	100,000	100,000	0	
Loss Prevention Annual Seminar	13,576	0	16,500	21,500	23,300	1,800	Risk management seminar expense
<b>Total Program Administration</b>	<b>429,161</b>	<b>317,746</b>	<b>458,746</b>	<b>572,000</b>	<b>605,712</b>	<b>33,712</b>	
Appropriation Delegated to Med Mal Committee	-	-	-	25,000	25,000	0	Available with two-thirds vote of Med Mal Committee
<b>TOTAL EXPENDITURES</b>	<b>13,136,294</b>	<b>12,671,158</b>	<b>13,337,158</b>	<b>14,853,698</b>	<b>14,961,175</b>	<b>107,477</b>	

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>TRANSFERS:</b>							
<u>Transfers out to:</u>							
General Administration	(487,850)	(493,242)	(493,242)	(493,242)	(679,320)	(186,078)	
Loss Prevention Subsidies	(48,000)	(50,000)	(50,000)	(50,000)	(51,000)	(1,000)	
Claims System Costs	(44,259)	(46,249)	(46,249)	(46,249)	(25,522)	20,727	
Risk Management Subsidy Dividend	(260)	(424)	(424)	(424)	0	424	
Investment Fees	(13,181)	(11,540)	(15,390)	(13,601)	(14,790)	(1,189)	
<b>TOTAL TRANSFERS</b>	<b>(593,550)</b>	<b>(601,455)</b>	<b>(605,305)</b>	<b>(603,516)</b>	<b>(770,632)</b>	<b>(167,116)</b>	
Net Increase or (Decrease)	640,121	1,882,726	1,305,976	1,272,029	2,113,867	841,838	
<b>NET POSITION - JULY 1</b>	<b>6,071,744</b>	<b>6,711,865</b>	<b>6,711,865</b>	<b>6,736,189</b>	<b>8,017,841</b>		
<b>NET POSITION - JUNE 30</b>	<b>6,711,865</b>	<b>8,594,591</b>	<b>8,017,841</b>	<b>8,008,218</b>	<b>10,131,708</b>		
Net Position Designated for:							
Target Equity	6,711,865	8,594,591	8,017,841	8,008,218	10,131,708		
Risk Management Dividend	0	0	0	0	0		
Admin Carryover	0	0	0	0	0		
<b>Total Net Position</b>	<b>6,711,865</b>	<b>8,594,591</b>	<b>8,017,841</b>	<b>8,008,218</b>	<b>10,131,708</b>		
Target Equity							
Low Range	3,600,000	3,600,000	3,600,000	3,600,000	5,080,000		
High Range	12,246,500	12,246,500	12,246,500	12,246,500	14,438,500		

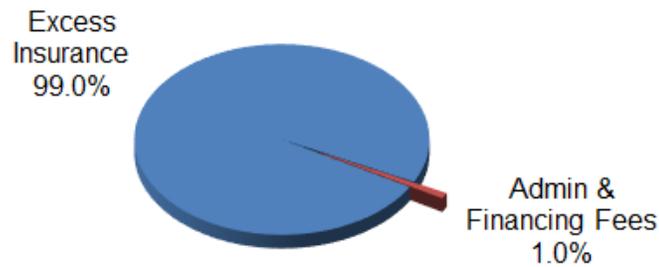
### **Master Rolling Owner Controlled Insurance Program**

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.

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

A summary of the MROCIP Program budget is as follows:

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





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

### **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, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	10,664,009	11,486,230	11,486,230	7,500,000	10,000,000	2,500,000	
Broker Fees	0	0	0	0	0	0	
Investment Income	400	1,112	1,612	0	0	0	
Administration Fees	150,110	160,480	160,480	105,000	140,000	35,000	
Member Finance Charges	0	315	315	0	0	0	
Other Income	104,060	0	0	0	0	0	
<b>TOTAL REVENUES</b>	<b>10,918,579</b>	<b>11,648,137</b>	<b>11,648,637</b>	<b>7,605,000</b>	<b>10,140,000</b>	<b>2,535,000</b>	
<b>EXPENDITURES:</b>							
Retained and Transferred Risk							
Insurance Purchased	10,664,009	11,486,230	11,486,230	7,500,000	10,000,000	2,500,000	
Financing Expenses	0	0	0	0	0	0	
Total Retained and Transferred Risk	10,664,009	11,486,230	11,486,230	7,500,000	10,000,000	2,500,000	
<b>TOTAL EXPENDITURES</b>	<b>10,664,009</b>	<b>11,486,230</b>	<b>11,486,230</b>	<b>7,500,000</b>	<b>10,000,000</b>	<b>2,500,000</b>	
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(95,683)	(100,166)	(100,166)	(100,166)	(100,392)	(226)	
Investment Fees	(152)	(120)	(120)	(174)	(145)	29	
<b>TOTAL TRANSFERS</b>	<b>(95,835)</b>	<b>(100,286)</b>	<b>(100,286)</b>	<b>(100,340)</b>	<b>(100,537)</b>	<b>(197)</b>	
Net Increase or (Decrease)	158,735	61,621	62,121	4,660	39,463	34,803	
<b>NET POSITION - JULY 1</b>	<b>100,391</b>	<b>259,126</b>	<b>259,126</b>	<b>263,129</b>	<b>321,247</b>		
<b>NET POSITION - JUNE 30</b>	<b>259,126</b>	<b>320,747</b>	<b>321,247</b>	<b>267,789</b>	<b>360,710</b>		

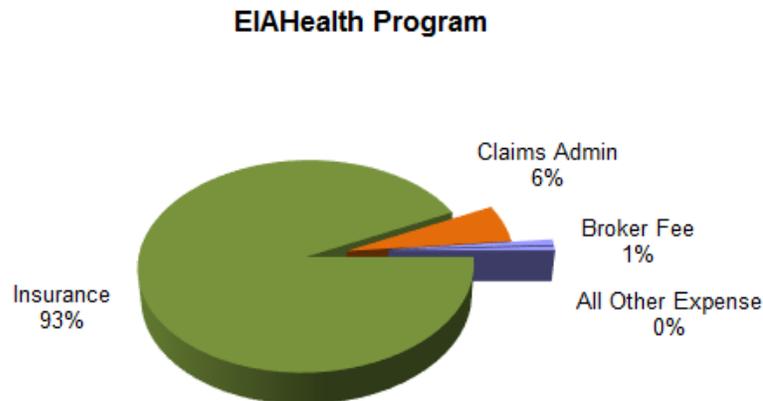
## **EIAHealth**

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

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

Number of Members	36
Insurance	\$363 Million
Eligibility Fees	\$2.6 Million
Claims Admin Fees	\$22.3 Million
Broker Fees	\$3.3 Million
EIA Admin & Fees	\$620 Thousand

A summary of the EIAHealth Program budget is as follows:





## **EIAHealth** **Program Budget Policy**

Program Goals for the EIAHealth Program include the following:

### **Short Term Goals**

- Provide ongoing support to members on Health Care Reform compliance.
- Increase Program communication of products and services available to members and their employees.
- Increase overall member participation in committee meetings.
- Educate new Committee members on the history of the EIAHealth Program.
- Monitor carrier and vendor performance.
- Schedule EIAHealth Committee educational workshop.
- Continue to add to the EIAHealth Administrative Guidelines.
- Survey EIAHealth members for input on TPA performance.
- Continue to present health care cost containment strategies for Committee consideration.

### **Long Term Goals**

- Maintain appropriate funding levels and stable pricing within the Program.
- Maintain statewide and international provider networks.
- Keep members updated on 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.
- Implement an EIA Employee Benefits database that houses all Program information.

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 2018 Fixed Administrative Costs:

Carrier/Vendor	Scope of Services	2018 Fixed Costs	
		Non-Kaiser	Kaiser
Alliant	Broker Consultant Program Management	Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$5.00 PEPM Mid-Market (250-999): \$8.00 PEPM Small Group: \$11.00 PEPM	Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$4.00 PEPM Mid-Market (250-999): \$7.00 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.	\$46.93 to \$48.85 PEPM	
Benefit Coordinators Corporation (BCC)	Eligibility Consolidated Billing	\$7.00 PEPM	
Blue Shield of California	Provider Network Claims Admin.	\$44.03 PEPM	
businesssolver	Eligibility Consolidated Billing	\$7.30 PEPM	
CSAC EIA	Pool Administration Governance	\$1.50 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	
SISC Stop Loss	Pooling Charge	\$19.35 PEPM	

**CSAC EXCESS INSURANCE AUTHORITY**  
**EIAHEALTH PROGRAM**  
**Adopted Budget**  
**July 1, 2018 to June 30, 2019**

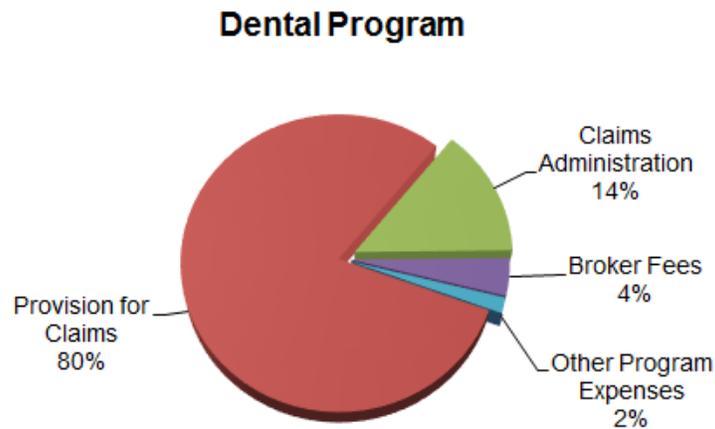
Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Premiums for Transferred Risk	265,398,755	267,391,995	301,616,000	301,616,000	362,971,812	61,355,812	Paid directly to SISC
Third Party Administrator Fees	1,777,998	1,847,516	1,846,000	1,846,000	2,620,000	774,000	EBS/BCC/Business Solver/Pinnacle
ASO Fees for EIAHealth Program	14,747,443	13,639,834	14,964,000	14,964,000	22,346,544	7,382,544	Carrier admin service organizations
Broker Fees	2,509,394	2,258,263	2,958,000	2,958,000	3,384,000	426,000	Paid to Alliant & other brokers;
Administration Fees	387,825	370,410	480,410	502,000	620,000	118,000	\$1.50 per employee per month
Healthcare Reform Reinsurance Fee and PCORI Fee	606,278	81,805	101,805	120,000	0	(120,000)	No reinsurance fee in FY17/18
Investment Income	(6,687)	3,121	18,121	56,000	115,500	59,500	
Other Income	18,844	0	0	5,000	5,000	0	
<b>TOTAL REVENUES</b>	<b>285,439,850</b>	<b>285,592,944</b>	<b>321,984,336</b>	<b>322,067,000</b>	<b>392,062,856</b>	<b>69,995,856</b>	
<b>EXPENDITURES:</b>							
Member Dividends (Interest on Outstanding Balances)	15,857	0	7,500	30,000	10,000	(20,000)	Interest payable on Uncashed Dividend Balances
<b>Retained and Transferred Risk</b>							
Health Premiums, SISC	265,809,892	267,391,995	301,616,000	301,616,000	362,971,812	61,355,812	
Claims Admin. ASO Fees	14,747,670	13,677,107	14,964,000	14,964,000	22,346,544	7,382,544	
Broker Fees	2,509,394	2,258,263	2,958,000	2,958,000	3,384,000	426,000	
Third Party Administration Fees	1,777,998	1,847,516	1,846,000	1,846,000	2,620,000	774,000	
Healthcare Reform Reinsurance Fee and PCORI Fee	606,278	81,805	101,805	120,000	0	(120,000)	
Total Retained and Transferred Risk	285,451,232	285,256,686	321,485,805	321,504,000	391,322,356	69,818,356	
<b>Program Administration</b>							
EIA Actuarial, Consulting and Other	50,745	36,000	58,000	58,000	58,000	0	
EIAHealth Symposium and Technician Workshop	37,948	6,557	51,400	69,800	100,200	30,400	
Other Misc. Expense	1,500	0	0	0	0	0	
Total Program Administration	90,193	42,557	109,400	127,800	158,200	30,400	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of EIAHealth Committee
<b>TOTAL EXPENDITURES</b>	<b>285,557,282</b>	<b>285,299,243</b>	<b>321,602,705</b>	<b>321,686,800</b>	<b>391,515,556</b>	<b>69,828,756</b>	
<b>TRANSFERS:</b>							
<u>Transfers out to:</u>							
General Administration	(442,029)	(409,956)	(409,956)	(409,956)	(508,653)	(98,697)	
Investment Fees	(2,797)	(1,647)	(2,447)	(3,886)	(2,117)	1,769	
<b>TOTAL TRANSFERS</b>	<b>(444,826)</b>	<b>(411,603)</b>	<b>(412,403)</b>	<b>(413,842)</b>	<b>(510,770)</b>	<b>(96,928)</b>	
Net Increase or (Decrease)	(562,258)	(117,902)	(30,772)	(33,642)	36,530	70,172	
<b>NET POSITION - JULY 1</b>	<b>2,197,345</b>	<b>1,635,087</b>	<b>1,635,087</b>	<b>1,980,222</b>	<b>1,604,315</b>		
<b>NET POSITION - JUNE 30</b>	<b>1,635,087</b>	<b>1,517,185</b>	<b>1,604,315</b>	<b>1,946,580</b>	<b>1,640,845</b>		
Balance in Admin Carryover	85,452	1,702	44,059	(9,870)	(4,911)		
Unrestricted Net Position	1,549,635	1,515,483	1,560,256	1,956,450	1,645,756		
Total Net Position	1,635,087	1,517,185	1,604,315	1,946,580	1,640,845		

## Dental

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

Number of Members	154
Pool Premium	\$35 Million
Eligibility Fees	\$380 Thousand
Broker Fees	\$1.6 Million

A summary of the Dental Program budget is as follows:



Pursuant to the 2017/18 program goals, a target equity was established and based on actuarial results, \$2M of program equity will be used to reduce renewal premiums for the 2018/19 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.
- Continue to bring new members into the Program.
- 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.
- Review Dental HMO segment options for the program.
- Implement audit process for renewals
- Review Third Party Administrator 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.

