



NAVIGATING *Turbulent Waters* ANNUAL REPORT 2019



www.csac-eia.org

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.

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:

Competitive in scope and price over the long term

Adaptable and customized to meet member needs, based on high-quality standards

Resolute in delivering timely solutions that address present and emerging risks

Equitable in allocating costs and services between various members in a fair and consistent manner

Stable in supporting cost-effective, fiscally prudent operations and long-term solvency, and in building long-term relationships with members and program/service partners.

Our Vision

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.

Service Vision

The EIA will provide value added risk management services designed to:

- Attract new members;
- Retain existing members; and
- Improve program performance.

It shall be a priority to provide services that complement member-provided services.

Technology Vision

The EIA will provide technology that is:

- Interactive
- Accessible
- User-friendly
- Dynamic

ANNUAL REPORT

Table of Contents

INTRODUCTION

President's Message	1
Message to Our Members	2

ABOUT EIA

3

EIA Members by Location	4
Membership & Involvement	5
Excess Insurance Organization (EIO) - Our Captive Insurance Company ..	6
Year In Review	7
Current Services	9

COVERAGES

Major Coverage Programs	11
Miscellaneous Coverage Programs	12
Primary Workers' Compensation	13
Excess Workers' Compensation	15
General Liability 1	17
General Liability 2	19
Property	21
Medical Malpractice	23
EIAHealth	25
Dental	26
Master Rolling Owner Controlled Insurance Program	27

FINANCIALS

Financial Letter	28
Financial Profile	32

EIA LEADERSHIP

39



NAVIGATING *Turbulent Waters*

When times get hard, it's wonderful to surround ourselves with those we can trust to get us through. That's what being a member of the EIA is about: strong relationships, people to depend on, and bright minds to collaborate with. The relationships that the EIA has built over the years with members, brokers, and reinsurers helps us to navigate the turbulent waters of a hard insurance market.

Navigating the hard market means premium increases and fewer insurers willing to take on risk over the next few years. So this is the time when being in a large group like the EIA's risk pool will give us the stability we need over the long term. There is safety in numbers! This group approach has also enabled us to come up with creative solutions in these unsettled times.

One such solution is the EIA's captive insurance company, the Excess Insurance Organization (EIO). By transferring risk into the Captive, we are utilizing the economies of scale to see long-term gains for the EIA. Keeping our eyes on the horizon, so to speak!

Another solution is to be proactive. When we see turbulent waters ahead, it's time to come together and chart the best course of action, as we've done for the General Liability Programs. And, that's where the EIA's cost-containment services come in. There's a mass of services including risk control, risk management, and claims programs to help all of us mitigate risk and reduce the cost of claims.

But this year also has a shining light. This year marks the 40th anniversary of the EIA. It is this stability over the past 40 years that's allowed us to design these creative solutions to problems in tough times, and to benefit from our group purchases in both hard and soft markets.

I have seen this first hand in the past year as the President of the EIA's Board of Directors. It's been wonderful to work with so many great people: other members, our brokers, and the EIA staff.

**The EIA is 40 years strong.
Together we can navigate
these turbulent waters!**

Kerry John Whitney
EIA President

Message to **OUR MEMBERS**

☐☐ The relationships that the EIA has built over the years with members, brokers, and reinsurers helps us to navigate the turbulent waters of a hard insurance market. ☐☐



View EIA's State of the Hard Market message by going to:
www.csac-eia.org/about-eia



Mike Fleming
CSAC EIA
Chief Executive Officer

Over the past 40 years, CSAC EIA has grown substantially in terms of membership, programs, and services. During that entire time, the EIA has helped public entities and local communities preserve their resources by reducing their cost of risk and insurance. Even in a hard market such as today, the EIA continues to thrive by providing members with innovative coverage solutions and risk management services, as well as the opportunity to actively participate in a member-driven organization.

The EIA was formed as a Joint Powers Authority (JPA) in 1979, pursuant to Article 1, Chapter 5, Division 7, Title 1, of the California Government Code (Section 6500 et seq.). Dedicated to the control of losses and cost effective risk management solutions, the EIA is a recognized leader and pioneer in the pooling and risk management community in California and nationwide.

A high priority for the Board of Directors and the committees is to ensure the EIA is providing high-quality, cost-effective, and efficient services to the members. Through the efforts of the members, the EIA has created coverages and services that are stable, secure, and have the flexibility to meet the challenges of the property and liability hard markets and ever changing economy.

While the membership has enjoyed the rewards of their success over the past 40 years, the current hard market motivated EIA leadership to refine, restructure, and improve the coverages and services to ensure that members' current and future needs will be met. At the same time, efforts are continually made to keep costs as stable as possible for members.

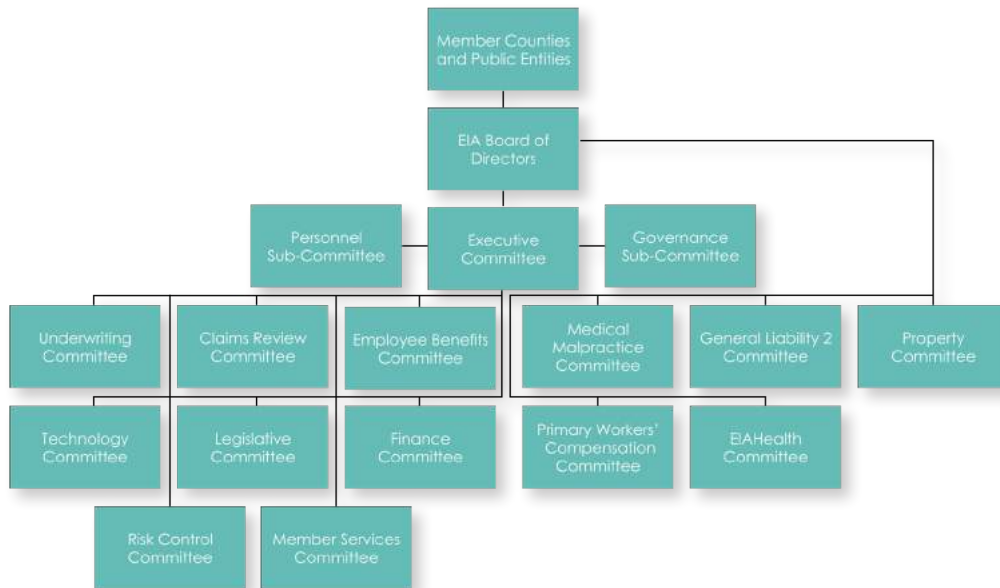
In order to measure the effectiveness of its services and programs, the EIA participates in the California Association of Joint Powers Authorities (CAJPA) Accreditation Program. Since 1989, the EIA has been awarded their highest designation, "Accreditation with Excellence." Since 2007, the EIA has also been recognized by the Association of Governmental Risk Pools (AGRiP), a national pooling association. Both the CAJPA accreditation and AGRiP recognition are indications of exceptional compliance with the best management and financial practices. Additionally, the EIA was the first JPA in the state to receive the Government Finance Officers Association's Certificate of Excellence in Financial Reporting (FYE 6/30/94 – 6/30/18). These recognitions and achievements reinforce the valuable, effective, efficient, collaborative, and stable organization that the members have built for California's public entities.

EIA MEMBERS By Location

Membership has expanded to include 95% of counties, 70% of cities, as well as numerous educational organizations, special districts, housing authorities, fire districts, and other Joint Powers Authorities.



MEMBERSHIP & Involvement



EIA members generously provide their time, expertise, and leadership by serving on the Board of Directors or one or more of the EIA's 16 committees, as seen in the chart to the right. As such, more than 120 individuals including members of Boards of Supervisors, County Administrative Officers, Risk Managers, Risk Control Professionals, Auditors, and many others participate in the governance of the organization.

Our mission statement begins by stating that the EIA “is a member-directed risk sharing pool of public agencies...” Membership involvement has always been the hallmark of the EIA and the key to the success of the organization, especially when navigating hard markets.

The Board of Directors is comprised of 62 members; one representative from each member county and seven members elected by the public entity membership. The Executive Committee consists of eleven members elected by the Board of Directors. Each year, the EIA solicits interest from the members to serve on the various committees.

Because member involvement is a critical component of success, the EIA has made this area one of its highest priorities. Strategies have been implemented such as succession planning and member mentorship programs to ensure that active participation continues at a high level.

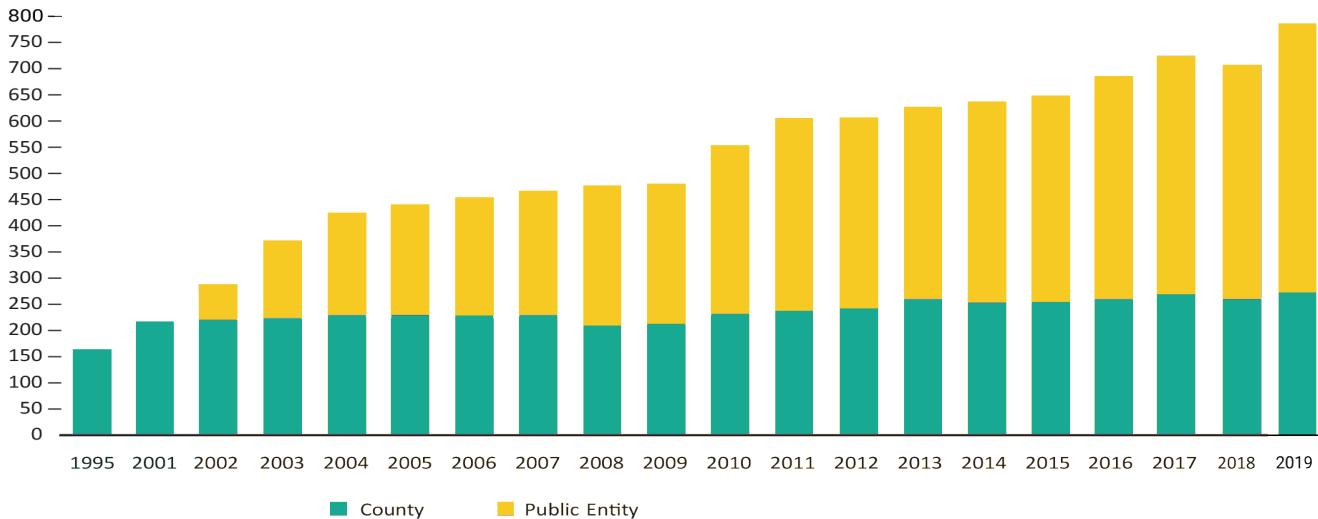
The EIA is truly appreciative of the guidance of the members, helping California's public entities navigate through the turbulent waters of the hard market.

2019 Executive Committee

(front row) Janell Crane, Karen Caiole, and Kimberly Greer
(back row) Matt Gutierrez, Richard Egan, Nathan Black, Kerry John Whitney, Scott Schimke, James Brown, and Lance Sposito
(not pictured) Supv. John Viegas



MEMBER UNITS



As depicted above, EIA membership is shown in terms of "member units," where each member in each of the major programs is counted as one member unit.

The EIA's 55 member counties represent 95% of the 58 counties in the state. While the public entity membership currently consists of 287 organizations, including cities, school districts, special districts, and other JPAs, the actual number of public entities accessing the coverage and services of the EIA is 2,019. What a great coincidence in the year 2019! In fact, coverage is being provided, either directly or through a member JPA, to 70% of the cities in California. At a time when the markets are hardening, being part of a risk sharing pool gives all EIA members the ability to take advantage of our collective economies of scale to purchase high quality, low-cost coverage programs.