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
- 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, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Contribution For Retained Risk	32,978,281	25,277,679	33,700,000	33,252,000	34,760,000	1,508,000	
Stabilization Funds Transferred	0	0	0	0	0	0	
Eligibility Administration	371,639	284,991	380,000	380,000	380,000	0	
Broker Fees	1,588,092	1,232,320	1,640,000	1,610,000	1,610,000	0	
Investment Income	53,268	23,867	65,517	245,000	255,750	10,750	
Other Income	0	0	0	0	0	0	
<b>TOTAL REVENUES</b>	<b>34,991,280</b>	<b>26,818,857</b>	<b>35,785,517</b>	<b>35,487,000</b>	<b>37,005,750</b>	<b>1,518,750</b>	
<b>EXPENDITURES:</b>							
Retained and Transferred Risk							
Provision for Claims Current Year	29,186,280	23,245,430	30,990,000	31,650,000	31,650,000	0	
Provision for Claims Prior Year	0	0	100,000	100,000	100,000	0	
Claims Administration TPA Fees	2,107,787	1,682,666	2,240,000	2,360,760	5,525,000	3,164,240	Paid to Delta Dental
Eligibility Administration	371,639	284,991	380,000	380,000	380,000	0	Paid to PBIA for maintaining eligibility and billing
Broker Fees	1,588,092	1,232,320	1,640,000	1,610,000	1,610,000	0	Paid to Alliant and other brokers
Stabilization Funds distributed	64,106	47,210	47,210	0	0	0	
PCORI Fees	0	0	0	0	0	0	EIA's plan no longer required to pay PCORI fees
Total Retained and Transferred Risk	33,317,904	26,492,617	35,397,210	36,100,760	39,265,000	3,164,240	
	33,332,191	14,287					
Program Administration							
Actuarial, Consulting and Legal	4,800	3,600	14,800	14,800	14,800	0	
Employee Benefit & Health Symposiums	9,487	1,157	12,850	17,450	25,050	7,600	
Total Program Administration	14,287	4,757	27,650	32,250	39,850	7,600	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of Employee Benefits Committee
<b>TOTAL EXPENDITURES</b>	<b>33,332,191</b>	<b>26,497,374</b>	<b>35,424,860</b>	<b>36,158,010</b>	<b>39,329,850</b>	<b>3,171,840</b>	
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(221,015)	(213,760)	(213,760)	(213,760)	(210,823)	2,937	
Investment Fees	(6,336)	(5,385)	(6,180)	(6,728)	(7,424)	(696)	
<b>TOTAL TRANSFERS</b>	<b>(227,351)</b>	<b>(219,145)</b>	<b>(219,940)</b>	<b>(220,488)</b>	<b>(218,247)</b>	<b>2,241</b>	
Net Increase or (Decrease)	1,431,738	102,338	140,717	(891,498)	(2,542,347)	(1,650,849)	
<b>NET POSITION - JULY 1</b>	<b>16,221,500</b>	<b>17,653,238</b>	<b>17,653,238</b>	<b>17,547,185</b>	<b>17,793,955</b>		
<b>NET POSITION - JUNE 30</b>	<b>17,653,238</b>	<b>17,755,576</b>	<b>17,793,955</b>	<b>16,655,687</b>	<b>15,251,608</b>		
Net Position Designated for:							
Program Stabilization Funds - member designated	992,558	1,100,797	1,100,797	944,664	1,056,297		
Dental IBNR & Claim Fluctuation Reserves	6,100,000	5,700,000	5,700,000	5,700,000	6,300,000		
Admin Carryover	135,934	(64,101)	(46,139)	71,358	(73,486)		
Unrestricted Net Position	10,424,746	11,018,880	11,039,297	9,939,666	7,968,797		
Total Net Position	17,653,238	17,755,576	17,793,955	16,655,687	15,251,608		

## **Miscellaneous Programs**

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

- Life and Disability programs
- Employee Assistance programs

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

Other coverage include:

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

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



## **Miscellaneous Programs** **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
- Service evaluation for EAP member disruption
- Review EAP Provider Network
- Review Third Party Administration Options

#### **Long Term Goals**

- Maintain stable and competitive pricing
- Obtain multi-year agreements where ever possible

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 Program.

### **Transfers**

- Transfers out to the general administration program are used to pay for the EIA staff, and all other administrative costs. The investment income earned from the Life, AD&D, 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 ten major coverage programs, the EIA provides group purchase insurance programs to offer members protection from other various exposures. These program include:
  - Aviation
  - Bond/Crime and Faithful Performance
  - Catastrophic Inmate Medical
  - Course of Construction
  - Equipment Maintenance Management Program
  - Optional Excess Liability
  - Cyber Liability
  - Pollution Liability
  - Special Events
  - Vendor Contractors'
  - Watercraft

### **Expenses**

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

### **Transfers**

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

**CSAC EXCESS INSURANCE AUTHORITY**  
**MISCELLANEOUS PROGRAMS**  
**Adopted Budget**  
**July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Watercraft Dividend	18,793	20,239	20,239	18,793	0	(18,793)	Received from insurance carriers and paid out to members
Aircraft Dividend	72,723	0	0	72,723	0	(72,723)	Received from insurance carriers and paid out to members
EAP Premiums	1,726,353	1,276,193	1,720,077	1,640,000	1,740,000	100,000	Loss of member Santa Barbara
Life, LTD and STD Premiums	16,896,040	13,451,795	16,193,185	16,664,000	18,821,000	2,157,000	Growth in program
Vision Premiums	4,669,713	0	3,034,000	3,500,000	4,017,302	517,302	
Optional Excess	3,950,536	4,326,148	3,947,532	4,550,000	3,624,000	(926,000)	
Aviation Insurance	1,220,560	1,394,772	1,220,560	1,325,000	1,376,606	51,606	
Watercraft Insurance	233,832	258,158	233,832	255,500	260,445	4,945	
Course of Construction	1,215,942	104,634	1,273,675	0	0	0	No current upcoming projects
Crime and Honesty Bonds	1,307,857	1,431,295	1,307,857	1,400,000	1,754,586	354,586	
Pollution Liability Coverage	503,186	525,828	503,186	432,000	383,660	(48,340)	
Inmate Medical	482,301	461,220	482,301	525,000	435,470	(89,530)	A few members withdrew from the program
Cyber Liability	1,233,646	1,364,216	1,233,645	1,145,000	1,375,514	230,514	
EMMP	0	0	0	150,000	150,000	0	Introduction of new line of coverage
Finance Fees	22	41	24	0	0	0	
Investment Income	6,077	7,278	12,300	28,125	33,000	4,875	
Other Income	214,776	190,638	190,638	100,000	100,000	0	
<b>TOTAL REVENUES</b>	<b>33,752,357</b>	<b>24,812,455</b>	<b>31,373,051</b>	<b>31,806,141</b>	<b>34,071,583</b>	<b>2,265,442</b>	
<b>EXPENDITURES:</b>							
Watercraft Dividend	18,793	20,239	20,239	18,793	0	(18,793)	These are carrier dividends paid to members who had no claims
Aviation Dividend	72,723	0	0	72,723	0	(72,723)	
<b>Transferred Risk</b>							
EAP Premium Expense	1,714,771	1,283,678	1,720,077	1,640,000	1,740,000	100,000	
Life, LTD Premium Expense	16,948,640	13,326,157	16,206,685	16,664,000	18,821,000	2,157,000	
Vision Premiums	4,669,713	0	3,034,000	3,500,000	4,017,302	517,302	
Optional Excess	3,950,538	4,326,150	3,947,532	4,550,000	3,624,000	(926,000)	
Aviation Insurance	1,220,560	1,391,377	1,220,560	1,325,000	1,376,606	51,606	
Watercraft Insurance	233,832	258,156	233,832	255,500	260,445	4,945	
Course of Construction	1,215,942	104,634	1,273,675	0	0	0	
Crime and Honesty Bonds	1,307,855	1,431,295	1,307,857	1,400,000	1,754,586	354,586	
Pollution Liability	503,189	525,827	503,186	432,000	383,660	(48,340)	
Inmate Medical	482,299	435,467	482,301	525,000	435,470	(89,530)	
Owners Controlled Insurance Program	0	0	0	0	0	0	
Cyber Liability	1,222,920	1,362,613	1,222,920	1,145,000	1,375,514	230,514	
EMMP	0	0	0	150,000	150,000	0	
Other	214,775	190,638	190,638	100,000	100,000	0	
<b>Total Transferred Risk</b>	<b>33,685,034</b>	<b>24,635,991</b>	<b>31,343,263</b>	<b>31,686,500</b>	<b>34,038,583</b>	<b>2,352,083</b>	
<b>TOTAL EXPENDITURES</b>	<b>33,776,550</b>	<b>24,656,230</b>	<b>31,363,502</b>	<b>31,778,016</b>	<b>34,038,583</b>	<b>2,260,567</b>	

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
Adopted Budget  
July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>TRANSFERS:</b>							
Transfers out to:							
General Administration	(15,000)	(12,800)	(12,800)	(12,800)	(13,300)	(500)	
Internal Investment Fees	(692)	(739)	(1,000)	(725)	(1,102)	(377)	
<b>TOTAL TRANSFERS</b>	<b>(15,692)</b>	<b>(13,539)</b>	<b>(13,800)</b>	<b>(13,525)</b>	<b>(14,402)</b>	<b>(877)</b>	
Net Increase or (Decrease)	(39,885)	142,686	(4,251)	14,600	18,598	3,998	
<b>NET POSITION - JULY 1</b>	<b>1,828,305</b>	<b>1,788,421</b>	<b>1,788,421</b>	<b>1,811,453</b>	<b>1,784,170</b>		
<b>NET POSITION - JUNE 30</b>	<b>1,788,421</b>	<b>1,931,106</b>	<b>1,784,170</b>	<b>1,826,053</b>	<b>1,802,768</b>		
Net Position Designated for:							
Life Stabilization Fund	902,915		910,485	905,522	920,185		
LTD Stabilization Fund	851,825		858,680	875,198	869,680		
Unrestricted Net Position	33,681		15,006	45,333	12,904		
<b>Total Net Position</b>	<b>1,788,421</b>	<b>1,931,106</b>	<b>1,784,170</b>	<b>1,826,053</b>	<b>1,802,768</b>		

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.

**CSAC EXCESS INSURANCE AUTHORITY  
CAPTIVE  
Adopted Budget  
July 1, 2018 to June 30, 2019**

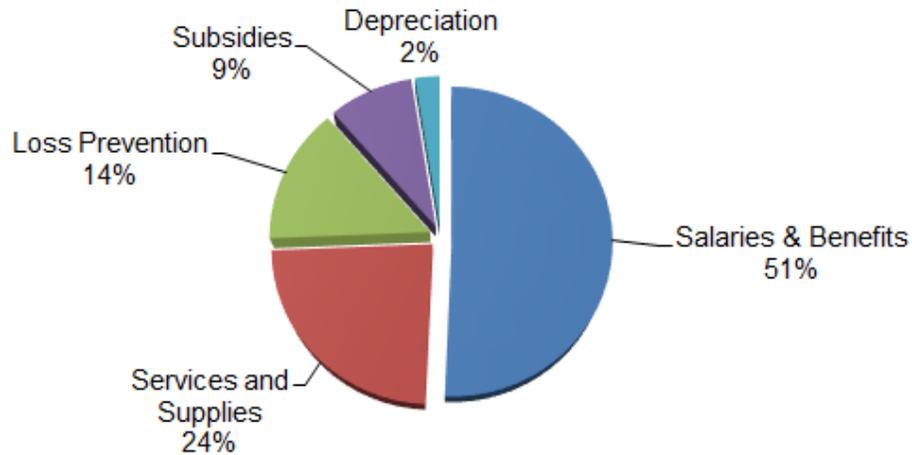
Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)
<b><u>REVENUES:</u></b>						
Contribution For Retained Risk	76,851,052	94,460,623	94,460,623	94,949,720	97,340,490	2,390,770
Investment Income	3,126,187	2,902,284	3,869,712	5,700,000	10,000,000	4,300,000
Other Income	0	0	0	0	0	
<b>TOTAL REVENUES</b>	<b>79,977,239</b>	<b>97,362,907</b>	<b>98,330,335</b>	<b>100,649,720</b>	<b>107,340,490</b>	<b>6,690,770</b>
<b><u>EXPENDITURES:</u></b>						
Retained and Transferred Risk	0	0	0	0	0	0
Provision for Claims Current Year	75,803,096	90,764,040	90,764,040	88,294,000	91,787,000	3,493,000
Provision for Claims Prior Year	0	499,412	599,294	1,500,000	1,500,000	0
Total Retained and Transferred Risk	75,803,096	91,263,452	91,363,334	89,794,000	93,287,000	3,493,000
Program Administration						
Actuarial Services	25,000	0	0	0	0	0
Audit Services	0	17,000	17,000	17,000	18,000	1,000
Legal Service	16,025	0	12,000	12,000	12,000	0
Board Meetings	17,517	11,178	13,000	19,000	22,000	3,000
Utah Captive Fees	5,250	5,250	5,250	5,250	5,250	0
Investment Management Fees	62,990	132,218	177,000	215,000	310,000	95,000
Banking and Custody Fees	21,448	28,222	38,000	45,000	40,000	(5,000)
Management Services	0	0	75,000	75,000	100,000	25,000
Office Supplies, Website Hosting & Misc Expenses	5,088	0	8,000	13,100	9,600	(3,500)
Total Program Administration	153,318	193,867	345,250	401,350	516,850	115,500
Transfer out Contingency Delegated to Governing Cor	25,000	75,000	0	25,000	25,000	0
<b>TOTAL EXPENDITURES</b>	<b>75,981,414</b>	<b>91,532,319</b>	<b>91,708,584</b>	<b>90,220,350</b>	<b>93,828,850</b>	<b>3,608,500</b>
Net Increase or (Decrease)	3,995,825	5,830,588	6,621,751	10,429,370	13,511,640	3,082,270
NET POSITION - JULY 1	0	3,995,825	3,995,825	3,802,764	10,617,576	
<b>NET POSITION - JULY 1 (Capital Stock)</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	
<b>NET POSITION - JUNE 30</b>	<b>8,995,825</b>	<b>14,826,413</b>	<b>15,617,576</b>	<b>19,232,134</b>	<b>29,129,216</b>	

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

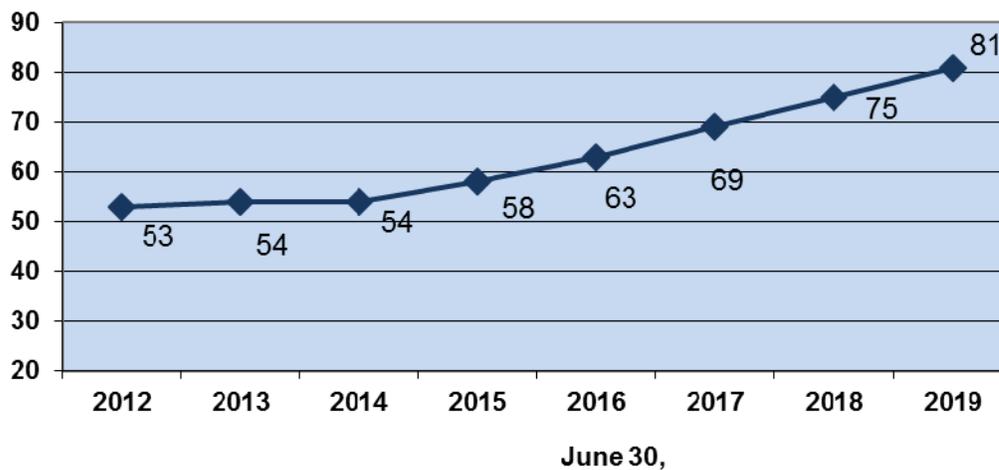
### **General Administration Budget**



Highlights of the general administration budget are as follows:

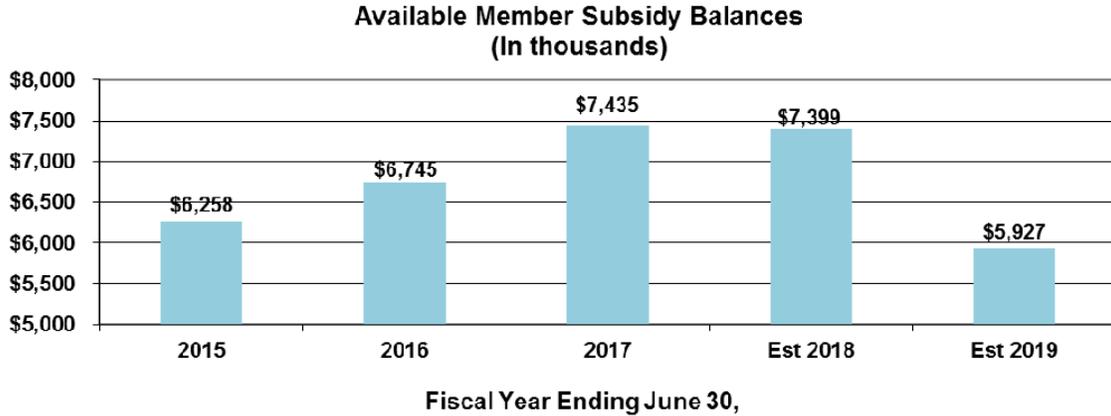
- Salaries and benefits includes six new positions to be added in 2018/19.
- The history of the number of authorized positions is illustrated in the following chart.

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



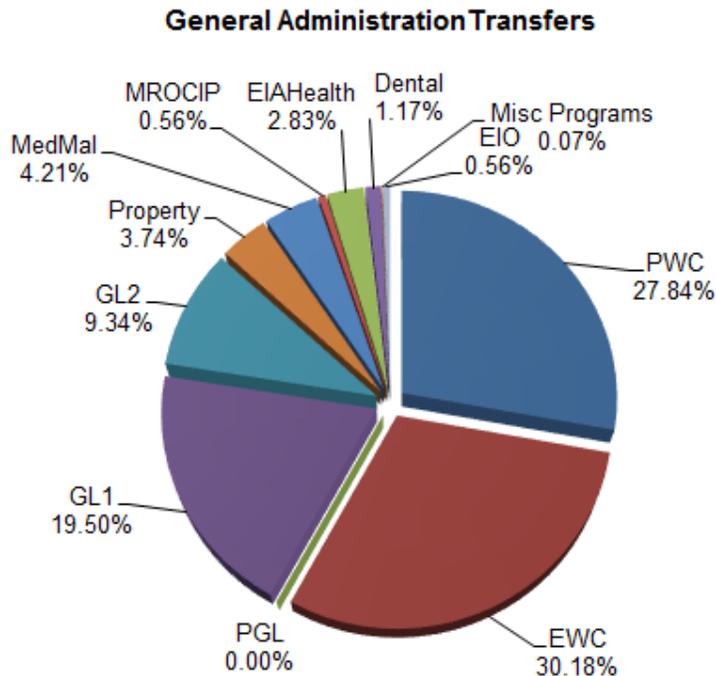
Loss Preventions and Risk Management Subsidies

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 (GA) 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.
- Continue with a comprehensive member outreach plan to increase utilization of existing member services by 10% year over year.
- Continue to enhance member service and loss prevention programs:
  - Marketing of new services including: background checks, cybersecurity services, Guard1 Checkpoint System, and Safety Data Sheets, to members.
  - Continue implementation of legal advice services.
  - Expand marketing of Employment Practices Liability services offered by the Eyres Law Group to all members.
  - Continue marketing efforts of the body-worn camera program.
  - Continued marketing and implementation of the Enterprise Risk Consultants program.
  - Continue to expand loss prevention services to educational members.
- Market the second year of the EAGLE awards program.
- Evaluate paperless Accounts Payable (AP) system and implement if project is approved after evaluation.
- Deliver annual employee performance reviews by June 15<sup>th</sup> of each year.
- Continue the second 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.

### **Long Term Goals**

- 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.
- 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.
- Meeting Revenues – Voluntary contributions from EIA partners and vendors, toward the cost of EIA meetings and events, are recognized as meeting revenue.



- Additional Subsidy Funds – Members may contribute additional funds to the EIA to be used for their risk management needs.

### **Expenses**

- Staff salaries and benefits are based on policies established by the Personnel Sub-Committee and approved by the Executive Committee. This includes approval of authorized positions, salary classifications and pay ranges, benefit levels and other personnel matters. New staff positions, classifications changes, market adjustments to pay ranges, merit pay pool limits, and defined benefit and defined contribution rates are approved annually by the Personnel Sub-Committee and Executive Committee.
- Staff Travel – Employees are reimbursed for ordinary and necessary travel cost for authorized business related purposes. Mileage cost is reimbursed at the rate established by the Internal Revenue Service. Other reimbursable travel costs include the actual cost for lodging, meals, and related ordinary and necessary incidental expenses.
- Authority Meeting Expenses – Members of the Board of Directors, or their alternates, are reimbursed for ordinary and necessary travel expenses. Reimbursements are based on the Travel Policy approved by the Board of Directors. A second county representative attending a Board of Directors meeting may be reimbursed for travel expenses, provided that the first county representative is a voting member of the Board of Directors.
- Executive and Committee Travel – Members of Authority committees 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.
- 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 topics/courses. The Platform also includes custom activity, reporting, 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 consultation, 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**

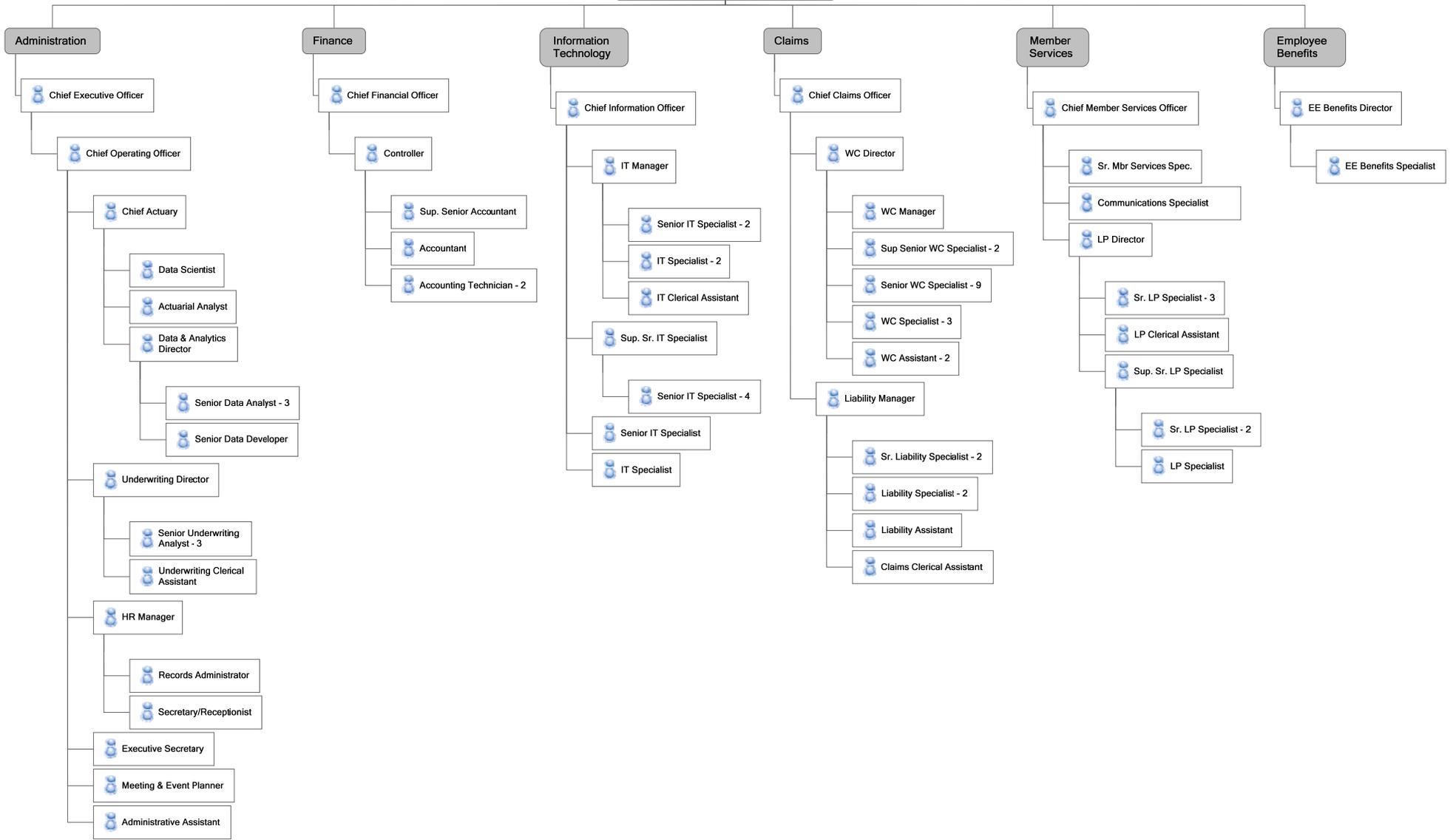
- Transfers in from each EIA program are used to pay for EIA staff and all other administrative costs. These costs are reduced by carryovers as a result of a lower estimated cost for the current year and per EIA's General Administration Target Funding Guidelines. These administration costs are allocated 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 from programs that access our claims system are allocated based on program use. The EIA claims system costs are reduced by carryovers as a result of a lower estimated cost for the current year and/or lower actual cost for the prior year.
- Transfers in from each EIA program are used to pay for loss prevention subsidies.
- The Board of Directors voted to eliminate the public entity fees effective with the fiscal year 2017/18 renewal billing. Public entity participation fees collected in fiscal year 2016/17 were transferred in to the General Administration Program. The Board of Directors declared final risk management dividends at the October 2017 Board of Directors meeting. Risk management dividends, approved by the Board of Directors, are allocated to county members as a risk management subsidy dividend. Therefore, there is no risk management subsidy dividend in 18/19 budget.
- 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  
As Of 7/1/2018**



## ADMINISTRATION DEPARTMENT

2018/19 Staffing Budget: \$1,856,026

### Departmental Functions:

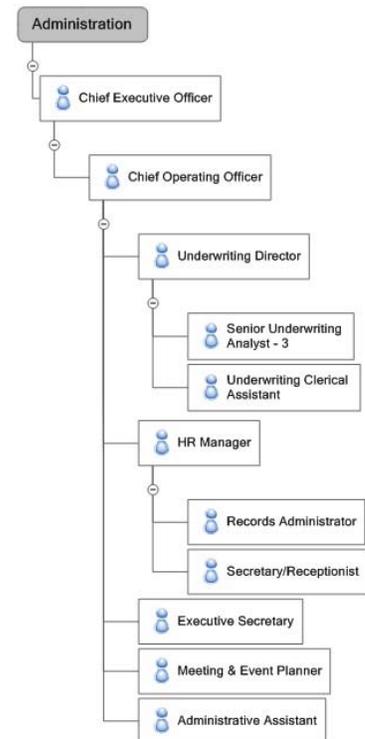
- Oversee administration of EIA programs including marketing, underwriting, and servicing all insurance programs.
- Manage member communications including agendas, minutes, web and member relationship portals, and travel and meeting arrangements.
- Manage all staff service functions including Human Resources,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

### Major Accomplishments in Fiscal 2017/18:

- Retained 99% of members at renewal of the programs
- Documented and implemented an overall strategic plan for the organization
- Increased contact with members. During the 2017 calendar year, 53 in-person and 25 web-based meetings took place. In addition, 6 new member orientations took place.
- Received Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from the Government Finance Officers Association
- Continued development of administrative communications distributed to members through EIA-TV
- Continued work on staff succession plans by development of plans for the Senior Specialist staff

### Performance Measures for Fiscal 2018/19:

- Maintain high member satisfaction ratings
- Evaluate expansion outside of California via the EIA's captive insurance company
- Evaluate possible use of the captive to enhance member's investment earnings
- 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 WebEx or personal visit
- Continue participation in PAFR program
- Utilize EIA-TV to produce 5 additional recorded administrative communications
- Provide accurate underwriting information to brokers within adopted timelines
- Continue creation of a staff succession plans, finish development of senior management, management, and senior specialist plans and begin development of plans for the specialists

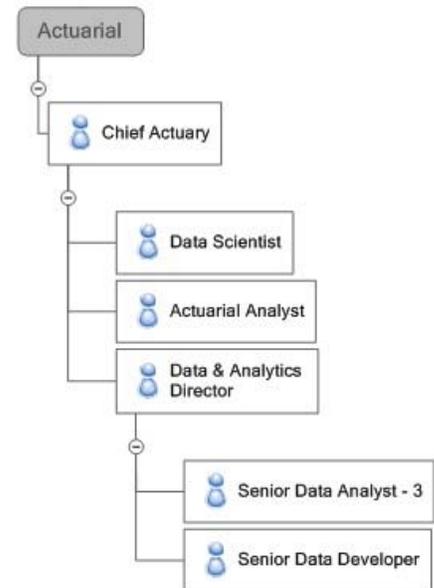


## ACTUARIAL SERVICES DEPARTMENT

2018/19 Staffing Budget: \$1,188,476

### Actuarial Departmental Functions:

- Provide Actuarial services for the property and casualty programs including analysis of pooling layers and various insurance options.
- Provide actuarial estimates of outstanding liabilities and recommendations on member premium rates for all property and casualty programs.
- Provide 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 PGL quotes as well as other ad-hoc analyses as needed.



### Actuarial Major Accomplishments for Fiscal 2017/18:

- Completed actuarial analysis for the property and casualty programs, including timely recommendations on rates for the 2018/19 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 EWC and GL1.
- Provided PWC and PLG quotes as needed
- Evaluated reinsurance structures and premium costs against self-insurance.
- Provided all actuarial support for the EIO.
- Provided 12 PWC quotes and 7 PGL quotes.
- Provided a GL2 actuarial rate study for the reinsurance layers.
- Provided an Individual Member Corridor Deductible pricing model.
- Provided 27 additional actuarial analyses.

### Actuarial Performance Measures for Fiscal 2018/19:

- Complete actuarial analysis for the property and casualty programs, including timely recommendations on rates for the 2019/20 year.
- Produce outstanding liability and projection estimates on a quarterly basis.
- 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 PLG quotes as needed
- Evaluate and identify loss layers that might be better reinsured than self-insured.
- Hire and begin integrating 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 2017/18:

- Integrated two new staff members into the D&A team.
- Completed the annual loss data collection process for the major P&C programs and decreased the amount of time required for completion by another 30%.
- Added a new data warehouse component to the “DnA” database with experience data feeds for new EIA dashboards currently under development.
- Completed the process of collecting, verifying and integrating full historical membership, premium, and exposure information. Added Property and miscellaneous coverages, with deductibles.
- Automated the actuarial loss experience summary reporting process.
- Delivered a rapidly increasing number of quarterly Claims Summary (CSR) and Loss Portfolio Transfer (LPT) reports, and monthly and quarterly Bordereaux (BDX). Added BDX for new reinsurers, the EIO, CIGA, and AmSafety. Approximately fifty-five reports are now being generated each quarter (triple the number produced during 2015/2016).
- Currently tracking all CIGA billing and payment activity due to the CastlePoint liquidation (for both PWC and EWC).
- Completed the initial design and began development on an automated replacement reporting process for the CSRs, LPTs, and BDX.
- Currently developing the new prototype reporting and benchmarking dashboard for the membership which will be deployed in 2018.

### DnA Performance Measures for Fiscal 2018/19:

- 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 Bordereaux and CSRs as necessary.
- Produce annual excess reportable, monthly CIGA reimbursement / reconciliation / tracking, and monthly Education Tower reports.
- Deploy an initial online dashboard and benchmarking prototype application to the member pilot group. Develop the prototype into a production application to be made available to the entire EIA membership.
- Complete the database components needed for a new automated claims reporting process, and begin development of new information products.
- Continue efforts on the “Save the Data” campaign including the development of new standards and best practices for claims coding and loss data conversions.