EXCESS INSURANCE ORGANIZATION (EIO) *Our Captive Insurance Company*

The EIA formed a wholly owned captive insurance company, the EIO, which began operations on July 1, 2016. The EIO is domiciled in the State of Utah and is regulated by the Utah Department of Insurance. In the 2019/20 program period, five of the EIA's programs have elected to transfer their corridor risk to the EIO in eight distinct corridors. Total premium paid to the EIO in 2019/20 is approximately \$142M. By transferring selected risks to the EIO, an additional \$12.5M in investment income was generated in the first three years. As we enter the fourth year of operation, expanded use of the EIO is being evaluated that will bring additional benefits, including the potential to open participation in the EIA's programs to public entities nationwide.

By operating its captive insurance company, the EIA is able to enhance its investment program, which creates immediate and long-term savings, and creates a superior risk transfer mechanism.

Following are the three primary benefits of the EIO:

1. There is a short-term immediate benefit to each program that transfers risk into the captive. The cost to fund each corridor is discounted by 3-10%, depending on the duration of the payout period of the program, which represents an upfront savings to the program members. This short-term benefit is limited to the members of the programs that participate in the transfer of risk to the EIO.
2. There is long-term benefit to the entire EIA membership across all programs. This is derived from an enhanced investment program that will return millions of dollars in additional investment income to the EIA Treasury (all programs) over the long-term.
3. A superior risk transfer mechanism is created in the captive by comingling the risks of different programs. When the risks are comingled, the nature of the risk changes creating a diversified blended risk that is inherently more stable.

Year in Review 2018/19

This is the EIA's 40th year providing outstanding risk coverage programs and risk management services to public entities. This year has also seen the development of a hard insurance market. Due to both of these events, the theme of this year's annual report is "Navigating Turbulent Waters."

We recognize that a hard market is a challenge for our members, but know that just like over the past 40 years, the EIA has strength in numbers, and we are adaptable and resolute to work and find the best possible solutions.

Over this past year, the EIA has had significant accomplishments such as:

- Continued growth of membership, breadth of coverage, service, and overall strong financial health
- Prepared for the coming hard market including planning at the 2019 Spring Strategic Retreat, and special messaging to members
- Utilized the EIA's sister organization, the EIO, a single-parent captive insurance company, to transfer risk from various programs and achieve higher investment income returns
- Developed and implemented Robotic Process Automation in the Claims Department, with plans to develop four to five more such robotic processes in the next year
- Grew staff in the Claims, Information Technology, and Employee Benefits Departments
- Retained 99% of members at renewal of the programs
- Created new services and resources, such as: Strategic Planning Services, Special Education Courses through TargetSolutions, a Driver Training Program, and launched Quick Start Guides to help members implement programs and services
- Presented six EAGLE (Exemplary Achievement in Government Leadership and Enrichment) Awards to highlight members' innovation in risk management, best practices, education and law enforcement risk control programs
- Received awards from the Government Finance Officers Association for our Comprehensive Annual Financial Report, Popular Annual Financial Report, and Distinguished Budget
- Members were reimbursed over \$118M through thousands of claims payments

The Board of Directors has been focused on providing coverages and services that deliver benefits for all members, while the Executive Committee has spent much of their time focusing on the long-term goals established in the strategic plan.

CURRENT *Services*

The Member Services Department has helped the EIA navigate turbulent times both for the organization and individual members, implementing many new and valuable services. A main goal of Member Services is to increase awareness of these valuable services. The number of risk management, claims, and risk control services offered continues to grow and help all members manage their risk exposures.

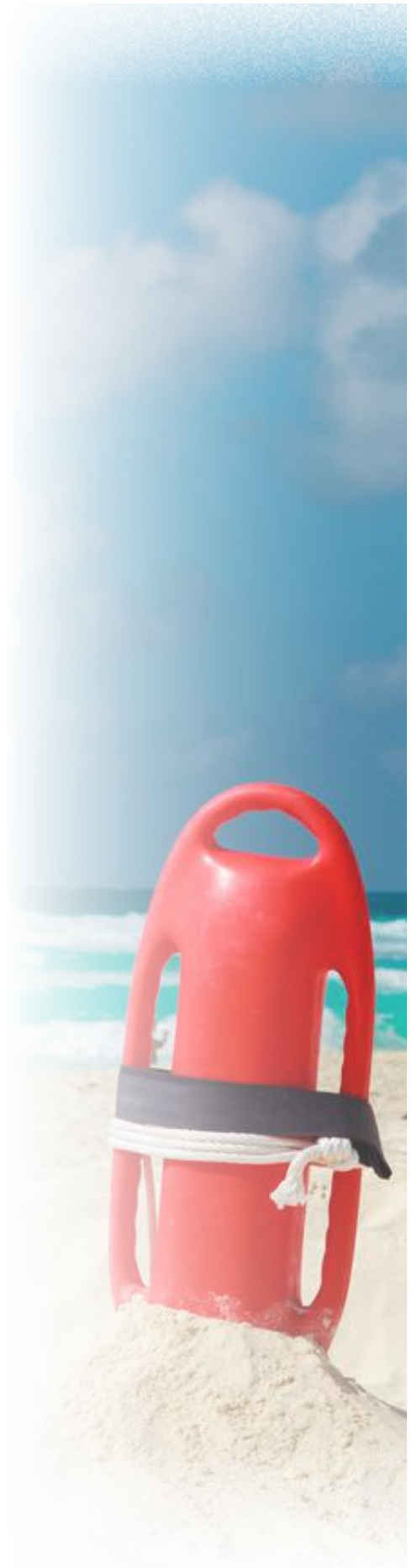
Members currently enjoy the benefits of the following services and resources:

Services

- Negotiated rates for: Protective Footwear, Body-Worn Cameras, an Incident Reporting System, Background Check Services, a Physical Abilities Testing Program, and many more!
- Crisis Incident Management and Counseling services
- Legal consultation and advice, provided via an Insurance Requirements in Contracts Manual, updated in 2019, as well as two attorneys on retainer to assist members with employment practices liability and general risk management concerns

Resources

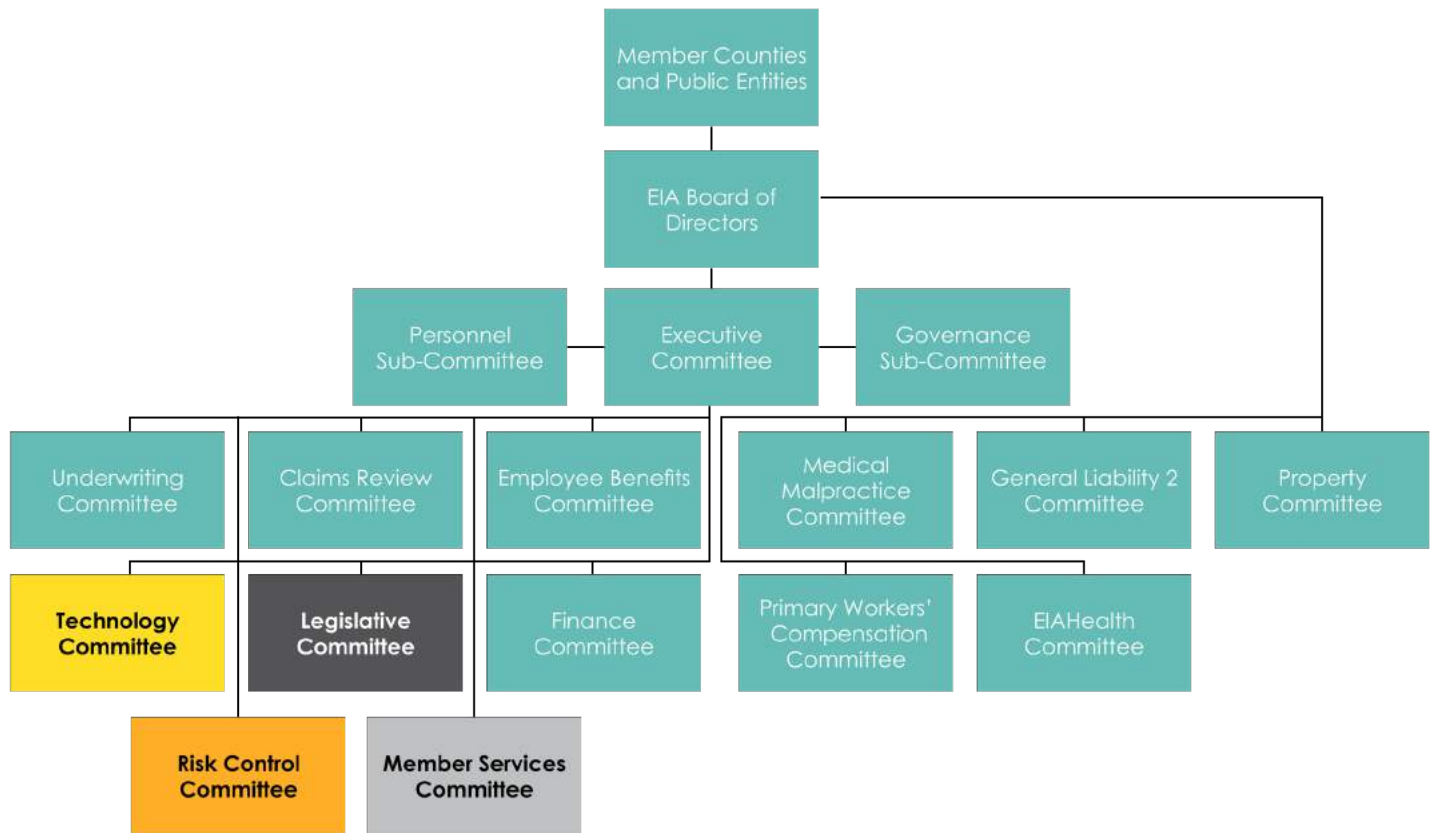
- Extensive risk control platform with online training, an expansive online toolbox, and sample policies/procedures
- Financial subsidy programs for actuarial analyses, risk control, and risk management related expenses
- Risk control and risk management training provided on a regional basis, on-site for members, and through live or previously recorded internet-based webinars
- Regional POST Certified De-Escalation Training courses for Law Enforcement personnel
- School Liability Handbook: Student Activities and Employment Issues
- Active presence with the state legislature, taking positions on items that may impact EIA members
- Multiple communications tailored to specific audiences on topics such as: events, education, claims, training, and general EIA news
- An organizational Risk Assessment Tool





Heather Correll
Mendocino County
Technology Committee Chair

Matt Gutierrez
Kern County
Legislative Committee Chair



Sherri Adams
Solano County
Member Services Committee Chair

Jodi Vinson
City of Escondido
Risk Control Committee Chair



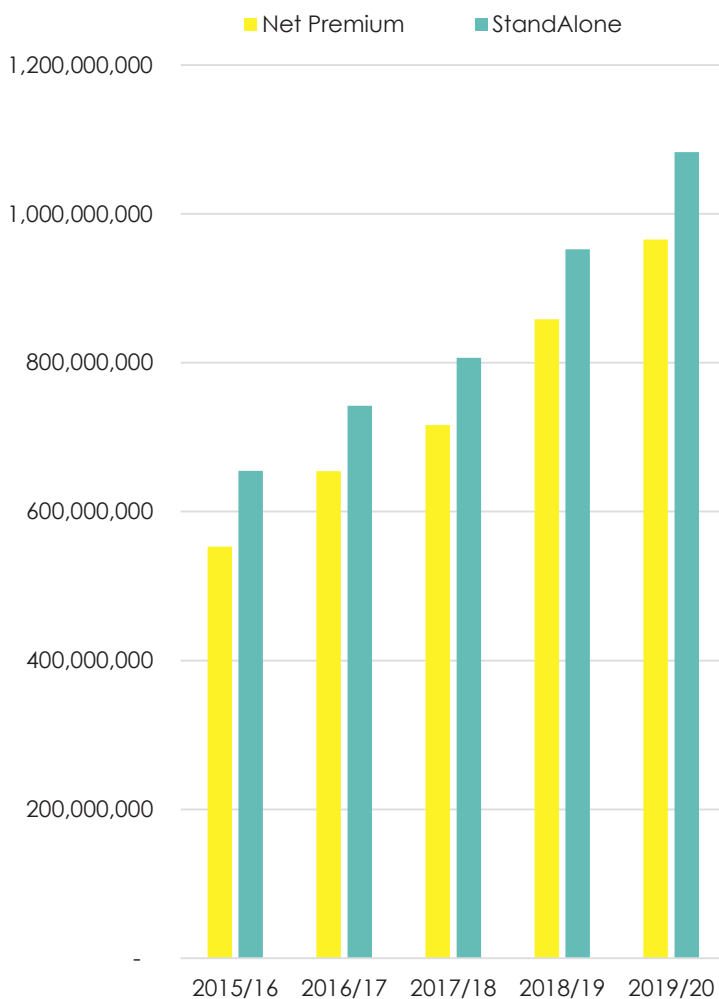
MAJOR Coverage Programs

Since our beginning in 1979, the EIA has challenged ourselves to provide world-class coverage programs. We implement the best and most creative risk financing programs, providing structures that offer options to diverse entities with different risk tolerances, and continually evaluate the programs based on market conditions and emerging risks by re-structuring or adding programs when necessary.

The EIA offers members nine major coverage programs, and these programs are described in greater detail throughout this report. The common element of the nine major programs is that they each blend some level of pooled risk and purchased insurance. They are designed to be flexible to meet members' needs, yet also maintain structural integrity to withstand the long term. It is the risk pooling concept which allows the program structures to adapt to current insurance market conditions.

During harder market conditions like today, insurance rates rise above the cost to actuarially fund the group's exposures, resulting in the self-funded pools expanding and decreasing the amount of insurance purchased. When insurance rates decrease to the point where it is more cost-effective to purchase insurance, the pooled portion of the Program contracts and additional insurance is purchased. This flexibility is just one of the ways the EIA navigates turbulent waters to ensure costs are kept low and members are provided with the best possible coverage and services available.

MAJOR COVERAGE PROGRAMS
5 YEAR PREMIUM VS. ESTIMATE STAND-ALONE COST



The EIA is able to leverage economies of scale: using the purchasing power of our membership to secure more cost-effective coverage than members could obtain on their own. This strategy of leveraging volume has also benefited affiliate members because of the competitive role the EIA has assumed in the public sector insurance marketplace. Annually, the EIA compares the cost of its major programs to the estimated cost members would pay if they were purchasing similar coverage on their own. In addition, members are provided access to a breadth and depth of services as part of their premium (or at a very competitive, negotiated rate), made possible by the size of the EIA membership.

To the left is a chart showing the premium paid by the EIA members as compared to the premium that would have been paid by members individually. In just the past five years, the EIA has saved members over \$491M!

"Navigating Turbulent Waters" is illustrative of the member-driven mindset to guide our programs and services based on internal needs, external conditions, and providing the best solutions to our members. We plan, develop, and execute our navigation strategy in a deliberate manner. Throughout our 40-year history, the EIA has established long-term relationships with our underwriters and are proud of our impressive reputation in the insurance marketplace.

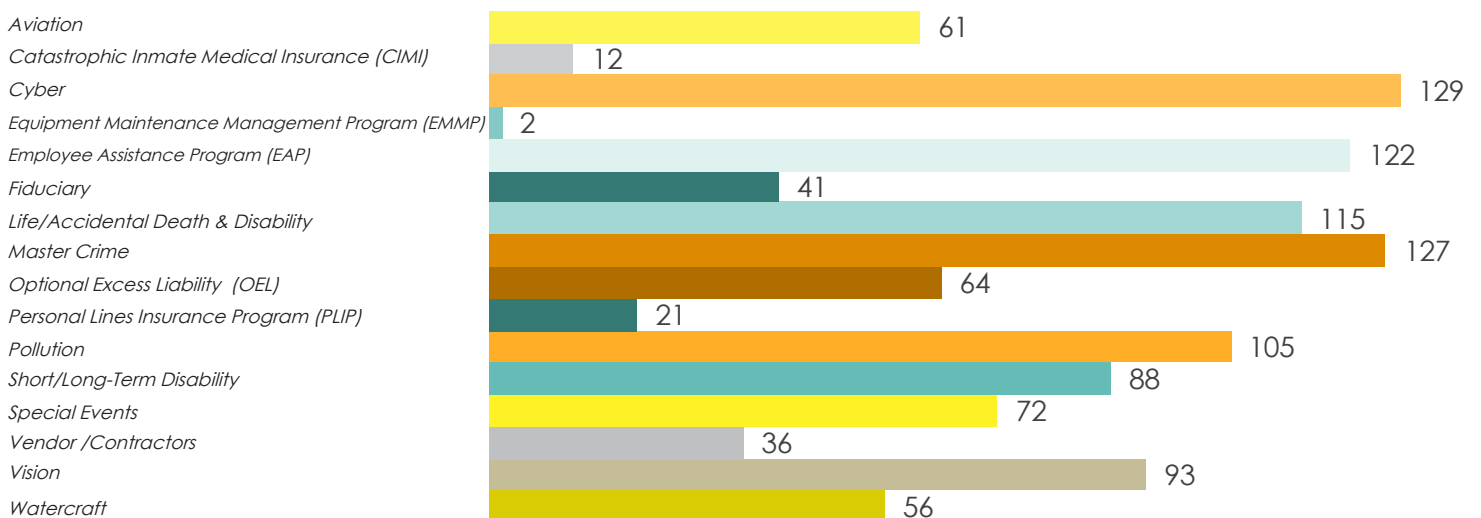
MISCELLANEOUS

Coverage Programs

Our committees continually evaluate whether the major coverage programs address all the needs of the members. Where they may not, the EIA provides a variety of group-purchase insurance programs to offer the members protection from other exposures, including: Aviation, Crime, Optional Excess Liability, Pollution, and many others.

One such program is Cyber Liability Coverage. More and more public entities are learning first-hand how damaging a cyber-attack can be. From ransomware to phishing—navigating the murky waters of information technology security can be daunting. Having Cyber Liability Coverage in place protects members when such an attack happens, and goes hand-in-hand with cyber security services so members can be proactive against such attacks.

The EIA also has a wide range of voluntary employee benefit insurance products from numerous insurers that can be provided on a payroll-deduction basis. The chart below illustrates the number of members participating in the Miscellaneous and Employee Benefit Ancillary Programs for the current year.



PRIMARY Workers' Compensation Program

The Primary Workers' Compensation (PWC) Program was formed to adjoin with the Excess Workers' Compensation (EWC) Program, offering those members the opportunity to secure first dollar coverage instead of maintaining a self-insured retention. The PWC Program provides its 39 members with claims administration services, which is accomplished through a choice of six claims administrators. The PWC Program offers several cost-containment options, including: ISO ClaimSearch, Pharmacy Benefit Management Programs, and a Prescription Addiction Management Program.

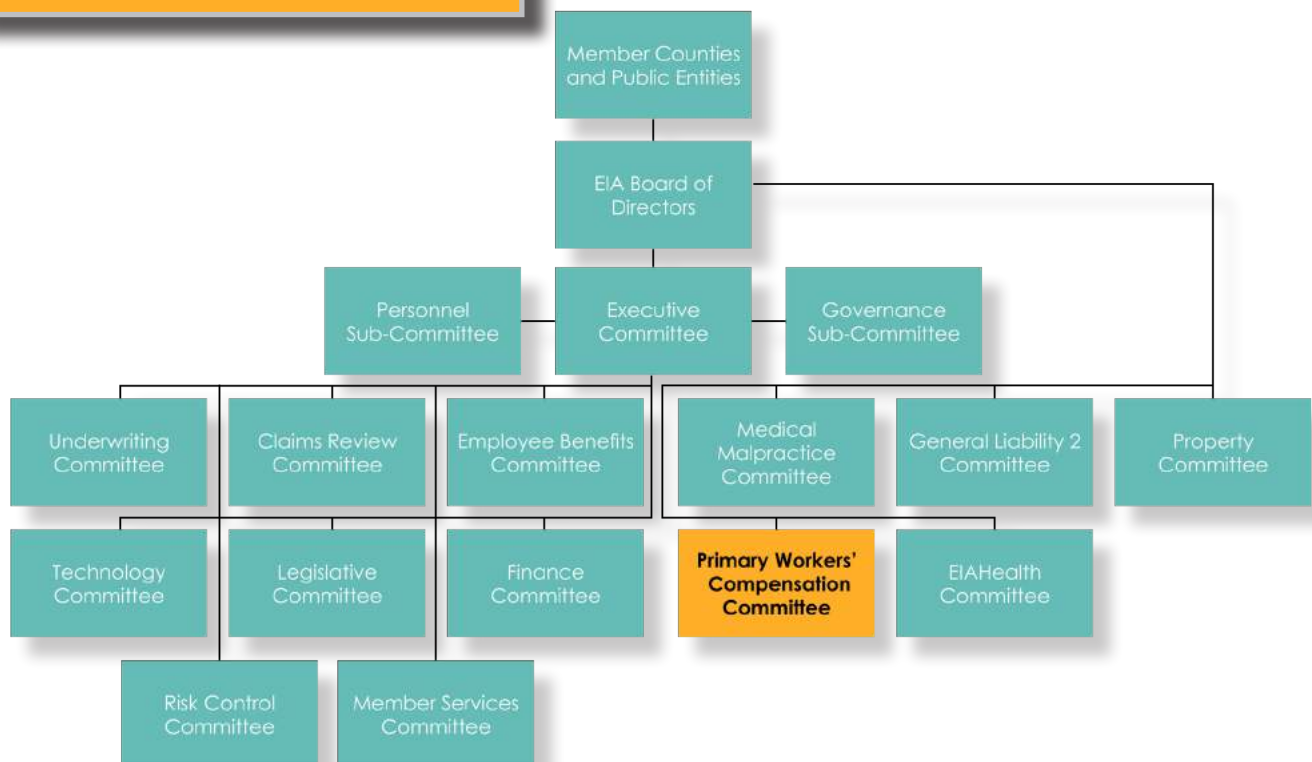
The PWC Program pays for claims with a blending of pooling and insurance. The first \$10k of each claim is paid out of the Program's pool. The insurer, ACE American Insurance Co., pays for the balance of the claim up to the \$125k attachment point to the EWC Program subject to a pooled corridor retention. The Program was able to increase the corridor retention to \$15.3M, an increase from the prior corridor of \$14.3M. The new corridor was transferred to the EIO resulting in a savings of \$460k to the PWC members. The Program structure is illustrated on page 14.

The funding of the Program's pooled layer is evaluated each year. This year, the Program continues to be well funded and a dividend was declared and returned to the members. While dividends in future years cannot be guaranteed, the Program has declared a dividend for many of the past several years yielding a return of over \$50M to its members.

The PWC Committee governs the Program, reviewing all matters pertaining to the Program including: funding, coverage issues, claims administration, new member applications, and insurance renewals.