## CLAIMS DEPARTMENT

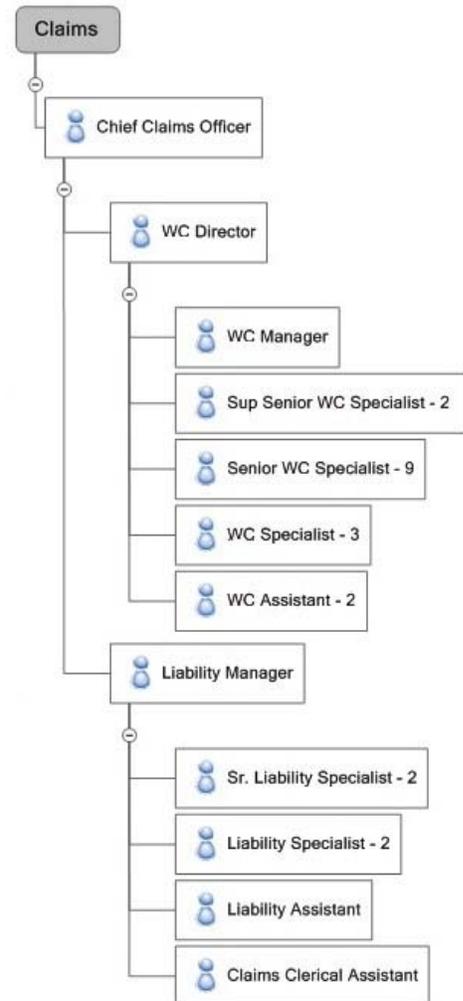
2018/19 Staffing Budget: \$3,183,259

### 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 2017/18:

- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.
- The EIA's workers' compensation settlement specialist was able to resolve several difficult claims resulting in savings of over \$22M to the EWC program.
- Implemented a process for obtaining reimbursements from CIGA and Riverstone for the EWC coverage periods that involved Castlepoint.
- Processed Bordereaux invoicing for EWC and PGL programs monthly.
- Implemented Disputed Claims with CIGA policy for PWC and EWC claims.
- Completed the process of converting PWC claims from LWP's claims system to EIA's SIMS system.



### Performance Measures for Fiscal 2018/19:

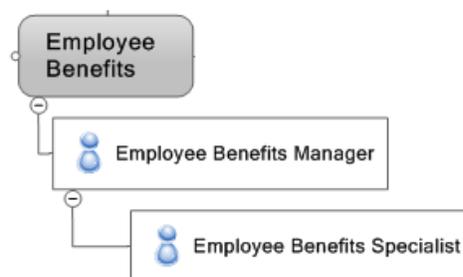
- In coordination with IT, complete the transition of Corvel and Adminsure from their claims systems to the EIA's SIMS system by June 2019.
- Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation 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.
- Start the first phase of the claims-accounting system interface for transaction processing.
- Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.

## EMPLOYEE BENEFITS DEPARTMENT

2018/19 Staffing Budget: \$315,526

### Departmental Functions:

- 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.
- Collaborate with Broker and Carrier partners in the representation of program initiatives.
- Maintain and audit complex Program Performance Reports for Health and Dental.



### Major Accomplishments in Fiscal 2017/18:

- Added Kaiser as an EIAHealth Program offering for the Small Member Segment
- Overall program growth of 30%, with an increase in service levels to Members.
- EIA Healthcare Symposium conducted in Long Beach, Sacramento and Pleasanton, attended by over 100 EIA Members. Attendance increased by 25% in 2018.
- Pharmacy Benefit Manager RFP resulted in 13M savings to the EIAHealth Program.
- Implementation of wellness initiatives for Member entities.
- Implemented cost containment strategies with the introduction of the MexicoSelect network and Carrum Health Surgical Benefit.
- Increased communication of Life & Disability services to existing Members and to those not currently participating in the programs.
- Strengthen communication and collaboration with our Broker and Carriers.
- Created efficiencies and accountability in the Life and Disability billing process by adding Cigna to the online premium billing platform.
- Documentation of Employee Benefits process and procedures.
- Continue to conduct Public Entity meetings, to educate the PE members on EIA Services.

### Performance Measures for Fiscal 2018/19:

- Increase continued visibility and education of services available to Members through the Employee Benefits programs.
- Successful implementation of Carrum Health for all Members of the EIAHealth Program.
- Increased enhancement of the Employee Benefits information available via our EIA website.
- Create an online Health newsletter than announces products and services available to EIA Members.
- 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

2018/19 Staffing Budget \$1,722,503

### Departmental Functions:

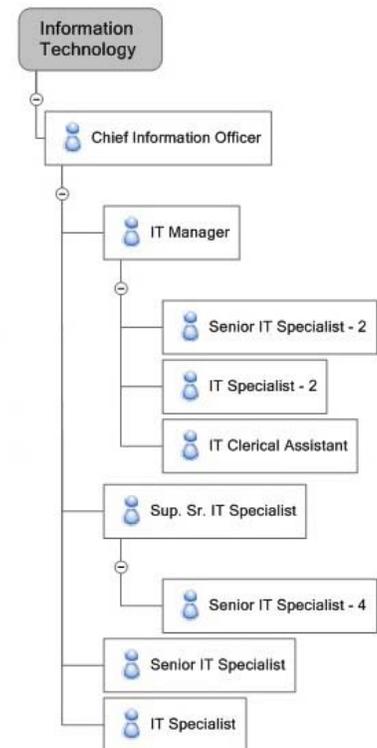
- Maintain personal computer infrastructure to support automated needs of CSAC Excess Insurance Authority.
- Provide specialized reporting capabilities for claims handling.
- Provide first level of support for members who are on our Systema SIMS contract.
- Provide project management, system conversion,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

### Major Accomplishments in Fiscal 2017/18:

- Implemented Systema SIMS for one additional member and 2 additional TPAs (LWP and AdminSure).
- Automated Systema SIMS GL and MM Policy Renewal/Entry process.
- Enhanced monitoring of Systema SIMS hosted environment to provide better proactive/reactive response to application issues.
- Enhanced migration/conversion data validation.
- Completed accessibility updates on the EIA website. Expanded functionality to support non-members and JPA members, and eventually additional covered parties. Completed development of a new portal that will house new renewal applications and prospect application(s) as well as expanded member program participation information. Phase 1 of renewal application development is expected to be complete before the end of the fiscal year.
- Implemented Operation PC Optimization which helps IT proactively manage IT support.

### Performance Measures for Fiscal 2018/19:

- Partner with Claims Department to complete the implementation of Systema SIMS for the Workers' Compensation Third Party Administrators; CorVel.
- Upgrade all SIMS application instances to 17R1.x.
- Implement source control and change management for IT (Claims) activities.
- Conduct an in-depth analysis on the merits of a mobile app for the EIA, and if justified, develop a roadmap and plan for development.
- Complete development of the portal's applications (renewal/prospect/covered part applications), provide access to historical member program participation information, and transition other member facing tools into the portal (i.e., subsidy).



## MEMBER SERVICES DEPARTMENT

2018/19 Staffing Budget: \$1,566,370

### Departmental Functions:

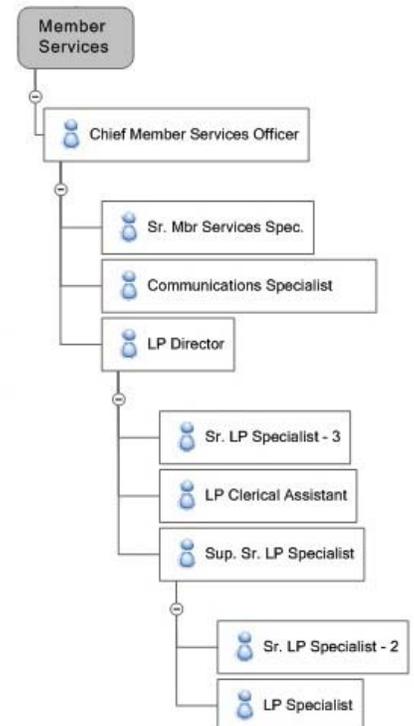
- Provide member directed risk management services that target and reduce exposure to losses
- Market existing services to ensure member awareness
- Evaluate new service offerings based on member demand, as well as staffing & funding considerations
- Provide on-demand training & loss prevention services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

### Major Accomplishments in Fiscal 2017/18:

- 100 Tailgate Talks were added to the LP Toolbox
- 15% increase in attendance at all training programs
- 17% increase in the number of online course completions
- Expanded to 8 specialized EIA tv channels
- 13% increase in the number of EPN (driver monitoring program) accounts
- Created a Cybersecurity Service Program for risk and vulnerability assessments
- Created a comprehensive customizable Safety Data Sheet Management Program
- Created an electronic Checkpoint System Program for safety inspections for corrections and non-corrections environments
- Created a Protective Footwear Program to address slip, trip and fall exposures
- Created a CPR, First Aid and AED Training Program
- Created a Crisis Incident Counseling Program to provide death in the workplace counseling
- Created an Enterprise Risk Consultants Program for staff transition and special assignments
- Created a School Activity Liability Manual
- Created a Risk Management 101 five course Program
- Updated the IRIC Manual to version 11.0
- Recognized 5 EAGLE Award winners

### Performance Measures and Goals for Fiscal 2018/19:

- 10% increase in training course completions and EIA tv on-demand offerings
- Target a 5% increase in EPN enrollment
- Influence TargetSolutions platform enhancements
- Influence EPN platform enhancements
- Develop a Service Partner Trade Show
- Develop a Risk Management Manual
- Create Quickstart Guides for Member Services
- Create Practical Training for Claims Handlers

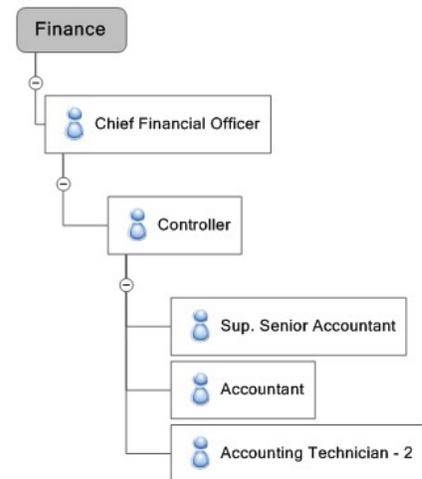


## FINANCE DEPARTMENT

2018/19 Staffing Budget: \$708,974

### 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 2017/18:

- 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 1014 invoices with a total value of \$399.4M with only 3 outstanding at 60 days.
- Financial audit completed for 2016-17 with no findings and unqualified opinion.
- Continued to provide HR with payroll support.
- Coordinated the completion of the SANDPIPA merger and audit.
- Successful completion of EIO Audit and EIA actuarial peer review for 2016-17.
- Assisted with CIGA invoicing process on the claim years from the CastlePoint liquidation.
- Maintained high service levels during staffing transitions.
- Evaluated paperless AP systems for possible implementation and assisted members with using new mobile application for reimbursement submissions.

### Performance Measures for Fiscal 2018/19:

- Obtain CAFR and budget awards from GFOA.
- Bill and collect 100% of renewal billing within 60 days of the new fiscal year.
- Present financials to Board by October Board meeting that agree in substance to the final audited financials.
- 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 two weeks.
- Provide Claims Summary Report funding numbers within quarterly specified timeframes.
- Continue work on automating the transfer of claims payment and excess reimbursement data between the claims system and the accounting system.
- Timely and transparent reporting and preparation of quarterly Treasurer's reports.
- Support HR payroll functions including checking and timely filing of state compensation report, W2's and payroll tax returns.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Member Services							
Insurance Certificate Tracking	243,434	131,244	242,000	242,000	297,000	55,000	
Claims System Access	619,810	285,732	682,591	777,591	807,391	29,800	Member conversion to new SIMS claims system
Investment Income	10,905	0	0	168,000	214,500	46,500	
PLIP Income	79,113	59,161	78,000	78,000	78,000	0	
Shared Cost Agreements	41,386	64,182	88,364	88,364	80,515	(7,849)	50% of Employee Benefits Specialist; \$40k CIGA temp
Reinsurer LP Subsidy/Credit	72,000	0	137,500	137,500	137,500	0	
Service partner Trade Show			0	0	6,500	6,500	New for 18/19, no cost to EIA
Loss Prevention Training Fees & Materials	0	0	1,200	1,200	500	(700)	
Additional Subsidy funded by Members	383,949	48,588	48,588	350,000	50,000	(300,000)	Amounts added in premium invoicing at member discretion
Other Revenues	1,079	13,655	13,655	1,000	1,000	0	
<b>TOTAL REVENUES</b>	<b>\$ 1,451,676</b>	<b>\$ 602,562</b>	<b>\$ 1,291,898</b>	<b>\$ 1,843,655</b>	<b>\$ 1,672,906</b>	<b>\$ (170,749)</b>	
<b>EXPENDITURES:</b>							
Salaries and Benefits							
Regular Salaries	6,708,277	5,489,418	7,400,000	7,510,796	8,294,188	783,392	See Schedule 1 for detail on Salaries and Benefits
Retirement	1,432,265	526,181	750,000	815,558	916,340	100,782	
Employee Benefits	1,477,851	1,021,344	1,531,800	1,557,961	1,888,140	330,179	See Sch 2. Benefit costs of new employees; OPEB funding
Employment Taxes	89,232	71,317	118,400	118,065	129,424	11,359	
Temporary Services	91,686	99,994	154,200	154,200	275,000	120,800	SIMS implementation; CIGA temps; WC projects
Employment Services	14,521	7,944	12,750	12,750	12,450	(300)	
Total Salaries and Benefits	9,813,832	7,216,198	9,967,150	10,169,330	11,515,542	1,346,213	
Services and Supplies:							
Staff Travel	364,207	299,267	461,500	461,500	473,000	11,500	Travel to file reviews, settlement conferences, etc. Primarily increase in Admin & Claims travel.
Authority Meeting Expenses	211,846	191,050	330,000	380,025	463,490	83,465	See Schedule 3
Committee Expenses	153,709	91,247	152,497	152,497	172,079	19,582	See Schedule 4
Audit Service	48,378	83,000	87,000	73,200	76,200	3,000	Incl. peer review of internal actuarial work
Legal Counsel	12,488	10,905	15,905	45,000	45,000	0	Includes \$40k for Amicus Briefs
Periodicals and Publications	6,396	10,286	9,545	9,545	9,800	255	See Schedule 5
Training and Education	23,204	13,222	40,000	111,800	135,225	23,425	See Schedule 5
Educational Scholarships	0	6,785	8,000	8,000	8,000	0	See Schedule 5
Conferences and Seminars	43,994	54,539	80,000	87,535	107,975	20,440	See Schedule 5; More Member Services/Law enforcement conf.
Membership Dues	47,908	42,635	65,000	57,485	61,865	4,380	See Schedule 5
Office Supplies	47,370	35,219	60,000	66,250	67,600	1,350	Additional conf. room furniture and chairs purchased in FY 16/17
Computer Supplies, Software and Annual Maint.	316,870	182,868	387,581	461,581	500,467	38,885	See Schedule 6; Licenses for new employees, paperless AP software, new solutions to support Intranet, project mgmt., agenda prep and travel reimbursements
Computer Hardware, Backup Data Center	50,032	50,193	110,176	126,176	164,350	38,174	See Schedule 6; More laptops, cellphones, equipment for new conference room
WebEx Conferencing	12,507	3,600	15,600	15,600	15,900	300	See Schedule 6
Computer Technical Assistance	63,574	38,051	87,800	122,800	125,050	2,250	See Schedule 6
Website Design/Hosting/Support	156,920	306,115	325,000	325,000	386,965	61,965	See Schedule 6; change in website design costs, enhanced services and better accessibility, more functionality
Claims System	659,021	430,372	1,072,200	1,501,222	1,364,524	(136,698)	See Schedule 7
Insurance	204,858	224,856	224,856	238,225	240,800	2,575	See Schedule 8; primarily increase in WC and Liability
Postage	10,013	8,199	15,000	16,000	16,000	0	
Telephone	45,075	28,016	50,000	71,900	70,400	(1,500)	
Printing	52,943	15,116	40,000	63,800	79,050	15,250	See Schedule 9
Maintenance	228	0	5,000	7,000	7,000	0	