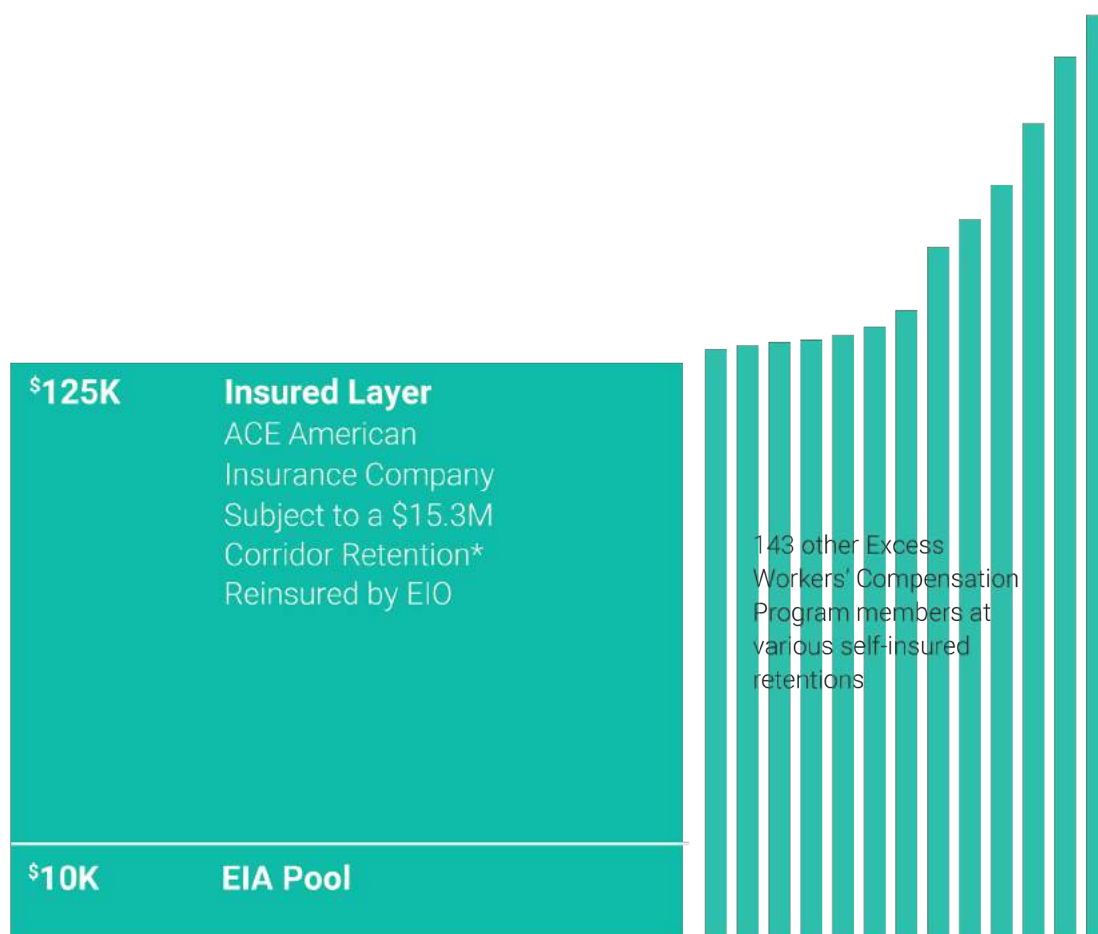
Jill Abel

Yuba County
PWC Committee Chair



PRIMARY *Workers' Compensation Chart* 19/20

Statutory — Excess Workers' Compensation Program



* The Corridor Retention will be adjusted at the end of the year.

"The Primary Workers' Compensation Program provides its 39 members with claims administration services through a choice of six claims administrators, and offers several cost-containment options."

PRIMARY

19/20

Workers' Compensation Membership

Amador County
Amador Transit
Calaveras County
Central Sierra Child Support
City of Belmont
City of Carmel by the Sea
City of Hemet
City of Imperial Beach
City of Lancaster
City of Rancho Cordova
CSAC EIA
El Dorado County
Evergreen School District
First 5 Contra Costa Children & Families Commission
Gold Coast Transit District
Humboldt County
Humboldt Transit Authority
Huntington Beach Union HSD
Inyo County
Kings County Area Public Transit Agency
Kings Waste & Recycling Authority
Lake County
Mendocino County
Morongo Basin Transit Authority
Mt. Diablo USD
Nevada County
Sacramento County Contracts
San Luis Obispo RTA (SLORTA)
San Mateo Consolidated Fire Department
Santa Barbara County
Santa Cruz County Fire Agencies Insurance Group (SCCFAIG)
Self Insured Risk Mgmt. Auth. (SIRMA)
Siskiyou County
South County Area Transit
Tahoe Transportation District
Tehama County
Town of Colma
West San Gabriel WC JPA
Yuba County

EXCESS *Workers' Compensation Program*

The Excess Workers' Compensation (EWC) Program was the first EIA coverage program offered to the members 40 years ago. Today, the EWC Program provides 182 members with statutory coverage, subject to the members' self-insured retentions ranging from \$125k to \$5M. This year, the EWC Program experienced growth, adding nine new members. The structure of the Program is illustrated on page 16 and is very similar to the prior year. The Board of Directors voted to continue assuming a 10% quota share in the \$5M to \$50M layer, which is the Program assuming a little bit of risk in exchange for a savings in premium.

The current insurance market conditions continue to allow the Program the opportunity to balance retaining and transferring risk. Great American provides reinsurance when the corridor retentions are exhausted. This provides the Program with additional predictability in determining the costs and helps to grow the Program's overall funding position. The corridor retention risk was also transferred to the EIO, saving members over \$5M.

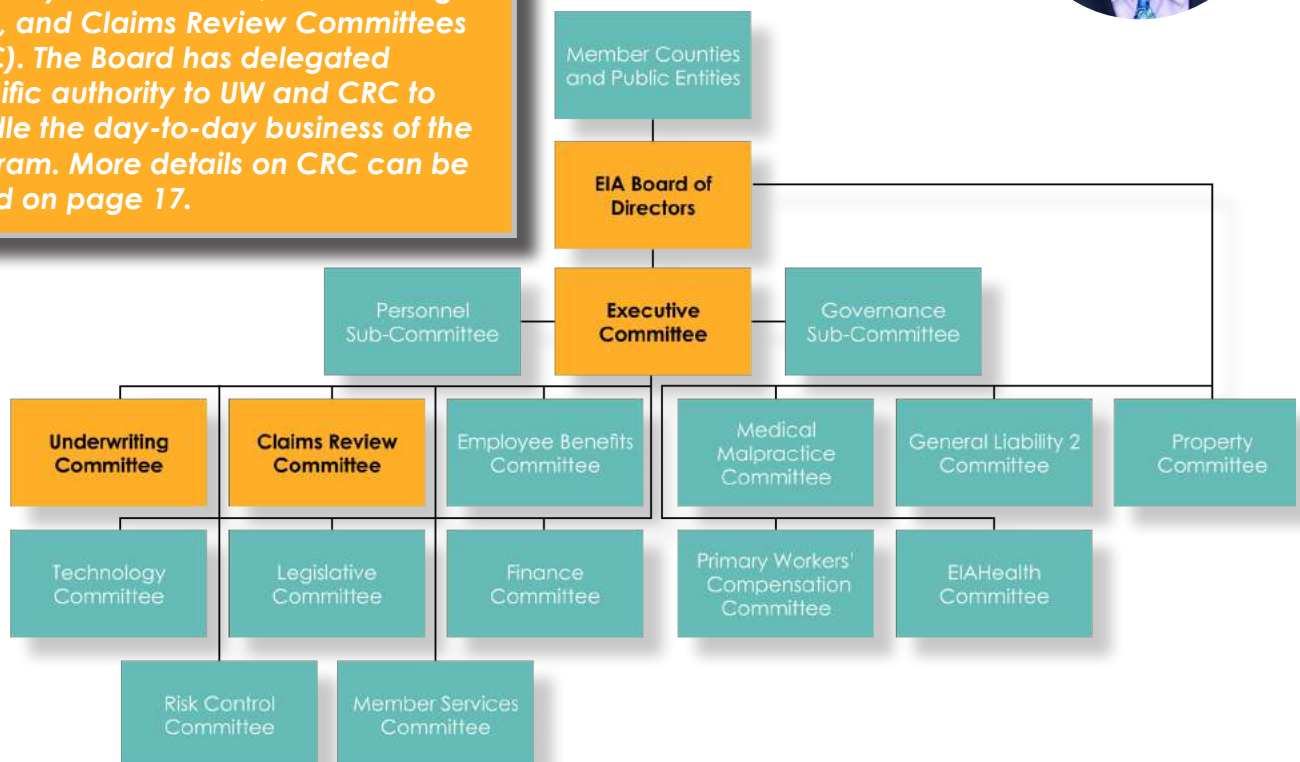
In addition, the EWC Program also offers several cost-containment services, including our proprietary medical provider network, injury reporting and triage services, and a return to work program. A surgical cost-containment pilot program was rolled out earlier this year for specific surgical procedures. The first participants were very happy with the quality of care they received that came at a reduced cost for the employer - a great initial success! Additionally, members continue to have access to Crisis Incident Management and Crisis Incident Counseling Services.

The Board of Directors strives for each program to meet its target funding position, while at the same time, balance the need to keep premiums competitive. The funding level is carefully monitored by the governing committees and the Board, and for the past few years, the EWC Program has steadily increased its funding position.

The Board of Directors governs the EWC Program, with recommendations being made by the Executive, Underwriting (UW), and Claims Review Committees (CRC). The Board has delegated specific authority to UW and CRC to handle the day-to-day business of the Program. More details on CRC can be found on page 17.