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
Accreditation and Certifications	1,930	1,015	2,500	2,500	12,950	10,450	CAJPA accreditation due in FY18/19; GFOA award submissions
Consultant	25,669	13,412	21,000	21,000	89,000	68,000	PERS and OPEB actuarial; addl peer review for actuarial 25k, internal audit 50k
Awards and Recognition	16,550	8,175	15,000	25,545	22,495	(3,050)	See Schedule 11- Meals for staff trainings and other events
Member Development	3,724	17,235	25,000	61,642	49,415	(12,227)	See Schedule 10; CASBO and ASC conference expenses, higher booth maintenance
Legislative Advocate Contracts	100,800	71,500	103,000	103,000	112,000	9,000	Based on contracts
Bank Charges	6,438	3,938	6,645	6,645	6,000	(645)	
Investment Expense	264,230	171,253	265,000	290,000	290,000	0	Portfolio investment management services
<b>Total Services and Supplies</b>	<b>2,950,882</b>	<b>2,412,069</b>	<b>4,080,805</b>	<b>4,912,474</b>	<b>5,172,600</b>	<b>260,126</b>	
<b>Member Services</b>							
LP Seminars / Training Programs & Materials	43,131	14,596	50,000	76,000	73,600	(2,400)	
EIA Loss Prevention Platform	953,000	1,055,000	1,055,000	1,055,000	1,155,000	100,000	Conservative increase in cost and usage
A-Check Global EPN Program	148,936	103,262	154,894	154,894	161,100	6,206	
Automated Assessment Tool	48,150	48,150	48,500	48,500	61,800	13,300	System completed in FY15/16; maintenance & support cost going forward
INXPO On Demand Program	0	16,000	16,000	16,000	31,500	15,500	Doubled the channels in 18/19
Educational LP Programs	0	5,000	5,000	3,000	3,000	0	
Reinsurer LP Subsidy/Credit	0	0	137,500	137,500	137,500	0	
Service partner Trade Show	0	0	0	0	6,500	6,500	New for 18/19, no cost to EIA
Member Legal Services	73,500	52,000	72,000	72,000	492,000	420,000	Includes Eyers Law Group services available to all programs eff. 18/19
Other LP Program Services & Materials	97,405	1,944	0	10,500	6,400	(4,100)	
Insurance Certificate Tracking Services	240,931	126,655	248,600	248,600	304,000	55,400	Pass through expenses (except for EIA portion)
Crisis Incident Management	300	0	0	0	0	0	Pass through program discontinued
Claims System Access	354,101	214,464	668,000	777,591	807,391	29,800	Pass through expenses
<b>Total Member Services</b>	<b>1,959,454</b>	<b>1,637,071</b>	<b>2,455,494</b>	<b>2,599,585</b>	<b>3,239,791</b>	<b>640,206</b>	
<b>Depreciation</b>							
Furniture and Equipment	89,130	31,990	68,000	100,000	157,000	57,000	Some assets fully depreciated
Software	431,293	120,125	276,000	325,300	425,000	99,700	Website development; Data analytics platform
<b>Total Depreciation</b>	<b>520,423</b>	<b>152,115</b>	<b>344,000</b>	<b>425,300</b>	<b>582,000</b>	<b>156,700</b>	
Loss Prevention Subsidies	793,691	560,583	1,300,000	2,000,000	2,000,000	0	Estimate of Loss Prevention Subsidy payout
Contingency Delegated to Executive Committee	0	0	0	200,000	200,000	0	Available with a two-thirds vote of the Executive Committee
<b>TOTAL EXPENDITURES</b>	<b>\$ 16,038,282</b>	<b>\$ 11,978,036</b>	<b>\$ 18,147,449</b>	<b>\$ 20,306,688</b>	<b>\$ 22,709,933</b>	<b>\$ 2,403,245</b>	

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>TRANSFERS:</b>							
<u>Transfer In (Out) from:</u>							
General Admin Transfer - PWC	3,719,516	4,029,101	4,029,101	4,029,101	4,534,377	505,276	Based on 3 year average time study of EIA staff
General Admin Transfer - EWC	4,033,519	4,315,948	4,315,948	4,315,948	5,123,344	807,396	" "
General Admin Transfer - PGL	536,365	675,527	675,527	675,527	0	(675,527)	" "
General Admin Transfer - GL1	2,082,121	2,268,661	2,268,661	2,268,661	3,358,116	1,089,455	" "
General Admin Transfer - GL2	1,315,307	1,391,829	1,391,829	1,391,829	1,643,084	251,255	" "
General Admin Transfer - Property	543,103	533,364	533,364	533,364	573,908	40,544	" "
General Admin Transfer - Medical Malpractice	487,850	493,242	493,242	493,242	679,320	186,078	" "
General Admin Transfer - MROCIP	95,683	100,166	100,166	100,166	100,392	226	" "
General Admin Transfer - EIAHealth	442,029	409,956	409,956	409,956	508,653	98,697	" "
General Admin Transfer - Dental	221,015	213,760	213,760	213,760	210,823	(2,937)	" "
General Admin Transfer - Miscellaneous Programs	15,000	12,800	12,800	12,800	13,300	500	Interest earned in program funds admin fees
General Admin Transfer - EIO	25,000	75,000	75,000	75,000	100,000	25,000	Fee to EIO for administrative services
Loss Prevention Subsidies, PWC	38,000	39,000	39,000	39,000	39,000	0	\$1,000 LP Subsidy per participating member
Loss Prevention Subsidies, EWC	165,000	168,000	168,000	168,000	169,000	1,000	" "
Loss Prevention Subsidies, PGL	13,000	12,000	12,000	12,000	0	(12,000)	" "
Loss Prevention Subsidies, GL1	101,000	100,000	100,000	100,000	106,000	6,000	" "
Loss Prevention Subsidies, GL2	11,000	14,000	14,000	14,000	15,000	1,000	" "
Loss Prevention Subsidies, Property	85,000	94,000	94,000	94,000	98,000	4,000	" "
Loss Prevention Subsidies, Med Mal	48,000	50,000	50,000	50,000	51,000	1,000	" "
Claims System Costs, PWC	741,344	774,678	774,678	774,678	427,498	(347,180)	Now participating in new claims system that includes all PWC TPAs
Claims System Costs, EWC	221,297	231,247	231,247	231,247	127,611	(103,636)	See Schedule 7
Claims System Costs, GL1	66,389	69,374	69,374	69,374	38,283	(31,091)	See Schedule 7
Claims System Costs, GL2	33,195	34,687	34,687	34,687	19,142	(15,545)	See Schedule 7
Claims System Costs, Med Mal	44,259	46,249	46,249	46,249	25,522	(20,727)	See Schedule 7
Risk Management Admin. Div. Subsidy, PWC	163,017	168,697	168,697	168,697	0	(168,697)	Estimate of Risk Management administrative dividend.
Risk Management Admin. Div. Subsidy, EWC	284,021	330,936	330,936	330,801	0	(330,801)	Final year for potential PE dividend. EIA Board voted to eliminate PE fee at
Risk Management Admin. Div. Subsidy, PGL	1,808	1,981	1,981	1,981	0	(1,981)	March 2017 meeting. These amounts were collected with the FY16/17 renewals.
Risk Management Admin. Div. Subsidy, GL1	73,240	77,716	77,716	77,710	0	(77,710)	Board declared dividend in October 2017 and final funds distributed
Risk Management Admin. Div. Subsidy, GL2	57,623	76,865	76,865	76,865	0	(76,865)	
Risk Management Admin. Div. Subsidy, Property	75,494	82,243	82,243	82,243	0	(82,243)	
Risk Management Admin. Div. Subsidy, Med Mal	260	424	424	424	0	(424)	
EIA Rent	(481,657)	(481,657)	(481,657)	(481,657)	(481,657)	0	Transfer to building program
Investment Fees	264,230	212,417	265,000	290,000	290,000	0	Charge to programs based on their share of treasury funds
<b>TOTAL TRANSFERS</b>	<b>\$ 15,522,028</b>	<b>\$ 16,622,211</b>	<b>\$ 16,674,794</b>	<b>\$ 16,699,653</b>	<b>\$ 17,769,716</b>	<b>\$ 1,070,063</b>	
Net Increase or (Decrease)	935,422	5,246,737	(180,758)	(1,763,380)	(3,267,311)	(1,503,931)	
<b>NET POSITION - JULY 1</b>	<b>12,189,778</b>	<b>13,125,200</b>	<b>13,125,200</b>	<b>12,020,978</b>	<b>13,430,284</b>		
Increase in Net Position Due to SANDPIPA Merger		485,841	485,841				
<b>NET POSITION - JUNE 30</b>	<b>13,125,200</b>	<b>18,857,778</b>	<b>13,430,284</b>	<b>10,257,598</b>	<b>10,162,973</b>		

**CSAC EXCESS INSURANCE AUTHORITY**  
**Adopted Capital Outlay Budget**  
**July 1, 2018 to June 30, 2019**

Line Item	2018/19 Budget
<b>General Administration Fund</b>	
<b><u>Furniture and Equipment</u></b>	
New workstations	\$ -
BizHub C308	0
Boardroom Digital Media refresh	56,000
Server Network Switches	18,000
Storage Area Network	235,000
Additional BD Rm Mics	45,000
New Phone System	0
HP Servers	65,000
Next Gen Firewalls	16,000
Email Firewall	10,000
Conference Room Speaker System	40,000
<b>Total Furniture and Equipment</b>	<b>\$ 485,000</b>
<b><u>Software</u></b>	
Website development	\$ 745,000
Laserfiche Modules (Web/Forms/Portal)	5,000
Data Analytics development platform	118,000
Paperless AP Software-Capitalized	11,000
<b><u>New Claims System</u></b>	
Custom Development-bi-directional image inter	250,000
Systema Project Management	100,000
Line of business modules	15,000
User licenses	60,000
Insight reporter module	0
TPA Site license fees	0
New System modules - members	68,500
Systema Project Management-members	145,000
User licenses-members	115,000
<b>Total Software Additions</b>	<b>\$ 1,632,500</b>
<b>Building Fund</b>	
ADA door button	\$ -
Tenant improvements - remaining TI allowance for one tenant	10,000
<b>Total Building Fund</b>	<b>\$ 10,000</b>
<b>EIO (Captive)</b>	
Website development	\$ 11,000
<b>Total EIO (Captive)</b>	<b>\$ 11,000</b>
 <b>Grand Total Capital Outlay</b>	 <b>\$ 2,138,500</b>

**CSAC Excess Insurance Authority  
2018/19 Adopted Budget  
Time Study Allocation**

Program	2018 Adjusted Time Study	2017 Adjusted Time Study	2016 Adjusted Time Study	FY 18/19 Budget Three Year Average Time Study	FY 18/19 w/ PGL fully allocated	For Comparison	
						Prior Year Final Allocaton	Percentage of Prior Year
PWC	26.00%	26.88%	27.49%	26.79%	27.10%	27.92%	97.06%
EWC	30.77%	29.96%	30.04%	30.26%	30.62%	29.91%	102.39%
PGL	3.55%	5.29%	5.10%	4.65%		4.68%	0.00%
General Liability 1	16.97%	16.73%	15.34%	16.34%	20.07%	15.72%	127.67%
General Liability 2	9.61%	10.24%	9.27%	9.71%	9.82%	9.64%	101.82%
Property	2.99%	3.17%	4.01%	3.39%	3.43%	3.70%	92.81%
Medical Malpractice	5.43%	3.22%	3.39%	4.01%	4.06%	3.42%	118.79%
MR OCIP	0.29%	0.47%	1.03%	0.60%	0.60%	0.69%	86.45%
EIAHealth	3.37%	2.82%	2.82%	3.00%	3.04%	2.84%	107.02%
Dental	1.02%	1.22%	1.52%	1.25%	1.26%	1.48%	85.07%
<b>Total</b>	<b>0.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	

CSAC Excess Insurance Authority  
2018/19 Adopted Budget  
Employee Salary Expense

PERS employer rate for pre 1/1/13 employees	10.411%
PERS employer rate for post 12/31/12 employees	7.383%

Department	Position Count/ Full Time Equiv	Base Salary	Deferred			Life, AD&D LTD, STD			0.0145 Medicare Taxes	2018/19 Total Employee Expense	2017/18 Budget	2016/17 Budget
			PERS	Comp. 457b	Total Retirement	Flexible Benefits	& EAP Benefits	Total Benefits				
Administration	13	\$ 1,392,428	\$ 127,992	\$ 35,386	\$ 163,377	\$ 269,437	\$ 15,610	\$ 285,047	\$ 15,173	\$ 1,856,026	\$ 1,699,671	\$ 1,612,498
Finance	6	513,780	44,264	10,774	55,038	126,189	6,518	132,707	7,450	708,974	631,383	614,503
Information Technology	14	1,269,300	116,369	15,714	132,083	286,669	16,046	302,715	18,405	1,722,503	1,484,529	1,454,797
Claims	26	2,354,790	195,844	35,802	231,646	533,218	29,461	562,679	34,144	3,183,259	2,762,183	2,641,548
Member Services	12	1,165,420	100,804	16,619	117,423	252,378	14,250	266,628	16,899	1,566,370	1,496,804	1,285,269
Actuarial Services	8	924,270	60,672	23,229	83,901	157,093	9,810	166,903	13,402	1,188,476	1,105,799	851,909
Employee Benefits	2	230,880	19,208	3,190	22,397	55,979	2,922	58,901	3,348	315,526	262,579	241,150
Vacation Pay Liability		160,000	0	0	0	0	1,928	1,928	2,320	164,248	148,858	136,958
Salary and Benefit Savings		0	0	0	0	(50,000)	0	(50,000)	0	(50,000)	(50,000)	(100,000)
Reimbursement for Sr.LP Specialist - Schools		(150,000)	0	0	0	0	0	0	0	(150,000)	(150,000)	0
Actuarial Designation Progress		4,000	295	80	375	0	48	48	58	4,482	4,468	0
Incentive Pay Increase - Change in Classification		4,320	0	0	0	0	0	0	63	4,383	4,809	0
Incentive Pay		425,000	25,207	4,893	30,100	0	3,584	3,584	6,163	464,847	409,299	352,456
<b>Total Salaries</b>		<b>8,294,188</b>	<b>690,654</b>	<b>145,686</b>	<b>836,340</b>	<b>1,630,963</b>	<b>100,177</b>	<b>1,731,140</b>	<b>117,424</b>	<b>10,979,092</b>	<b>9,810,380</b>	<b>9,091,088</b>
Unemployment Cost		0	0	0	0	0	0	0	12,000	12,000	12,000	12,000
Temporary Help		275,000	0	0	0	0	0	0	0	275,000	154,200	2,500
Retiree Benefits		0	80,000	0	80,000	22,000	0	22,000	0	102,000	100,000	115,000
GASB 68 Pension Funding		0	0	0	0	0	0	0	0	0	0	0
Employment Services		0	0	0	0	0	0	0	0	12,450	12,750	13,450
OPEB contribution-retiree benefits		0	0	0	0	135,000	0	135,000	0	135,000	125,000	50,000
Reimbursement for OPEB retiree benefits		0	0	0	0	0	0	0	0	0	(45,000)	0
<b>Total</b>	<b>81</b>	<b>\$ 8,569,188</b>	<b>\$ 770,654</b>	<b>\$ 145,686</b>	<b>\$ 916,340</b>	<b>\$ 1,787,963</b>	<b>\$ 100,177</b>	<b>\$ 1,888,140</b>	<b>\$ 129,424</b>	<b>\$ 11,515,542</b>	<b>\$ 10,169,330</b>	<b>\$ 9,284,038</b>

Total Salaries	8,294,188
Total Retirement	916,340
Total Benefits	1,888,140
Total Taxes	129,424
Total Temporary Help	275,000
Total Employment Services	12,450
<b>Grand Total</b>	<b>\$ 11,515,542</b>

Notes:

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.