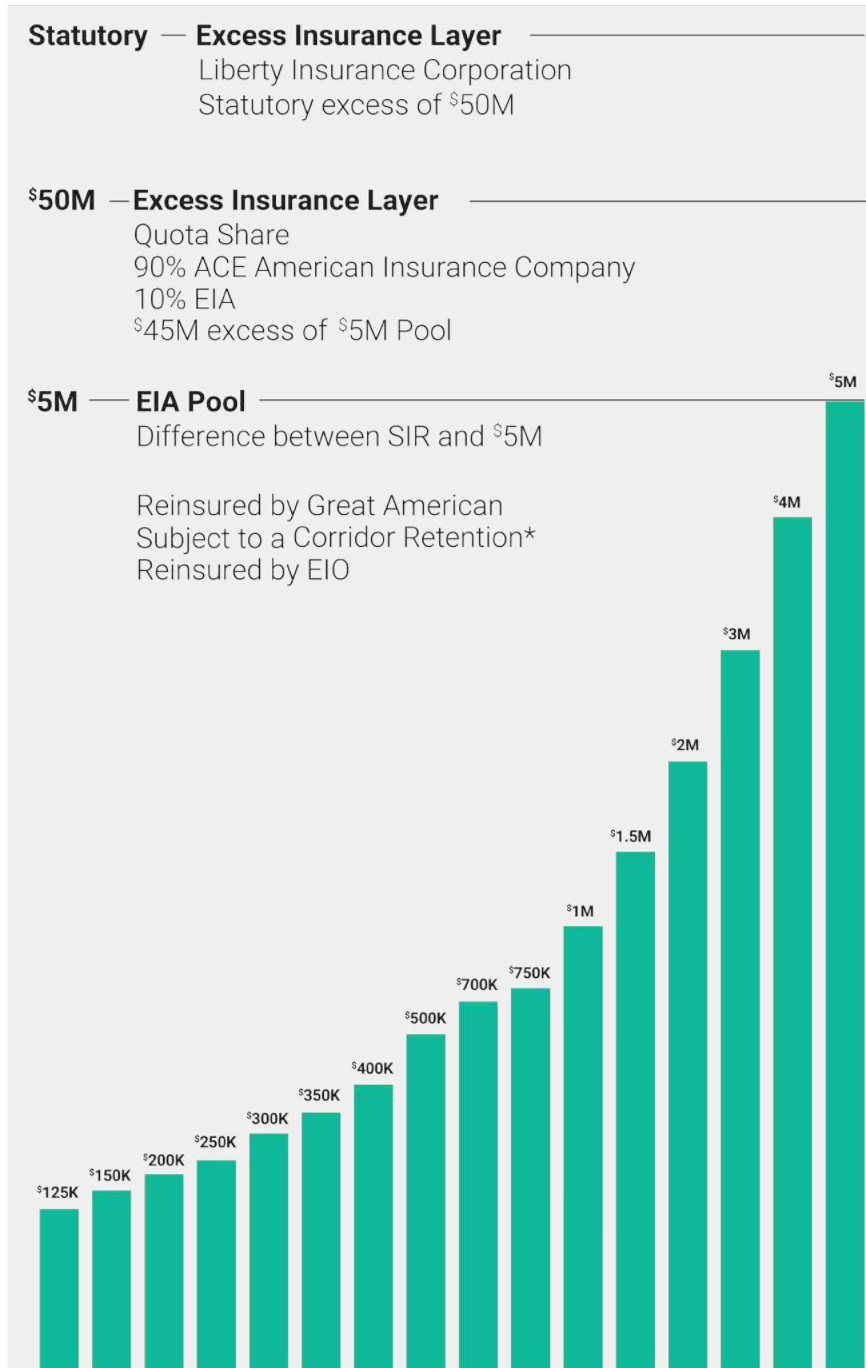
Scott Schimke

Glenn County, GSRMA &
NCSDIA
UW Committee Chair

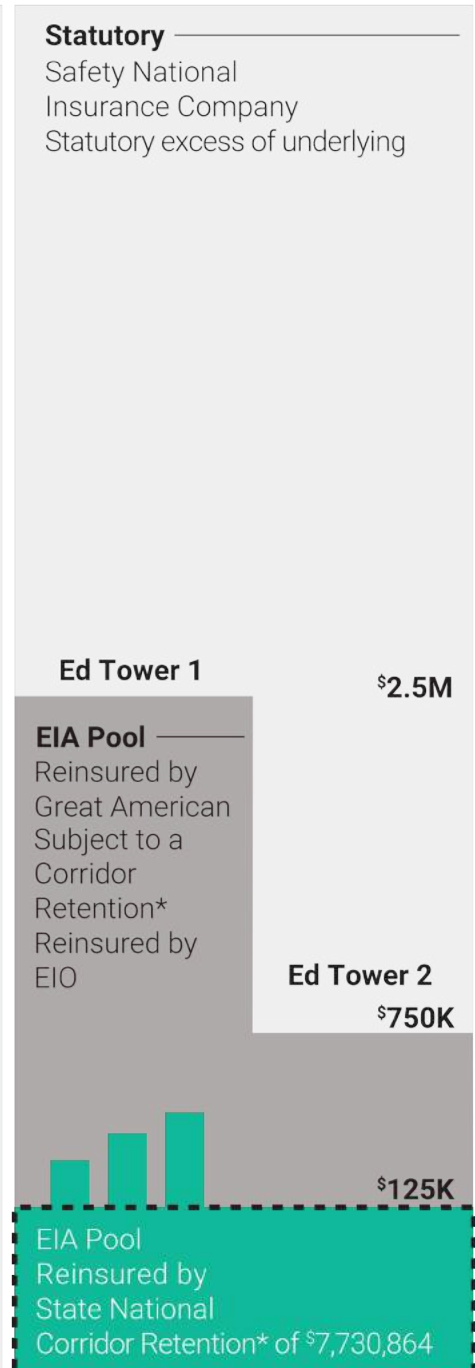


EXCESS 19/20 Workers' Compensation Chart

Core Tower



Educational Tower



* The Corridor Retention will be adjusted at the end of the year. The Core and Educational Towers are subject to a single, shared corridor retention of \$49,935,359 (does not include primary <\$125k layer).

"The current insurance market conditions continue to allow the Excess Workers' Compensation Program the opportunity to balance retaining and transferring risk."

EXCESS

Workers' Compensation Membership

19/20

Primary

CSU Risk Mgmt. Authority (CSURMA):

- AORMA
- Campuses

\$125,000

Amador County
Amador Regional Transit System
Butte County
Calaveras County
Casitas Municipal Water District
Central Sierra Child Support Agency
City of Belmont
City of Calexico
City of Carmel by the Sea
City of Del Mar
City of El Cajon
City of Hemet
City of Imperial Beach
City of Lancaster
City of Lemon Grove
City of Los Alamitos
City of Pico Rivera
City of Rancho Cordova
City of Solana Beach
City of South Pasadena
CSAC EIA
El Dorado County
Evergreen School District
First 5 Contra Costa Children & Families Commission
First 5 Sacramento Commission
Garvey School District
Gold Coast Transit District
Humboldt County
Humboldt Transit Authority
Huntington Beach UHSD
Inyo County
Irvine Ranch Water District
Kings Co. Area Public Transit Agcy
Kings Waste & Recycling Authority
Lake County
Madera County
Mendocino County
Morongo Basin Transit Authority
Mt. Diablo USD
Nevada County
PASIS San Diego:
• Alpine FPD
• Bonita/Sunnyside FPD
• Lakeside FPD
Sacramento County Contracts:
• Rancho Cordova Police
• Rancho Cordova Transportation
San Luis Obispo RTA (SLORTA)
San Mateo Consolidated Fire Dept.
Santa Barbara County
Santa Cruz County Fire Agencies Insurance Group (SCCAIG)
Self Insured Risk Mgmt. Auth. (SIRMA)
Siskiyou County
Solano County
South County Area Transit
Tahoe Transportation District
Tehama County

Town of Colma
Tulare County
West San Gabriel WC JPA
Yuba County

\$150,000

City of Ridgecrest

\$250,000

Berkeley USD
California Fair Services Auth. (CFSA)
Central County Fire Department
City of Bell
City of Hanford
City of Los Altos
Lake Elsinore USD
Monterey Bay Area Self Insurance Authority (MBASIA)
San Luis Obispo County
Shasta County
UC Hastings College of Law

\$300,000

City of Beaumont
City of Lompoc
City of Moreno Valley
City of Napa
City of San Clemente
Golden State Risk Management Auth. (GSRMA)
Imperial County
Kings County
Mariposa County
Merced County
Northern CA Special District Insurance Agency (NCSDIA)
PASIS San Diego:
• City of San Marcos
• North County FPD
• Rancho Santa Fe FPD
• San Miguel Consolidated FPD
Placer County
Santa Clara Co. Office of Ed. (SCCOE)
Sonoma County
Tuolumne County

\$350,000

Bay Area Housing Auth. Risk Mgmt. Agency (BAHARMA)
Campbell Union School District
CA Association for Park & Recreation Indemnity (CAPRI)
City of Daly City
City of Redwood City
East Bay Reg'l. Park District (EBRPD)
Monterey Salinas Transit
Napa County
Redondo Beach USD
Santa Cruz Metro Transit District
Upland USD

\$400,000

ACCEL: City of Monterey
City of El Monte

City of Rialto
Monterey County

\$500,000

Authority for CA Cities Excess Liability (ACCEL):
• City of Bakersfield
• City of Santa Cruz
CA Schools Risk Mgmt. (CSRMA)
City of Burlingame
City of Concord
City of Covina
City of Cupertino
City of Escondido
City of Fremont
City of Hawthorne
City of Hayward
City of Millbrae
City of National City
City of Newport Beach
City of Oceanside
City of Santa Rosa
City of South San Francisco
City of Stockton
City of Sunnyvale
City of Westminster
City of Whittier
Fresno County
Golden Empire Transit District
Los Angeles County Development Authority (LACDA)
Municipal Pooling Authority (MPA)
Northern CA Cities Self Insurance Fund (NCCSIF)
Oakland USD
Pasadena USD
San Joaquin County
Santa Barbara Metro. Transit District
Santa Cruz County
Stanislaus County
Yolo Co. Public Agency Risk Mgmt. Insurance Authority (YCPARMIA)

\$750,000

Authority for CA Cities Excess Liability (ACCEL):
• City of Modesto
• City of Mountain View
• City of Ontario
• City of Palo Alto
• City of Santa Barbara
• City of Santa Monica
City of Baldwin Park
City of Carson
City of Chico
City of Downey
City of Fairfield
City of Gardena
City of Manhattan Beach
City of Oakland
City of Redding
City of Redondo Beach
City of Richmond
City of San Bruno
City of Santa Clara

City of Simi Valley
Contra Costa County
Riverside Transit Agency
Santa Clara Co. -
Santa Clara Fire Buy-Down
Special District Risk Management Authority (SDRMA)
Turlock Irrigation District

\$1,000,000

Alpine County
Authority for CA Cities Excess Liability (ACCEL):
• City of Salinas
City of Huntington Beach
City of Oxnard
City of West Covina
City of Chula Vista
City of Corona
City of Fontana
City of Garden Grove
City of Montebello
City of Pomona
City of San Bernardino
City of Ventura
Colusa County
Del Norte County
Lassen County
Modoc County
Mono County
Omnitrans
Orange County Sanitation District
Plumas County
San Benito County
Sierra County
Sutter County
Trinity County

\$2,000,000

Authority for CA Cities Excess Liability (ACCEL):
• City of Anaheim
City of Sacramento
City of Torrance
Orange County Fire Authority
Riverside County
San Bernardino County
San Diego County

\$3,000,000

Alameda County
Sacramento County

\$4,000,000

Santa Clara County

\$5,000,000

Local Agency WC Excess (LAWCX) JPA

GENERAL *Liability 1 (GL1) Program*

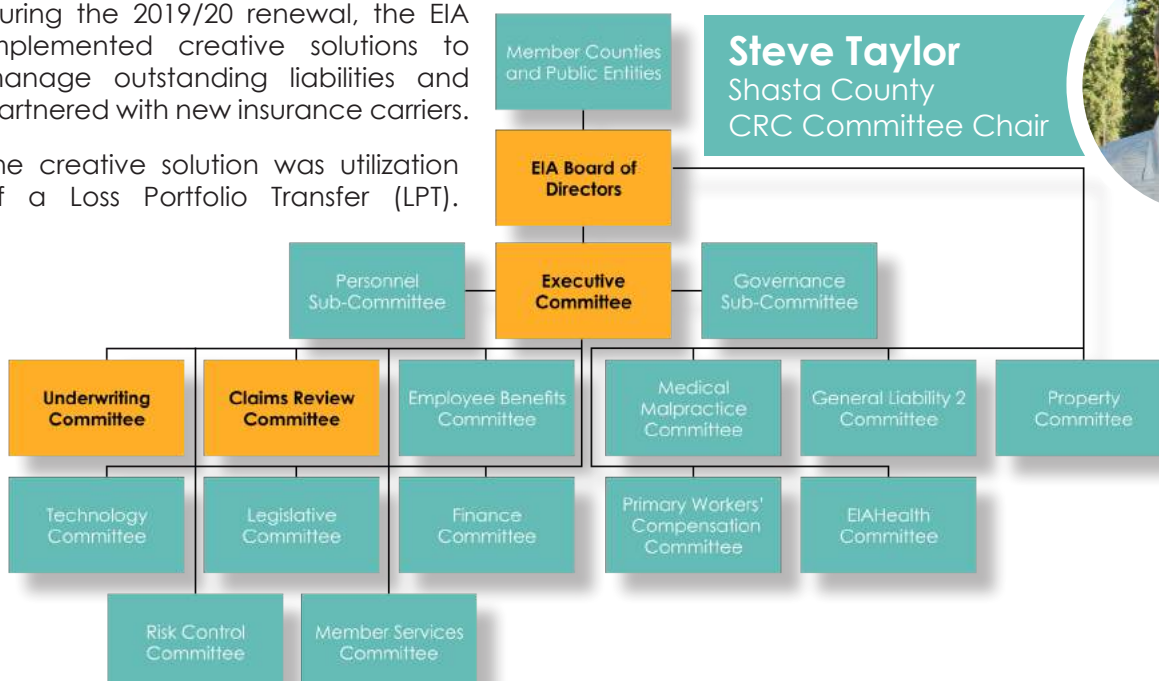
The General Liability 1 (GL1) Program provides 130 members with coverage for third party liabilities (including general, automobile, employment practices, and errors and omissions). The Program continues to grow, adding seven new members this year. Since most members maintain a self-insured retention in the GL1 Program, they are able to manage their own claims, either through a third party claims administrator of their choice, or with their own claims staff. Twenty-four members participate in the Deductible Buy-Down (DBD) option. These members hold a \$10k deductible and utilize an approved claims administrator.

The first layer of reinsurance, the \$5M excess of \$5M layer, was renewed with Great American, which extended the prior 2-year agreement for a third year. The Program transferred the corridor retention risk to the EIO, resulting in a \$138k savings this year for the Program. The excess layers are reinsured through four other carriers. The structure of the GL1 Program is depicted on page 18. The insurance industry, and public entities in particular, are seeing significant increases in plaintiff demands and high dollar liability claims. Jury verdicts and settlements are much higher than they have ever been, which is impacting the industry's surplus. As the industry is affected, the EIA's Liability Program has also experienced higher claim costs. Risk pools were born out of difficult times and there is no better time to be part of a risk pool. During the 2019/20 renewal, the EIA implemented creative solutions to manage outstanding liabilities and partnered with new insurance carriers.

The creative solution was utilization of a Loss Portfolio Transfer (LPT).

The LPT transferred the Program's outstanding liabilities (going back to July 1, 2007) to a reinsurer and also includes providing coverage for liabilities over the next five years (through June 30, 2024). This complex solution provided members substantial savings on what continue to be increasing premiums in the GL1 Program. Several key parameters were musts in the transaction and were accomplished including: shoring up the funding level for outstanding claims, including the necessary security for the funds being paid to the reinsurers, maintaining program underwriting and claims control within the EIA, and allowing a structure to roll future years into the deal upon mutual agreement of all parties.

Like the EWC Program, the GL1 Program is governed by the Board of Directors, with recommendations being made by the Executive, UW, and CRC. The Board has delegated specific authority to UW and CRC to handle the day-to-day business of the Program. CRC reviews GL1 and EWC claims. They have full authority to authorize settlements and take action regarding claims services, such as cost-containment solutions and claims audit services.



Steve Taylor
Shasta County
CRC Committee Chair

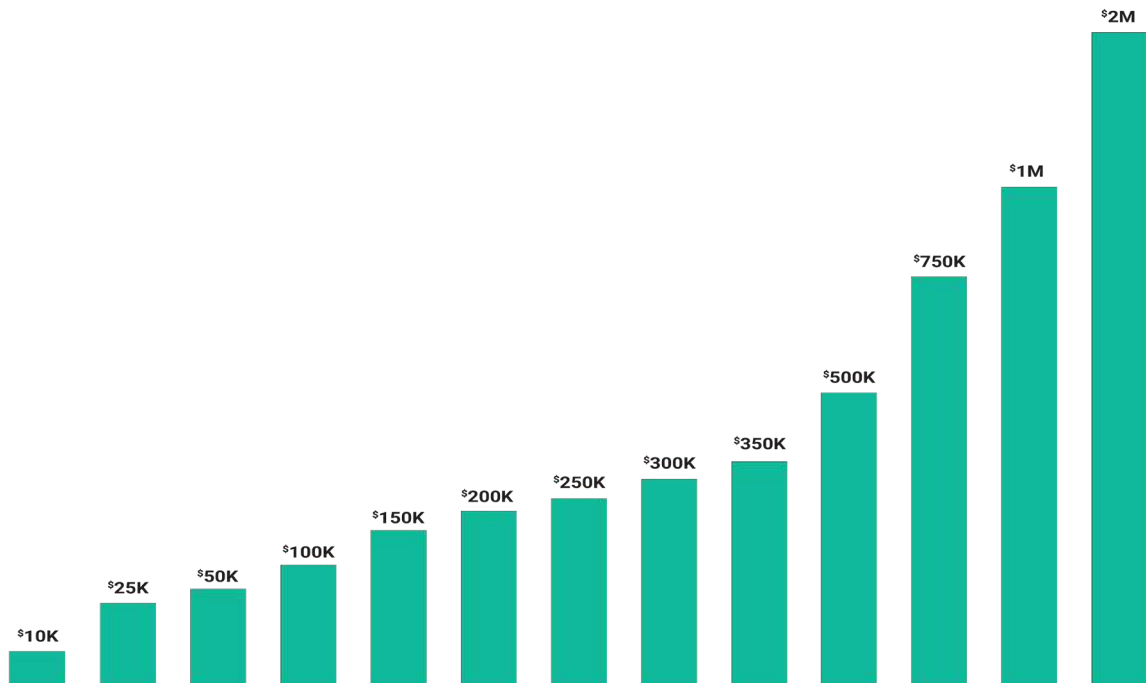


GENERAL

19/20

Liability 1 (GL1) Chart

\$25M	Reinsurance Layer Quota Share Placement 50% AmTrust Syndicate 50% Brit Syndicate \$5M excess of \$20M
\$20M	Reinsurance Layer Everest Reinsurance \$5M excess of \$15M
\$15M	Reinsurance Layer Quota Share Placement 75% Markel Global Reinsurance 25% AmTrust Syndicate \$5M excess of \$10M
\$10M	Reinsurance Layer Great American \$5M excess of \$5M pool Subject to a \$10.5M 3-Year Corridor Retention (7/1/18 - 6/30/21) Reinsured by EIO
\$5M	EIA Pool Difference between SIR or Deductible and \$5M



*48 GL1 Program members purchase additional limits through the Optional Excess Liability Program.
 *24 GL1 Program members participate in the Deductible Buy Down Option at a \$10K Deductible.

Table of Contents

"The GL1 Program continues to grow—risk pools were born out of difficult times and there is no better time to be part of a risk pool. During the 2019/20 renewal, the EIA implemented creative solutions to manage outstanding liabilities."

GENERAL

Liability 1 (GL1) Membership

19/20

\$10,000

Amador County
California Mental Health Services Authority
Central Sierra Child Support Agency
City of Carmel by the Sea
City of Rancho Cordova
Contra Costa County IHSS Public Authority
Del Norte IHSS Public Authority
Housing Auth. of the Co. of Riverside
Humboldt IHSS Public Authority
Imperial County IHSS Public Authority
Kern IHSS
Lake County
Monterey County Water Resources Agency
Riverside IHSS
Sacramento County Contracts
San Bernardino IHSS Public Authority
San Diego County IHSS Public Authority
Santa Clara County Library District JPA
Shasta IHSS Public Authority
Siskiyou County
Solano County
Sutter IHSS Public Authority
Tulolumne County
Yuba County

\$25,000

Council of San Benito County Governments
East San Gabriel Valley Regional Occupational
Program
Marin County Transit District
Military Dept. of the State of CA

\$50,000

Capitol Area Development Authority (CADA)
City of Elk Grove
Huntington Beach Union HSD
LA County Law Library
West San Gabriel Liability & Property JPA

\$100,000

Butte County
Calaveras County
California Fair Services Authority (CFSA)
City of Del Mar
City of Hanford
City of Imperial Beach
City of Lemon Grove
City of Lompoc
City of Los Alamitos
City of Pico Rivera
City of Ridgecrest
City of Solana Beach
City of South Pasadena
CSAC EIA
Golden State Risk Management
Auth. (GSRMA) JPA
Humboldt County
Inyo County
Irvine Ranch Water District
Madera County
Merced County
Nevada County

Pasadena USD
Sacramento Area Flood Control Agency
San Benito IHSS
San Jose USD
Solano Transportation Authority
Tehama County
Torrance USD
Trindel Insurance Fund

\$150,000

City of Napa
City of Santee
City of Vista
Mariposa County
Mendocino County

\$200,000

Imperial County

\$250,000

Alpine County
City of Belmont
City of Calexico
City of Carson
City of Coronado
City of El Cajon
City of Encinitas
City of Hemet
City of Lancaster
City of National City
Colusa County
Central Region School Insurance Group (CRSIG)
Del Norte County
Golden State Risk Management Auth. (GSRMA)
Lassen County
Modoc County
Mono County
Mt. Diablo USD
Plumas County
San Benito County
San Luis Obispo County
San Mateo Co. Schools Ins. Group (SMCSIG)
Shasta County
Sierra County
South Bay Area Schools Insurance Auth. (SBASIA)
Stanislaus County
Sutter County
Trinity County
Tulare County

\$300,000

Napa County

\$350,000

City of Fountain Valley
San Diego USD

\$500,000

City of Chula Vista
City of Concord
City of Corona
City of Covina

City of Escondido
City of Manhattan Beach
City of Newport Beach
City of Oceanside
City of Palmdale
City of Redlands
City of Redondo Beach
City of Rialto
City of Westminster
East Bay Regional Park District (EBRPD)
Kings County
San Bernardino Specified Departments
Santa Barbara County

\$750,000

CA Association for Park &
Recreation Indemnity (CAPRI)
City of Baldwin Park
City of Gardena
Fresno County

\$1,000,000

City of Fontana
City of Pomona
City of Simi Valley
City of Ventura
City of West Covina
Public Agency Risk Sharing Auth. of CA (PARSAC)
Public Entity Risk Management Auth. (PERMA)
Placer County
Schools Excess Liability Fund (SELF)
Sonoma County

\$2,000,000

City of Garden Grove

GENERAL *Liability 2 (GL2) Program*

The General Liability 2 (GL2) Program has been in place for more than two decades. This year, the Program continued to evolve and now provides 18 members with coverage for third party liabilities (general, automobile, employment practices, and errors and omissions). GL2 provides coverage up to a limit of \$25M, subject to the members' self-insured retentions, which range from \$1M to \$5M.