FY17/18 - Six new positions in FY17/18 are across five areas: IT, Data & Analytics, Workers' Comp, Member Services and Loss Prevention. 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 three reclassifications relating to increased responsibilities, higher level of work, increased technical tasks and in one case, new supervisory responsibilities.

**CSAC Excess Insurance Authority**  
**Publicly Available Pay Schedule**  
**Salary Ranges Effective July 1, 2018**

Schedule 1A

<b>Position</b>	<b>Salary Grade</b>	<b>Salary Range (annual)</b>	
Chief Executive Officer	Contract		356,000
Chief Actuary	16	218,916	350,268
Chief Operating Officer	15	168,180	269,088
Chief Member Services Officer	15	168,180	269,088
Predictive Analyst	14	162,132	235,092
Chief Information Officer	13	137,364	219,780
Chief Financial Officer	13	137,364	219,780
Chief Claims Officer	13	137,364	219,780
Director of Data & Analytics	12	135,060	202,596
Director of Underwriting	12	135,060	202,596
Director of Employee Benefits	12	135,060	202,596
Director of Risk Control	12	135,060	202,596
Director of WC Claims	12	135,060	202,596
IT Manager	11	128,628	192,948
WC Claims Manager	10	108,552	162,828
Controller	10	108,552	162,828
Excess Liability Claims Manager	10	108,552	162,828
Human Resources Manager	10	108,552	162,828
Supervising Sr. RC Specialist	9-S	90,132	130,692
Supervising Sr. I.T. Specialist	9-S	90,132	130,692
Supervising Sr. Accountant	8-S	85,944	124,620
Supervising Sr. WC Claims Specialist	8-S	85,944	124,620
Sr. Risk Control Specialist	9	78,372	113,640
Sr. I.T. Specialist	9	78,372	113,640
Sr. Member Services Specialist	9	78,372	113,640
Sr. Specialist - Developer Analyst	9	78,372	113,640
Sr. Liability Claims Specialist	8	74,736	108,372
SR. WC Claims Specialist	8	74,736	108,372
Sr. Underwriting Analyst	8	74,736	108,372
Sr. Data Analyst	8	74,736	108,372
Liability Claims Specialist	7	65,256	91,356
Actuarial Analyst	7	65,256	91,356
Risk Control Specialist	6	57,576	80,604
WC Claims Specialist	6	57,576	80,604
IT Specialist	5	54,960	76,944
Communications Specialist	5	54,960	76,944
Accountant	5	54,960	76,944
Employee Benefits Specialist	5	54,960	76,944
Meeting Planner	4	51,864	72,612
Executive Secretary	4	51,864	72,612
Liability Claims Assistant	3	46,404	64,968
WC Claims Assistant	3	46,404	64,968
Accounting Technician	2	41,460	58,044
Clerical Assistant	1	38,244	49,716
Secretary / Receptionist	1	38,244	49,716

CSAC Excess Insurance Authority  
 2018/19 Adopted Budget  
 Employee Benefits

Flexible Spending Benefit Program Contribution

	Jan 2018 Rates			Estimated Rate Change	Estimated 2019 Rates		
	Emp. Only	Emp. + 1	Family		Emp. Only	Emp. + 1	Family
Anthem Blue Cross Select HMO	\$ 942.29	\$ 1,884.58	\$ 2,449.95	15%	\$ 1,083.63	\$ 2,167.27	\$ 2,817.44
Blue Shield Access+ HMO	806.71	1,613.42	2,097.45	15%	927.72	1,855.43	2,412.07
HealthNet SmartCare	980.82	1,961.64	2,550.13	15%	1,127.94	2,255.89	2,932.65
Kaiser	703.96	1,407.92	1,830.30	15%	809.55	1,619.11	2,104.85
United Healthcare HMO	831.42	1,662.84	2,161.69	15%	956.13	1,912.27	2,485.94
PERS Choice	735.38	1,470.76	1,911.99	15%	845.69	1,691.37	2,198.79
Average	833.43	1,666.86	2,166.92		958.44	1,916.89	2,491.96
Dental	60.60	110.10	184.30	5%	63.63	115.61	193.52
Vision	7.30	12.90	20.30	0%	7.30	12.90	20.30
Totals	<u>\$ 901.33</u>	<u>\$ 1,789.86</u>	<u>\$ 2,371.52</u>		<u>\$ 1,029.37</u>	<u>\$ 2,045.39</u>	<u>\$ 2,705.77</u>

Estimated 2017 Increase  
 50% of 2017 Projected Rate Increase

Flexible Benefit Eff 1/1/18	EIA Payment	Flexible Spending Plan	Estimated Flexible Benefit Eff 1/1/19	EIA Payment	Flexible Spending Plan
<u>\$ 1,773.89</u>	<u>\$ 133.00</u>	<u>\$ 1,640.89</u>	<u>\$ 1,941.02</u>	<u>\$ 138.00</u>	<u>\$ 1,803.02</u>

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Authority Meeting Expense

Line Item	2017/18 Budget	Quantity	Cost per Item	2018/19 Budget
<b>October - Aptos</b>				
Wed. EC Dinner	\$ 12,500	110	\$ 150	\$ 16,500
Thur. Morning Meetings	6,000	110	60	6,600
Thur. EC & Seminar Lunch	7,000	110	70	7,700
Thur. Afternoon Break	1,500	95	20	1,900
Thur. BOD Dinner	14,375	110	150	16,500
Fri. BOD Morning Break	6,000	110	60	6,600
Fri. BOD Lunch	7,000	110	70	7,700
Meeting Room Rental Fees	1,000			2,000
AV Rentals	10,000			10,000
Lodging	53,000	185	300	55,500
Member Travel Expenses	18,000			18,000
<b>Total October Meeting</b>	<b>\$ 136,375</b>			<b>\$ 149,000</b>
<b>March - Hilton, Sacramento</b>				
Wed. EC Dinner	\$ 3,500	75	\$ 75	\$ 5,625
Thur. EC Meetings	4,000	85	55	4,675
Thur. EC Lunch	4,950	95	60	5,700
Thur. Afternoon Break	1,125	95	20	1,900
Thur. BOD Dinner	6,750	100	75	7,500
Fri. BOD Meeting	5,000	110	50	5,500
Fri. BOD Lunch	5,500	110	60	6,600
Meeting Room Rental Fees	1,000			2,000
AV Rentals	12,000			12,000
Lodging	15,625			17,500
Member Travel Expenses	13,000			13,000
<b>Total March Meeting</b>	<b>\$ 72,450</b>			<b>\$ 82,000</b>
<b>June - Hilton, Sacramento</b>				
Wed. EC Dinner	\$ 3,500	75	\$ 75	\$ 5,625
Thur. EC Meeting	4,000	85	55	4,675
Thur. EC Lunch	4,950	95	60	5,700
Thur. Afternoon Break	1,125	95	20	1,900
Thur. BOD Dinner	6,750	100	75	7,500
Fri. BOD Meeting	5,000	110	50	5,500
Fri. BOD Lunch	5,500	110	60	6,600
Meeting Room Rental Fees	1,000			2,000
AV Rentals	12,000			12,000
Lodging	15,625			17,500
Member Travel Expenses	13,000			13,000
<b>Total June Meeting</b>	<b>\$ 72,450</b>			<b>\$ 82,000</b>

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Authority Meeting Expense

Line Item	2017/18 Budget	Quantity	Cost per Item	2018/19 Budget
Public Entity Annual Meetings				
Northern California - Folsom				
Seminar Breakfast/Morning Break	\$ 300	60	\$ 5	\$ 300
Seminar Lunch	1,200	60	20	1,200
Seminar Afternoon Break	300	60	5	300
Lodging	1,250			1,850
Member Travel Expenses	3,500			6,000
Southern California - Ontario				
Seminar Breakfast/Morning Break	3,000	60	50	3,000
Seminar Lunch	2,400	60	55	3,300
Seminar Afternoon Break	600	60	10	600
AV/Equipment	2,000			2,000
Lodging	2,000			3,000
Member Travel Expenses	3,500			6,000
<b>Total Public Entity Annual Meeting</b>	<b>\$ 20,050</b>			<b>\$ 27,550</b>
EIA Encounter Meetings				
Northern California - Hilton, Sacramento				
Seminar Morning Break Service	\$ 2,800	70	\$ 10	\$ 700
Seminar Lunch	2,800	70	20	1,400
Seminar Afternoon Break Service	700	70	10	700
Lodging	1,250	10	185	1,850
Member Travel Expenses	1,500			9,000
Southern California - Ontario				
Seminar Morning Break Service	2,000	50	40	2,000
Seminar Lunch	2,000	50	45	2,250
Seminar Afternoon Break Service	500	50	10	500
AV/Equipment	2,000			2,000
Lodging	2,000			3,000
Member Travel Expenses	1,500			9,000
<b>Total EIA Encounter Meetings</b>	<b>\$ 19,050</b>			<b>\$ 32,400</b>

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Authority Meeting Expense

Line Item	2017/18 Budget	Quantity	Cost per Item	2018/19 Budget
<b>Educational Forums</b>				
<b>Northern California - Pleasanton</b>				
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	2,000			2,700
Member Travel Expenses	1,500			1,500
<b>Southern California - Ontario</b>				
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			1,000
Lodging	2,000			2,700
Member Travel Expenses	1,500			1,500
<b>Total Educational Forums</b>	<b>\$ 27,000</b>			<b>\$ 27,400</b>
<b>Executive Committee Retreat</b>				
Pre-conference Dinner	\$ 3,750	50	\$ 115	\$ 6,465
1st Day Meeting Expense	500			1,500
1st Day Breakfast	1,750	50	55	2,750
1st Day Lunch	2,000	50	60	3,000
1st Day Break	500	50	25	1,250
1st Day Dinner	3,000	50	100	5,000
2nd Day Meeting Expense	500			1,000
2nd Day Breakfast	2,250			2,250
2nd Day Lunch	1,500			2,000
AV Rentals	500			1,000
Lodging	15,000			29,600
Facilitator	9,000			8,000
Member Travel Expense	7,500			7,500
<b>Executive Committee Retreat Totals</b>	<b>\$ 47,750</b>			<b>\$ 71,315</b>

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Authority Meeting Expense

Line Item	2017/18 Budget	Quantity	Cost per Item	2018/19 Budget
Board/Exec Committee Travel				
Property Renewal Trip	\$ 19,600			\$ 23,500
Liability Renewal Trip	4,200			7,250
Conference Travel	1,100			1,075
Board/Exec Committee Travel Total	<u>\$ 24,900</u>			<u>\$ 31,825</u>
Budget Savings	<u>(40,000)</u>			<u>(40,000)</u>
Total Authority Meeting Expenses	<u><b>\$ 380,025</b></u>			<u><b>\$ 463,490</b></u>

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 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	Cost Per Web Ex Meetings	2017/18 Budget	2018/19 Budget	Budget Inc. (Dec.)
<b><u>EIA Committees</u></b>								
Claims Review	12	8	\$ 3,260	6	\$ 64	\$ 21,542	\$ 26,462	\$ 4,920
EAGLE	5	2	1,424	1	10	2,098	2,859	761
EIAHealth	9	4	2,406	3	44	8,962	9,757	795
Employee Benefits	8	3	2,583	2	22	6,308	7,794	1,486
Executive	12	8	5,040	5	16	38,205	40,404	2,199
Finance	9	5	2,535	1	20	9,638	12,694	3,056
General Liability 2	16	2	4,877	3	67	8,618	9,956	1,338
Legislative	15	8	5,499	3	23	39,791	44,063	4,272
Loss Prevention	11	2	3,706	4	15	6,914	7,471	558
Medical Malpractice	9	2	2,760	6	37	4,640	5,742	1,102
Member Services	9	3	2,874	2	30	6,043	8,681	2,638
Primary General Liability		Program Merged with GL 1				1,652	0	(1,652)
Primary Workers' Compensation	11	4	3,311	2	22	13,560	13,289	(271)
Property	13	2	2,900	2	25	4,638	5,851	1,213
Technology	9	2	3,217	4	25	4,240	6,533	2,293
Underwriting	9	6	2,244	2	40	13,774	13,546	(229)
Pre-EB Committee Dinners			4,000			4,000	4,000	-
All Other Pre-Committee Dinners			8,000			8,000	8,000	-
Less Savings						(50,124)	(55,020)	(4,895)
Savings								
Total Committees						\$ 152,497	\$ 172,079	\$ 19,582

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Training and Education

Line Item		2017/18 Budget	2018/19 Budget	Budget Inc. (Dec.)
<b>Periodicals and Publications</b>				
GASB	CFO	\$ 450	\$ 450	\$ 0
Business Insurance	CFO	200	200	0
AICPA	CFO	0	0	0
California W.C. Reporter	Claims	550	550	0
Work Comp Central	Claims	550	600	50
Workers' Comp Executive	Claims	600	600	0
Pacer Online Service	Claims	150	150	0
Workers' Comp Codes	Claims	1,200	1,100	(100)
California Workers' Comp Handbook	Claims	650	650	0
Lexis/West Law Research	Claims	2,000	2,500	500
Member Services Periodicals	GA	1,795	1,800	5
Employee Benefit News	GA	300	300	0
Actuarial/Data Publications	GA	100	0	(100)
Insurance Newscast	GA	0	0	0
HR Magazine & Library	GA	200	200	0
HR Pamphlets & Posters	GA	300	200	(100)
Other	GA	500	500	0
<b>Total Periodicals and Publications</b>		<b>\$ 9,545</b>	<b>\$ 9,800</b>	<b>\$ 255</b>
<b>Education &amp; Training</b>				
IT Education and Training		\$ 60,500	\$ 70,895	\$ 10,395
Fund Accounting/ABRA Training		5,300	3,500	(1,800)
Education and Training - Mgmt. & Employee		14,100	15,600	1,500
Education Allowance Pool*		31,900	45,230	13,330
<b>Total Education &amp; Training</b>		<b>\$ 111,800</b>	<b>\$ 135,225</b>	<b>\$ 23,425</b>
<b>Scholarships</b>				
Educational Scholarships - PRIMA	All	\$ 8,000	\$ 8,000	\$ 0
<b>Total Scholarships</b>		<b>\$ 8,000</b>	<b>\$ 8,000</b>	<b>\$ 0</b>