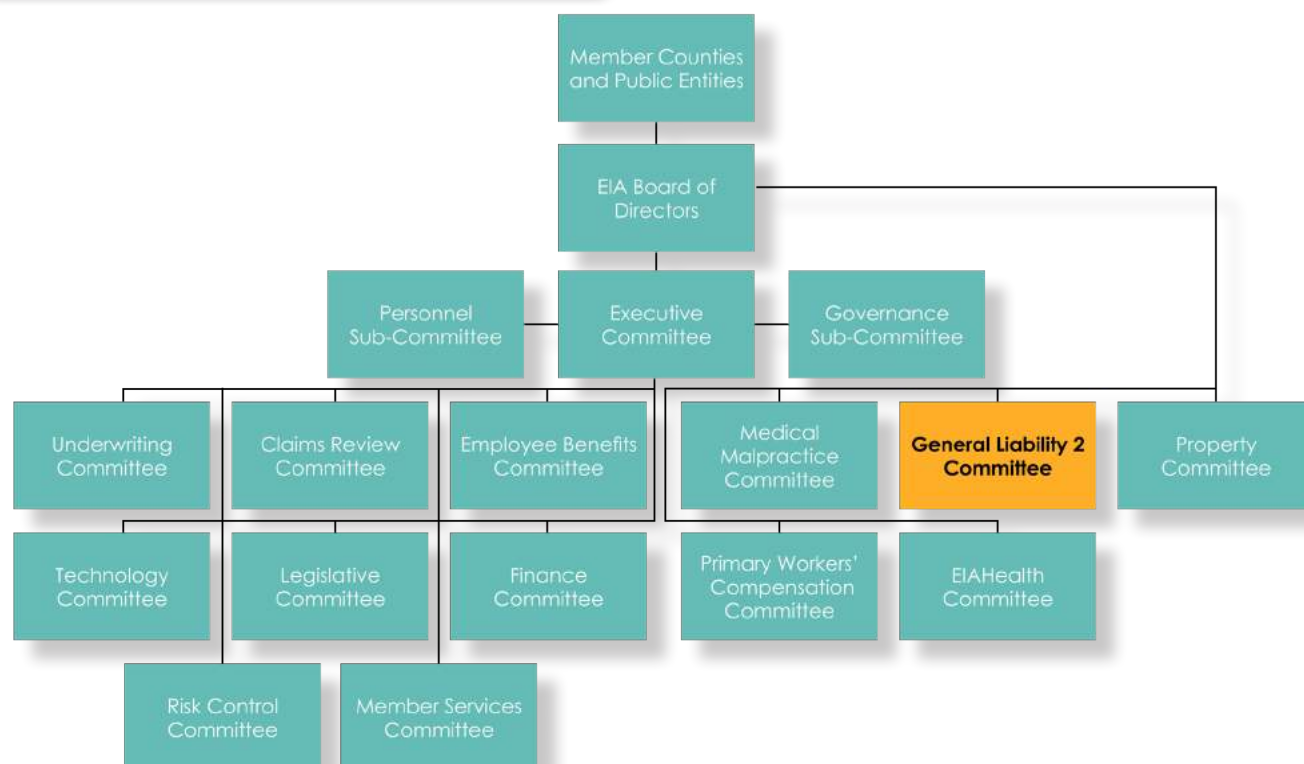
The Program was created for large members who face increasingly complex liability issues. To manage their risk financing, members navigated through a difficult renewal with modest premium increases, some coverage limitations, and aggregate limits.

The Program has three reinsurance layers, with QBE and Chubb providing the first layer of reinsurance coverage above the group corridor retention up to \$10M. The group corridor retention is \$27.75M and is reinsured by the EIO. The transfer of the corridor retention to the EIO resulted in savings of \$2.78M to the Program. Excess limits above \$10M are provided by three additional carriers and includes quota share placements. Also new this year, is the inclusion of a \$7M corridor deductible within the \$5M excess of \$10M layer, which is also transferred to the EIO and provides members a savings of \$700k. This structure is illustrated on page 20.

The GL2 Committee governs the Program, reviewing all matters pertaining to the Program, including: insurance placements, coverage issues, claims administration, program services, and new member applications.

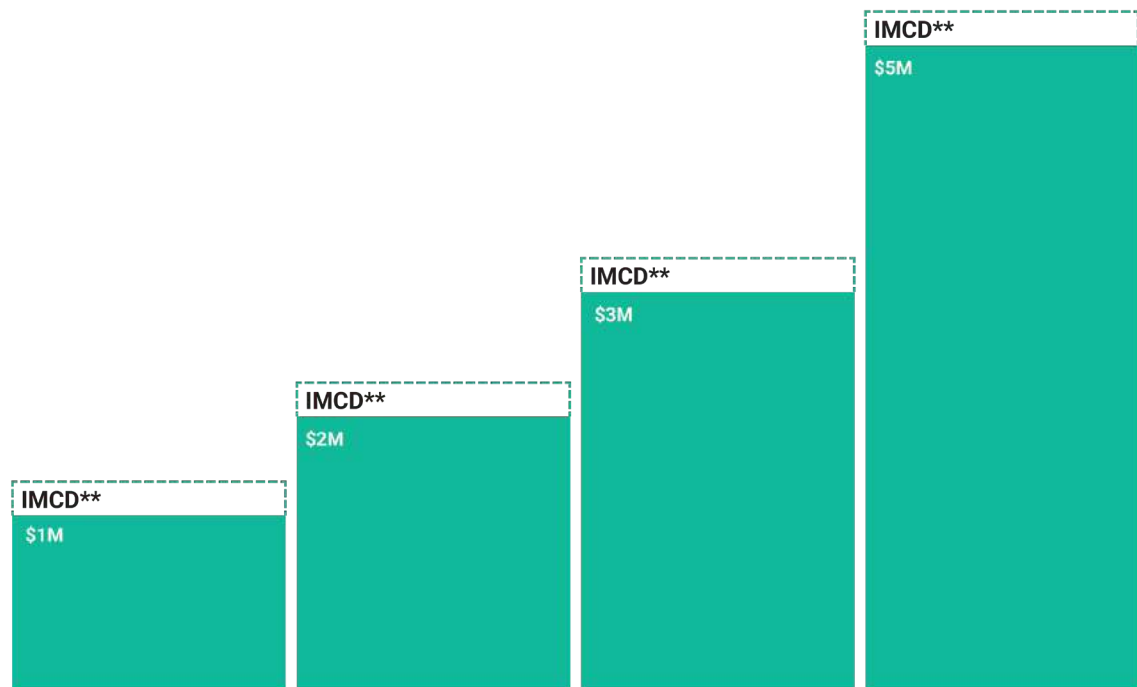
Lance Sposito

Santa Clara County
GL2 Committee Chair



GENERAL *Liability 2 (GL2) Chart* 19/20

\$25M	Reinsurance Layer Safety National (\$30M Aggregate Limit) \$10M excess of \$15M
\$15M	Reinsurance Layer Quota Share Placement (\$50M Aggregate Limit) 75% Great American 25% Brit Insurance Subject to \$7M Corridor Retention \$5M excess of \$10M
\$10M	Reinsurance Layer QBE and CHUBB (\$98M Aggregate Limit) Subject to a \$27.75M Corridor Retention Reinsured by EIO



*₁₃ GL2 Program members purchase additional limits through the Optional Excess Liability Program.
 **Individual Member Corridor Deductible (IMCD) where applicable.

"The General Liability 2 Program was created for large members who face increasingly complex liability issues. To manage their risk financing, members navigated through a difficult renewal with modest premium increases, some coverage limitations, and aggregate limits."

GENERAL

Liability 2 (GL2) Membership

19/20

Listed by SIR Level

\$1,000,000

Alameda County
City of Montebello
City of Vallejo
Contra Costa County
El Dorado County
Exclusive Risk Management Authority of CA (ERMAC)
San Joaquin County
Santa Cruz County
Tulare County

IMCD*

Nil
\$500,000
\$1,000,000
Nil
Nil
\$250,000
Nil
Nil
Nil

\$2,000,000

City of Sacramento
Sacramento County
Santa Clara County

IMCD*

\$2,000,000
Nil
\$500,000

\$3,000,000

City of San Diego
City of Santa Clara
San Bernardino County

IMCD*

\$2,500,000
Nil
\$2,000,000

\$5,000,000

City of Oakland
City of Redlands
Riverside County

IMCD*

Nil
Nil
\$2,000,000

* Individual Member Corridor Retention

PROPERTY Program

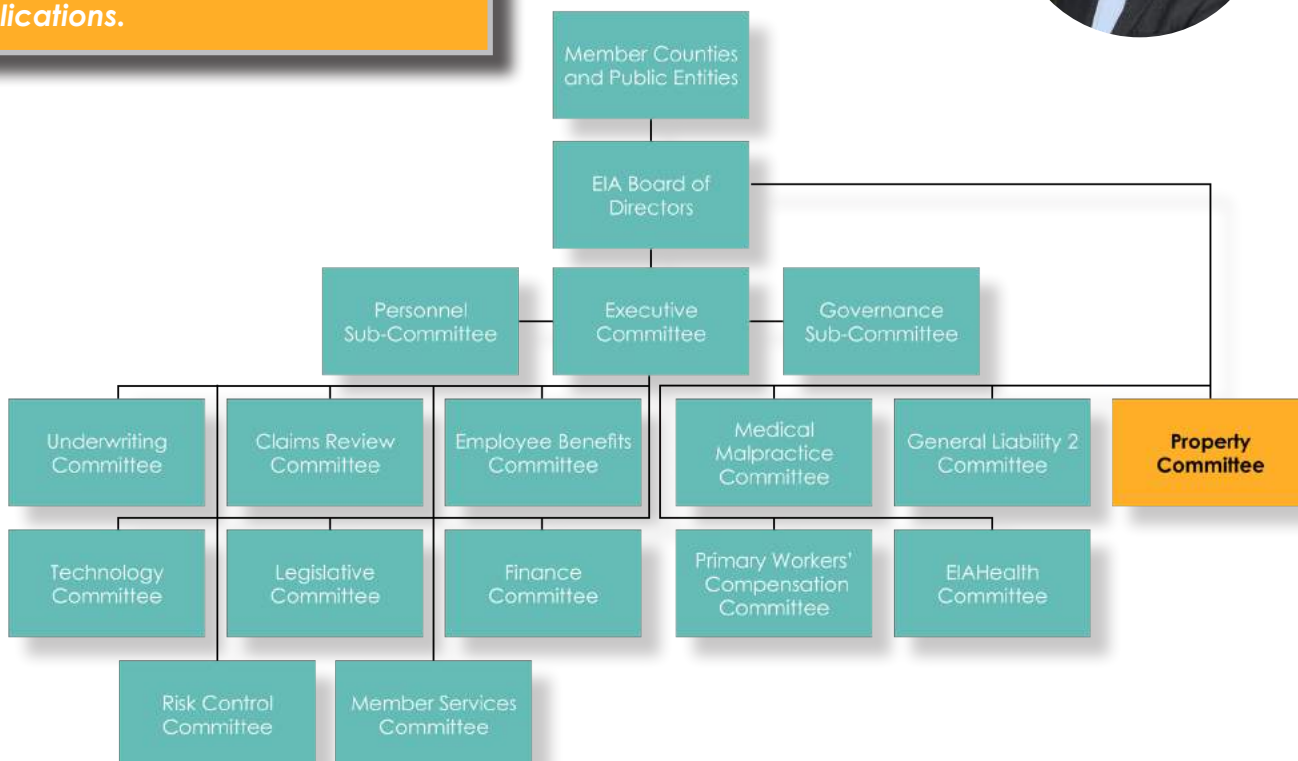
The EIA's Property Program is one of the largest property programs in America, with over \$74B in total insured values. Because of its scale, its structure is complex, including towers and roof top layers for flood and earthquake coverages. It provides the best protection at the lowest possible cost. The Property Program consists of 109 members, including five new members at the 2019/20 renewal.

The Program faced reduced capacity in the property insurance markets, yet was able to maintain broad coverage for members. For the 2019/20 renewal, the Program strategically retained additional risk in order to help mitigate member rate increases. This was done in the Earthquake Rooftop Layer where the Program will retain \$25M in aggregate limits excess of \$340M. This retained risk was partially transferred with 40% or \$10M going to the EIO. The Program continued to maintain the earthquake deductible at 2%, a great member benefit found only in the EIA's Property Program.

Due to the size of the Property Program and its significant California earthquake exposure, purchasing additional coverage could become cost-prohibitive, or simply unavailable. To address these issues, the Property Program has implemented a unique structure with "Towers" to spread risk both geographically and categorically. This spread of risk allows the Program to access higher limits at reduced costs. Members have \$600M in all risk limits. In addition, members that purchase earthquake coverage have access to \$465M in coverage in one or more of six towers. The Program maintains a \$3M pool, with both reinsurance and insurance providing the balance of the limits. The pool exposure is limited to \$10M for the year, and upon exhaustion of the pool's aggregate, the primary reinsurer (Lexington) pays for losses in excess of the members' deductibles. This year, the Program again transferred limited exposure to the EIO, affording the Program members \$312k in savings.