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

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Training and Education

Line Item		2017/18 Budget	2018/19 Budget	Budget Inc. (Dec.)
<b>Conferences and Seminars</b>				
AGRIP Spring/Fall Conference		\$ 11,575	\$ 11,675	\$ 100
AGRIP Gen Forecasters Group		0	1,400	1,400
AON		800	800	0
AICPA / GFOA		1,800	1,500	(300)
CA Div. Of WC Annual Seminar		800	1,600	800
CAJPA		11,900	12,600	700
CAJPA Finance & Technology Spring Meeting		2,600	2,250	(350)
CAJPA Legislative Day		600	600	0
CCWC Forum		700	1,350	650
PARMA (Conference & Chapter Meetings)		9,450	10,650	1,200
Member Services/LP (ASSE, CSOOC, CASBO, etc.)		12,600	11,000	(1,600)
CalPELRA		750	750	0
Laserfiche Conference		4,600	1,600	(3,000)
PRIMA		0	0	0
RIMS		1,000	1,000	0
IT Conferences		12,400	18,600	6,200
Data and Analytics Conferences		4,060	3,000	(1,060)
National WC Disability Conference		1,500	3,750	2,250
Dana Point WC Conference		1,500	1,600	100
National CLR Liability Conference		3,000	3,500	500
Valley Industrial Claims Seminars		500	500	0
Other		5,400	18,250	12,850
<b>Totals Conferences and Seminars</b>		<b>\$ 87,535</b>	<b>\$ 107,975</b>	<b>\$ 20,440</b>
<b>Memberships</b>				
CAJPA, PRIMA, PARMA, CalPELRA, IEA, RIMS	GA	\$ 3,450	\$ 3,450	\$ 0
AGRIP	CEO	3,795	4,000	205
CCWC, AWCP, CPCU, State Bar of California	WC	7,050	8,050	1,000
CSOOC, ASSE, PASMA, NFPA BCSP	LP	2,270	2,270	0
CFPS, WSO, ACG-IH	LP	465	270	(195)
American Society for Training & Development	LP	0	0	0
American Board of Industrial Hygiene	LP	125	125	0
Sacramento Claims Association	Liab	400	450	50
GFOA, GASB, AICPA, FEI	CFO	1,125	1,125	0
Costco/Sams Club	GA	170	170	0
Meeting Planners Association	GA	0	400	400
Society of Government Mtg Professionals	GA	100	100	0
SHRM, SAHRA (HR)	HR	315	315	0
California Chamber of Commerce	GA	500	500	0
IFEBP (Emp Benefits)	EB	0	0	0
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	1,000	0
CASBO	GA	1,400	1,400	0
League of California Cities	GA	3,000	3,000	0
Data & Analytics Dept Memberships	GA	1,500	1,500	0
Other	GA	3,820	6,740	2,920
<b>Total Memberships</b>		<b>\$ 57,485</b>	<b>\$ 61,865</b>	<b>\$ 4,380</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**2018/19 Budget Worksheet**  
**Adopted Computer Hardware, Software, Technical Support**

	2017/18 Budget	Quantity	Cost Per Item	2018/19 Budget	Budget Incr(Decr)
<b><u>Computer Supplies and Software</u></b>					
Adobe Acrobat	\$ 4,386	0	\$ -	\$ 7,605	\$ 3,219
Microsoft Software and Licenses	19,600	0	0	30,435	10,835
Anti-Virus Licenses	1,200	11	80	880	(320)
Online subscriptions	3,000	1	3,000	3,000	0
Mindjet Mindmanager Pro 9	2,250	11	375	4,125	1,875
Laserfiche Additional Licenses and LSAP	6,250	10	625	6,250	0
Redgate SQL Prompt	0	8	400	3,200	3,200
Redgate Full Suite	0	2	3,000	6,000	6,000
Redgate SQL Source Control	0	1	1,500	1,500	1,500
Red Gate SQL Compare	0	1	745	745	745
Red Gate Data Compare	0	1	500	500	500
Travel Reimbursement App	0	185	108	19,980	19,980
Task Management	0	70	120	8,392	8,392
VoIP System Upgrade	0	0	0	0	0
GFI Licenses	5,250	23	350	8,050	2,800
Zen Desk Tracking System	6,175	0	0	9,700	3,525
Zerto License	3,000	3	1,500	4,500	1,500
Monitoring Software	10,000	1	10,000	10,000	0
ShadowProtest Backup Software	3,500	1	5,000	5,000	1,500
VMWare vSphere Standard (per core) Hosts	0	6	1,500	9,000	9,000
Firewall Modules	10,000	0	0	0	(10,000)
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	4,000	0	0	0	(4,000)
Visual Studio & MSDN	1,500	5	540	2,700	1,200
Wrike Project Management	3,000	1	3,000	3,000	0
Unfuddle Subscription - Source code management	510	1	510	510	0
BCC - Employer ACA Reporting Software	2,500	1	2,750	2,750	250
Pool Management Software - CHSI Functionality	20,000	0	0	25,000	5,000
Pool Management Software - CHSI	141,900	0	0	133,800	(8,100)
Signature Software	2,000	0	0	0	(2,000)
Wireframe Software	2,500	25	100	2,500	0
Collaboration/Project Management Tools	69,030	0	0	32,000	(37,030)
Paperless AP Software	9,000	1	2,000	2,000	(7,000)
Sharefile	8,500	0	0	8,500	0
<b><u>Annual Maintenance</u></b>					
Anti-Virus Maintenance	200	2	100	200	0
Mindjet Mindmanager Pro 9 1 Yr. Maintenance	8,100	100	90	9,000	900
Symantec Anti-Virus Renewal	3,300	110	40	4,400	1,100
GFI MailArchiver Annual Support	1,500	110	20	2,200	700
Barracuda Annual Support	1,700	0	0	800	(900)
Desktop Central Annual Maintenance	0	1	1,000	1,000	1,000
Exclaimer Annual Maintenance	0	1	200	200	200
VOIP Maintenance	0	1	8,500	8,500	8,500
Citrix Netscaler Renewal	0	1	600	600	600
Abila MIP Fund Accounting Software Annual Support	5,500	1	5,500	5,500	0
EBS Annual Support	3,500	1	3,500	3,500	0
Laserfiche (LSAP Annual Maintenance)	12,000	1	20,000	20,000	8,000
Firewall annual maintenance	12,000	0	0	0	(12,000)
VMWare vSphere Standard (per core) Hosts SSA	2,800	8	350	2,800	0
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	10,000	10,000	0

**CSAC EXCESS INSURANCE AUTHORITY**  
**2018/19 Budget Worksheet**  
**Adopted Computer Hardware, Software, Technical Support**

	2017/18 Budget	Quantity	Cost Per Item	2018/19 Budget	Budget Incr(Decr)
Zerto Annual Maintenance	3,150	9	500	4,500	1,350
SSL Certificates	1,000	10	100	1,000	0
CHSI Escrow Account	995	1	1,095	1,095	100
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	23,235	1	40,000	40,000	16,765
Miscellaneous Software Expenses	7,000	1	7,000	7,000	0
Computer Supplies	5,000	1	5,000	5,000	0
<b>Total Computer Supplies and Software</b>	<b>\$ 461,581</b>			<b>\$ 500,467</b>	<b>\$ 38,885</b>

**Computer Hardware**

HP Monitors	\$ 4,800	26	\$ 300	\$ 7,800	\$ 3,000
Backup Tapes	500	1	500	500	0
AWS Environment - Qlik	9,526	0	0	0	(9,526)
Cloud Logging for Firewalls	1,200	2	300	600	(600)
Network Penetration Testing Service	4,000	10	500	5,000	1,000
WAN Firewall	1,500	0	0	0	(1,500)
Workstation Battery Backup	2,500	1	2,500	2,500	0
Board Projector	0	1	5,000	5,000	5,000
Desktop Computers	15,000	13	1,500	19,500	4,500
Laptop Computers	55,000	26	3,000	78,000	23,000
Equipment Cart	400	0	0	0	(400)
Adjustable Monitor Stands	300	6	50	300	0
Meeting Room Phones	2,000	0	0	0	(2,000)
RoomDisplay Board (LP)	1,500	0	0	0	(1,500)
RoomFinder Board	2,000	0	0	0	(2,000)
Power Distribution Unit	1,100	2	550	1,100	0
Misc. D&A server	0	1	10,000	10,000	10,000
APC UPS for Rack	0	2	2,500	5,000	5,000
Desktop Phones	0	11	400	4,400	4,400
Phone Headsets	3,600	24	350	8,400	4,800
Mobile Phones	5,250	15	350	5,250	0
Ergonomic Equipment	1,000	1	1,000	1,000	0
Miscellaneous Computer Hardware	5,000	1	5,000	5,000	0
Equipment for converting space into conference room	5,000	0	0	0	(5,000)
Contingency	5,000	1	5,000	5,000	0
<b>Total Computer Hardware</b>	<b>\$ 126,176</b>			<b>\$ 164,350</b>	<b>\$ 38,174</b>

**WebEx Web Conferencing**

<b>WebEx Web Conferencing</b>	<b>\$ 15,600</b>	12	\$ 1,325	<b>\$ 15,900</b>	<b>\$ 300</b>
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**Computer Technical Assistance**

Accounting System	\$ 3,500	1	\$ 3,500	\$ 3,500	\$ -
Data Center Usage (Colocation services)	24,000	12	2,000	24,000	0
ATS	4,800	12	400	4,800	0
Network Consulting	60,000	0	0	60,000	0
MIP Consulting - Systema/Abila interface	15,000	0	0	15,000	0
HR System Consulting - Reports	7,500	0	0	7,500	0
HR System Customization	7,500	0	0	7,500	0
Laserfiche - Technical Support	0	10	225	2,250	2,250
Printer Maintenance	500	1	500	500	0

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Computer Hardware, Software, Technical Support

	2017/18 Budget	Quantity	Cost Per Item	2018/19 Budget	Budget Incr(Decr)
Total Computer Technical Assistance	<u>\$ 122,800</u>			<u>\$ 125,050</u>	<u>\$ 2,250</u>
<b><u>Website Design/Hosting/Support</u></b>					
Website Hosting/Support Annual Maintenance	\$ 8,000	0	\$ -	\$ 19,965	\$ 11,965
Website Design	302,000	0	0	352,000	50,000
Support for Benchmarking/Analytics	<u>15,000</u>	0	0	<u>15,000</u>	<u>0</u>
Total Website Design/Hosting/Support	<u>\$ 325,000</u>			<u>\$ 386,965</u>	<u>\$ 61,965</u>

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Technology Program Expenses

	2017/18 Budget		2018/19 Budget
<b><u>EIA Claims System Expense Line Item</u></b>			
Application Service Provider (ASP) Fee (\$275 per month per user)	\$ 0		\$ 0
New System			
Maintenance due at production use of software	34,000		34,000
Cloud Hosting due at delivery of trial conversion	45,000		63,000
Escrow account	800		800
TPA to TPA Conversion	140,000		140,000
TPA Data Conversion and SIMS Training	278,000		100,000
TPA Maintenance due at production use of software	209,300		209,300
TPA Cloud Hosting due at delivery of trial conversion	473,100		471,600
Depreciation on new software	321,022		345,824
Subtotal	1,501,222		1,364,524
Estimated unspent funds from prior budget	(344,987)		(726,470)
<b>Amount To Allocate to Programs</b>	<b>\$ 1,156,235</b>		<b>\$ 638,055</b>
<b><u>Allocation of EIA Claims System Costs</u></b>			
PWC	\$ 774,678	67%	\$ 427,498
EWC	231,247	20%	127,611
General Liability 1	69,374	6%	38,283
General Liability 2	34,687	3%	19,142
Medical Malpractice	46,249	4%	25,522
<b>Total Allocated</b>	<b>\$ 1,156,235</b>	<b>100%</b>	<b>\$ 638,056</b>
<b><u>Member Claims System Expense Line Item</u></b>			
Member Data Conversion and SIMS Training	\$ 275,000		\$ 275,000
Member Maintenance due at production use of software	185,000		185,000
Member Cloud Hosting due at delivery of trial conversion	185,000		185,000
Depreciation on new software	132,591		162,391
Less Revenue for Member access to new system	\$ (777,591)		\$ (807,391)

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Insurance Cost

Line Item	Renewal Date	2017/18 Budget	2018/19 Budget	Budget Incr(Decr)
General Administration Fund				
Workers Compensation				
PWC	7/1/2018	\$ 42,000	\$ 28,500	\$ (13,500)
EWC	7/1/2018	123,000	125,000	2,000
Blanket Bond/Commercial Crime	6/30/2018	1,800	2,200	400
Property	7/1/2018	8,600	8,400	(200)
Liability	7/1/2018	79,000	87,000	8,000
Cyber Liability Premium	7/1/2018	1,500	1,500	0
Pollution Insurance		0	5,600	5,600
Less Allocated to Iron Point Building		(17,675)	(18,000)	(325)
 Total General Admin Insurance		 \$ 238,225	 \$ 240,800	 \$ 2,575

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Printing Cost

Line Item	2017/18 Estimated Budget	Quantity	Cost Per Item	2018/19 Estimated Budget
Copier Cost	\$ 21,700	0	\$ 0	\$ 35,000
Binding Supplies	1,500	0	0	1,500
Other Supplies				
<b>Total In House Printing</b>	<b>\$ 23,200</b>	<b>0</b>	<b>\$ 0</b>	<b>\$ 36,500</b>
Letterhead	\$ 3,525	0	\$ 0	\$ 3,500
2nd Sheet	875	0	0	850
Envelopes	2,700	0	0	2,700
Large Envelopes	1,000	0	0	1,000
Annual Report	21,000	0	0	21,000
Business Cards	4,500	0	0	4,500
Member Services Projects	5,000	0	0	7,000
Other Projects	2,000	0	0	2,000
<b>Total Outside Printing</b>	<b>\$ 40,600</b>	<b>0</b>	<b>\$ 0</b>	<b>\$ 42,550</b>
<b>Total Printing</b>	<b>\$ 63,800</b>	<b>0</b>	<b>\$ 0</b>	<b>\$ 79,050</b>

CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Member Development Cost

<b>Marketing Expense</b>	2017/18 Budget	2018/19 Budget	Budget Incr(Decr)
Booth Maintenance	\$ 3,000	\$ 3,000	\$0
CASBO	7,500	0	(7,500)
ASC	7,500	7,500	0
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
Controllers/Auditors Conference Sponsor	0	0	0
Exhibitor Raffle Prizes	650	650	0
Booth Art Work	500	500	0
EAGLE Awards	0	0	0
Meeting Signage	400	500	100
Marketing Clothing Items	4,200	4,873	673
Member Give Away Items	16,392	16,392	0
<b>Total</b>	<b>\$ 46,142</b>	<b>\$ 39,415</b>	<b>\$ (6,727)</b>
 Member Recognition & Awards	 \$ 15,500	 \$ 10,000	 \$ (5,500)
 <b>Grand Total - Member Development</b>	 <b>\$ 61,642</b>	 <b>\$ 49,415</b>	 <b>\$ (12,227)</b>

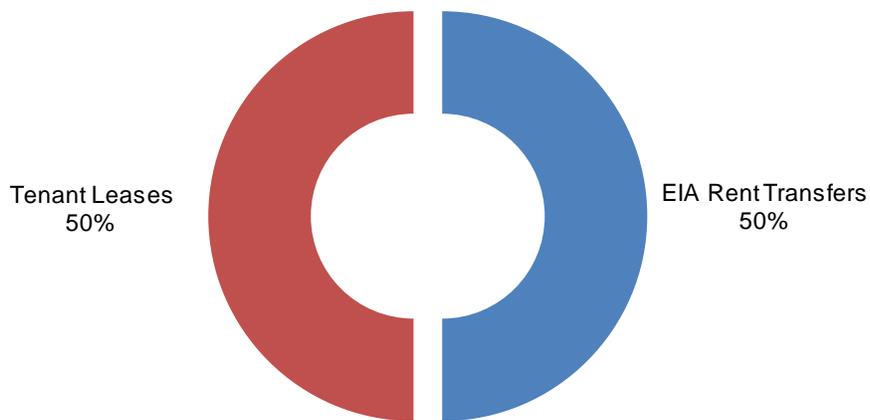
CSAC EXCESS INSURANCE AUTHORITY  
2018/19 Budget Worksheet  
Adopted Awards and Recognition Cost

Employee Recognition	2017/18 Budget	2018/19 Budget	Budget Incr(Decr)
Weekly Employee recognition	\$ 2,080	\$ 2,080	\$ 0
Monthly Employee recognition	700	700	0
Staff Appreciation Day	2,500	2,500	0
Retirement Parties	0	500	500
Training Meals	8,400	3,500	(4,900)
Staff Appreciation Food	700	500	(200)
Staff Retreat Food	700	750	50
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	500	2,000	1,500
Years of Service Recognition	500	500	0
Staff Retreat	8,000	8,000	0
<b>Total Employee Recognition</b>	<b>\$ 25,545</b>	<b>\$ 22,495</b>	<b>\$ (3,050)</b>

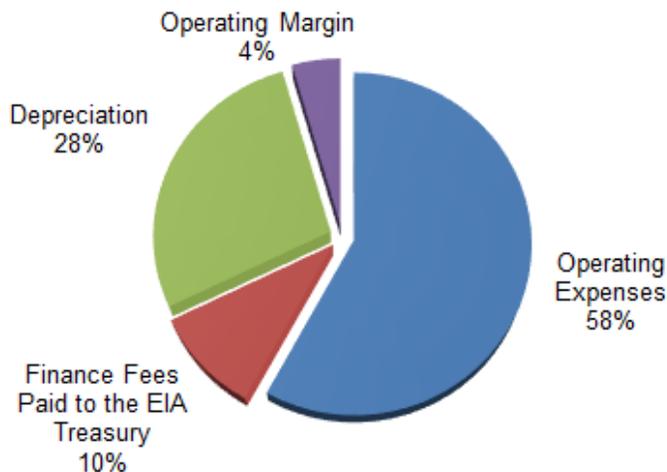
## **Building Fund**

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. The building fund budget expects a net margin of \$43.5k. The Building Fund budget is illustrated in the following charts.

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



### **Building Fund Budget (in thousands)**



**CSAC EXCESS INSURANCE AUTHORITY  
IRON POINT BUILDING PROGRAM  
Adopted Budget  
July 1, 2018 to June 30, 2019**

Sources and Uses of Financial Resources	CAFR Actual 2016/17	Year to Date 3/31/2018	Estimated 2017/18	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease)	Text Detail
<b>REVENUES:</b>							
Lease Income - Tenants	463,338	315,471	475,184	475,050	481,935	6,885	Escalations in rent clauses
Other Income	0	0	0	0	0	0	
<b>TOTAL REVENUES</b>	<b>\$ 463,338</b>	<b>\$ 315,471</b>	<b>\$ 475,184</b>	<b>\$ 475,050</b>	<b>\$ 481,935</b>	<b>\$ 6,885</b>	
<b>EXPENDITURES:</b>							
Operating Expenses							
Janitorial	56,904	36,996	62,000	66,070	68,360	2,290	\$4k April building spruce up: wax bathroom floors & carpet cleaning
Utilities	74,739	57,654	89,550	89,550	94,290	4,740	
Garbage	5,448	3,632	5,900	6,300	6,300	0	
Water and Sewer	11,409	5,255	8,600	9,230	12,980	3,750	
Security & Fire Sprinkler Monitoring	10,869	8,062	12,962	14,220	14,760	540	
Landscape Maintenance	6,409	4,726	17,320	17,320	23,132	5,812	\$12,000 Bark replace & replant under new windows.
Pest Control	1,260	1,056	1,556	1,380	1,440	60	
Common Area Maintenance	21,740	15,073	22,600	23,305	23,305	(0)	
Building Repairs	0	190,321	700,000	700,000	70,000		\$700,000 approved 2017-18 budget revision for building window repair
Building Maintenance	42,209	39,075	59,075	108,390	77,350	(31,040)	\$20k for unanticipated emergency repairs
Mello Roos Tax	15,147	7,556	15,760	15,760	15,950	190	
Insurance	16,500	16,500	17,675	17,675	18,000	325	
Legal Service	14,617	24,868	34,868	60,000	75,000	15,000	
Management Fees	36,000	24,000	36,000	38,440	38,190	(250)	
Finance Fees to EIA Treasury	75,366	63,044	84,044	84,000	94,750	10,750	\$5.7M avg borrowed at 1.65%
Total Operating Expenses	388,617	497,818	1,167,910	1,251,640	633,807	12,167	
Depreciation							
Depreciation - Building	95,550	71,663	95,550	95,550	99,150	3,600	83,730
Depreciation - Roof	8,333	6,250	8,333	8,340	8,340	0	
Depreciation - Parking Lot	9,939	7,454	9,939	9,940	7,510	(2,430)	
Depreciation - Tenant Improvements	160,317	113,452	151,270	165,420	151,270	(14,150)	
Total Depreciation	274,139	198,819	265,092	279,250	266,270	(12,980)	
Appropriation for Contingencies	0	0	0	20,000	20,000	0	
<b>TOTAL EXPENDITURES</b>	<b>\$ 662,756</b>	<b>\$ 696,637</b>	<b>\$ 1,433,002</b>	<b>\$ 1,550,890</b>	<b>\$ 920,077</b>	<b>\$ (813)</b>	
<b>TRANSFERS:</b>							
Transfers in from General Administration							
Building Rent	481,657	481,657	481,657	481,657	481,657	0	
<b>TOTAL TRANSFERS</b>	<b>\$ 481,657</b>	<b>\$ 481,657</b>	<b>\$ 481,657</b>	<b>\$ 481,657</b>	<b>\$ 481,657</b>	<b>\$ -</b>	
Net Operating Margin	282,239	100,491	(476,161)	(594,183)	43,515	637,698	
<b>NET POSITION - JULY 1</b>	<b>884,900</b>	<b>1,167,139</b>	<b>1,167,139</b>	<b>1,122,211</b>	<b>690,978</b>		
<b>NET POSITION - JUNE 30</b>	<b>\$ 1,167,139</b>	<b>\$ 1,267,630</b>	<b>\$ 690,978</b>	<b>\$ 528,028</b>	<b>\$ 734,493</b>		

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

# **CSAC EXCESS INSURANCE AUTHORITY**

**CALIFORNIA**



## **STATISTICAL/ SUPPLEMENTAL SECTION**

For the Fiscal Year  
July 1, 2018 to June 30, 2019

## STATISTICAL SECTION

### **Demographic and Economic Information**

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

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

### **Operating Information**

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

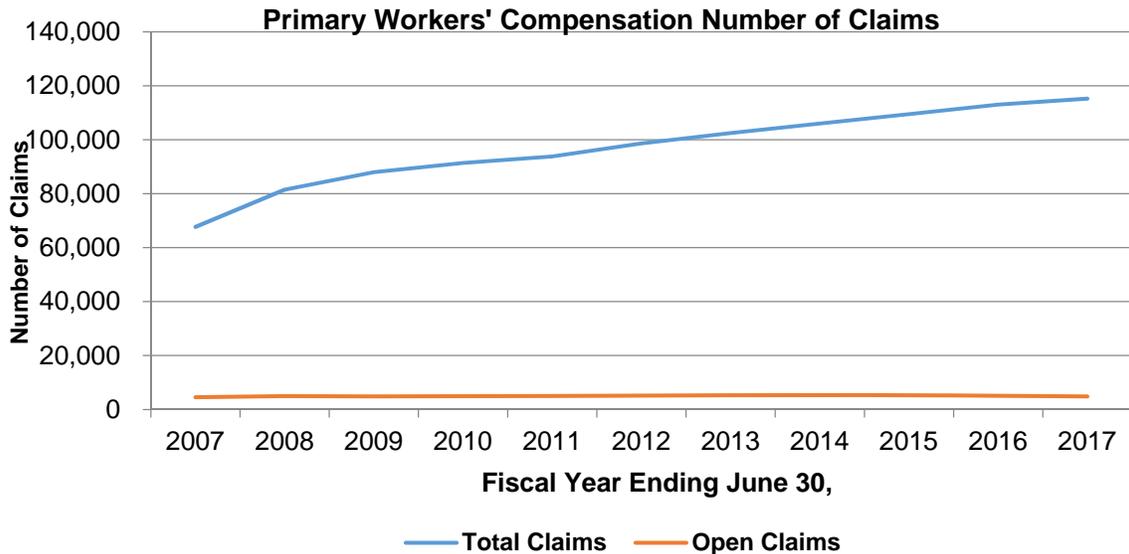
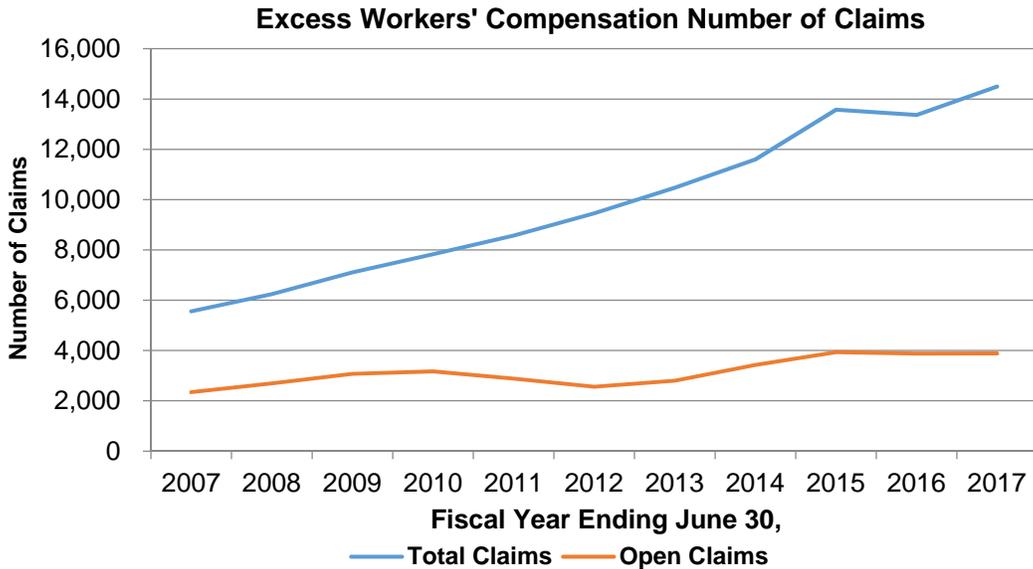
	<u>Page</u>
Operating Indicators and Statistics .....	136

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.

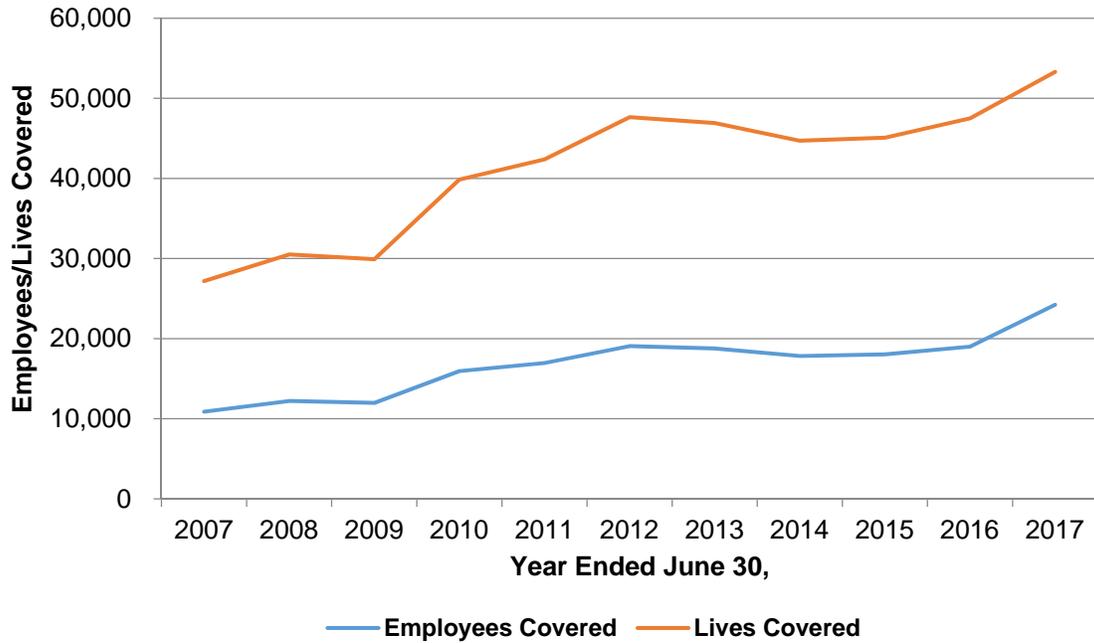
**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
JUNE 30, 2017**

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

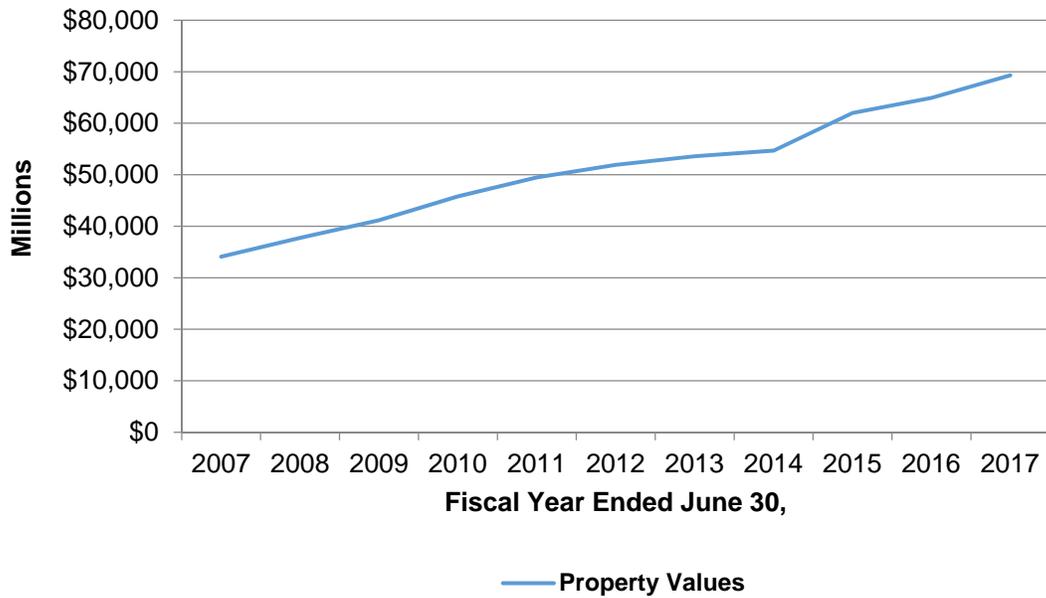


**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
JUNE 30, 2017**

**EIAHealth Employees and Lives Covered**



**Property Values**



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

	Budget Year Beginning				
	2014	2015	2016	2017	2018
<b>Budgeted Full-Time</b>					
<b>Equivalents by Department</b>					
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
<b>Total Employees</b>	<b>58</b>	<b>63</b>	<b>69</b>	<b>75</b>	<b>81</b>
<b>Number of Retirees</b>	4	4	6	7	9

	Fiscal Year-End			
	2016	Actual 2017	2018	Budgeted 2019
<b>Member Units</b>				
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
<b>Total Member Units</b>	<b>648</b>	<b>697</b>	<b>706</b>	<b>695</b>
Member Counties	55	55	55	55
Member Public Entities	273	272	273	282
<b>Total Members</b>	<b>317</b>	<b>328</b>	<b>327</b>	<b>328</b>

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**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.