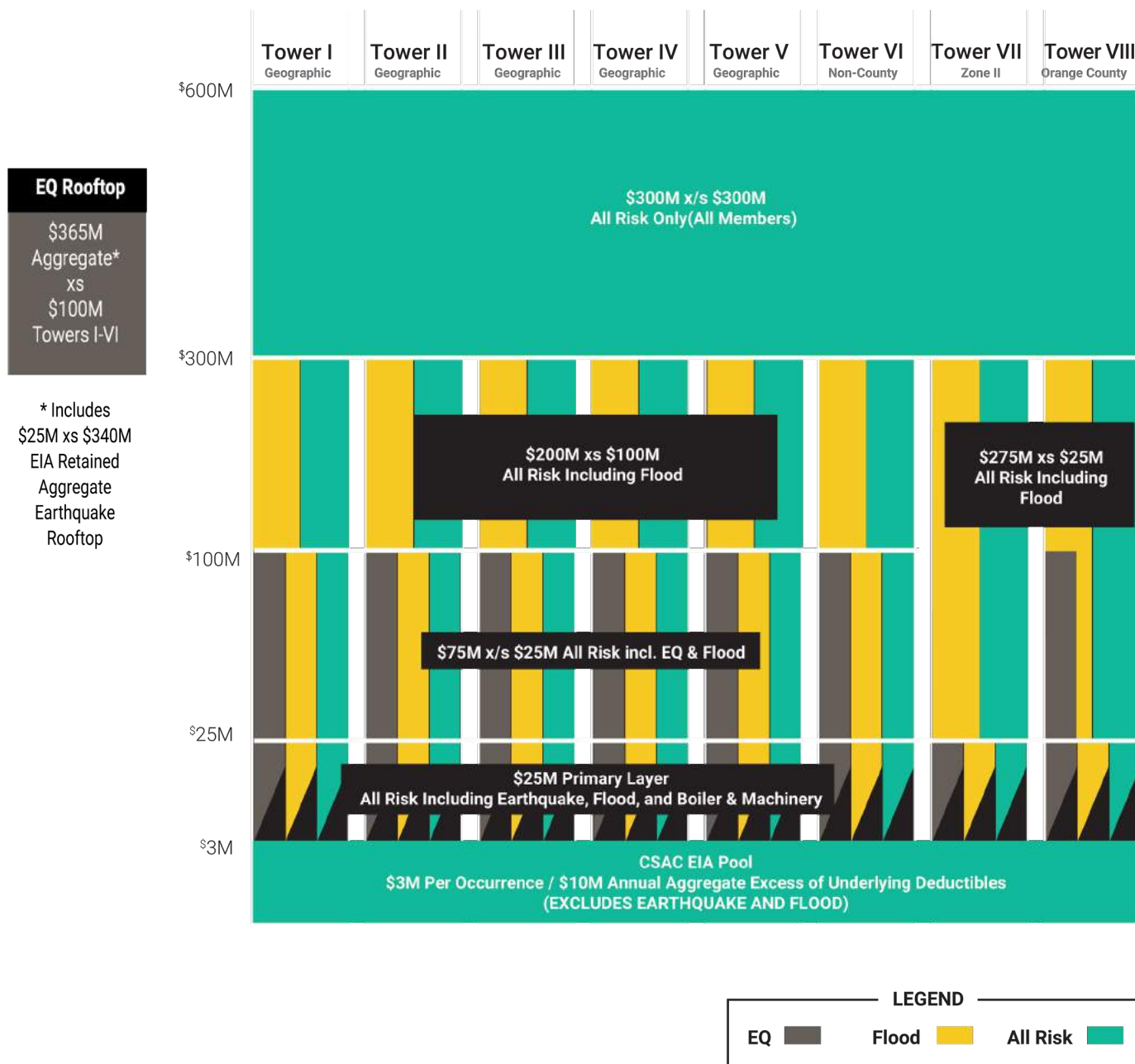
The Property Committee governs this Program. They review all matters pertaining to the Program including insurance placements, coverage issues, property appraisals, other program services, and new member applications.

Lance Sposito
Santa Clara County
Property Committee Chair



PROPERTY *Chart*

19/20



Not shown graphically is the Catastrophic Risk pool, designed to buy down member deductibles for Flood and EQ.

Table of Contents

"The EIA's Property Program is one of the largest property programs in America. Because of its scale, its structure is complex, including towers and roof top layers for flood and earthquake coverages. It provides the best protection at the lowest possible cost."

PROPERTY *Membership*

19/20

Listed by Deductible Level

\$5,000

Amador County
Butte County
Calaveras County
Central Sierra Child Support Agency
City of Bakersfield
City of Calexico
City of Coronado
City of Del Mar
City of Elk Grove
City of Encinitas
City of Hemet
City of Imperial Beach
City of Lemon Grove
City of Napa
City of National City
City of Oceanside
City of Palmdale
City of Pico Rivera
City of Rancho Cordova
City of Rialto
City of Ridgecrest
City of Santee
City of Solana Beach
City of South Pasadena
City of Vista
CSAC EIA
Golden State Risk Management Auth. (GSRMA)
Humboldt County
Imperial County
Inyo County
Kings County
Lake County
Madera County
Mariposa County
Merced County
Mountain Communities Healthcare District
Napa County
Orange County: John Wayne Airport
Placer County
Santa Cruz County
Solano County
Sonoma Co. Employees Retirement Assoc. (ERA)
Sutter County
Tehama County
Tuolumne County
Yuba County

\$10,000

City of Baldwin Park
City of Carmel by the Sea
City of Chula Vista
City Of Concord
City of Escondido
City of Fountain Valley
City of Los Alamitos
City of Manhattan Beach
City Of Oakland
City of Westminster

Housing Authority of Riverside County
Mendocino County
Orange County
San Luis Obispo County
Santa Barbara County
Santa Clara County Vector Control
Siskiyou County
Stanislaus County
Tulare County
Ventura County

\$25,000

Alpine County
City of Covina
City of San Diego
City of Vallejo
Colusa County
Del Norte County
East Bay Regional Parks District (EBRPD)
El Dorado County
Fresno County
Huntington Beach Union HSD
Irvine Ranch Water District
Lassen County
Modoc County
Mono County
Monterey County
Nevada County
Plumas County
San Benito County
San Bernardino County
San Diego Housing Commission
San Diego Metropolitan Transit System
San Joaquin County
Shasta County
Sierra County
Trinity County
Yolo Co. Public Agency Risk Mgmt.
Insurance Authority (YCPARMIA)

\$50,000

Alameda County
Alameda Health System
City of Redondo Beach
Contra Costa County
Kern County
Pasadena USD
Riverside County
Sacramento County
San Diego County
Santa Clara County
Santa Clara Library District JPA
Sonoma County
West San Gabriel Liability & Property JPA

\$75,000

California Schools Risk Management (CSRM)

\$100,000

Central Region School Insurance Group (CRSIG)
City of Modesto
Kern County Hospital Authority
Mt. Diablo USD
Yolo Co. Public Agency Risk Mgmt.
Insurance Authority (YCPARMIA) - Port of
Sacramento

MEDICAL *Malpractice Program*

The Medical Malpractice (MedMal) Program provides 52 members with coverage for medical professional services and limited general liability exposures at established healthcare facilities. The Program offers limits of \$21.5M in addition to the members' deductible or self-insured retention, which range from \$5k to \$1.1M. For members who maintain a deductible, claims administration is provided by the Program's claims administrator, Risk Management Services (RMS). Members who maintain a self-insured retention are able to manage their claims, either through a claims administrator, or with their own claims staff. The Program funds a \$1.5M pool and purchases \$20M of reinsurance to fulfill the limits. This structure is depicted graphically on page 24.

Beginning with the 2010/11 year, the Program's reinsurance agreement was converted from "claims-made" to an "occurrence" basis. This was achieved by taking advantage of a soft insurance market with the long term strategy to retain occurrence based coverage until the market hardened significantly. At the same time,

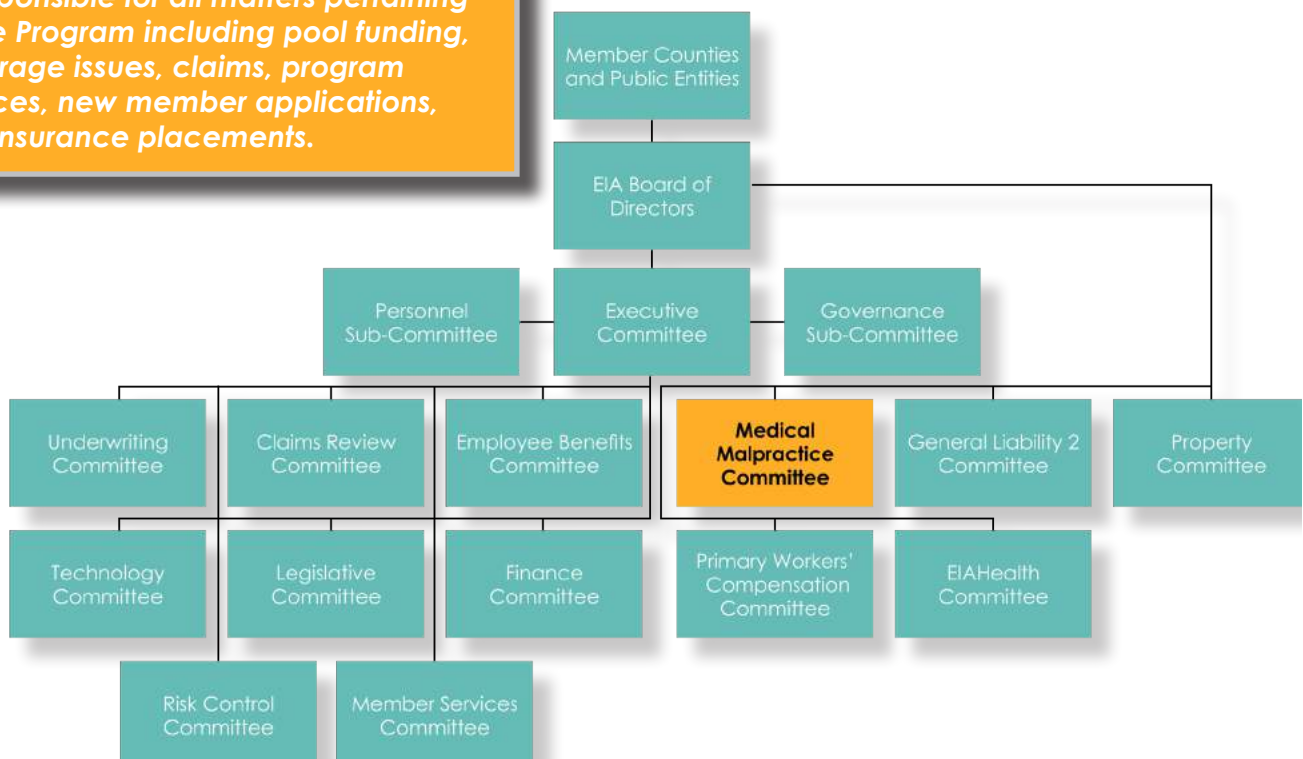
the members have continued to fund and provide coverage for the pooled layer on a claims-made basis in order to take advantage of risk financing benefits of lower cost, greater predictability, and stability.

The Program's reinsurance coverage has been provided by the Medical Protective Company (MedPro) since 2017/18 and last year the Program entered into an extended participation agreement with them. The agreement provides coverage for the second 2019/20 year at a not-to-exceed 10% increase on reinsurance premium. This arrangement was subject to a 2-year commitment from 75% of the membership, which was achieved late last year. The Program's relationship with MedPro continues to flourish as a great partnership, which helps the Program secure coverage at a stable competitive cost.

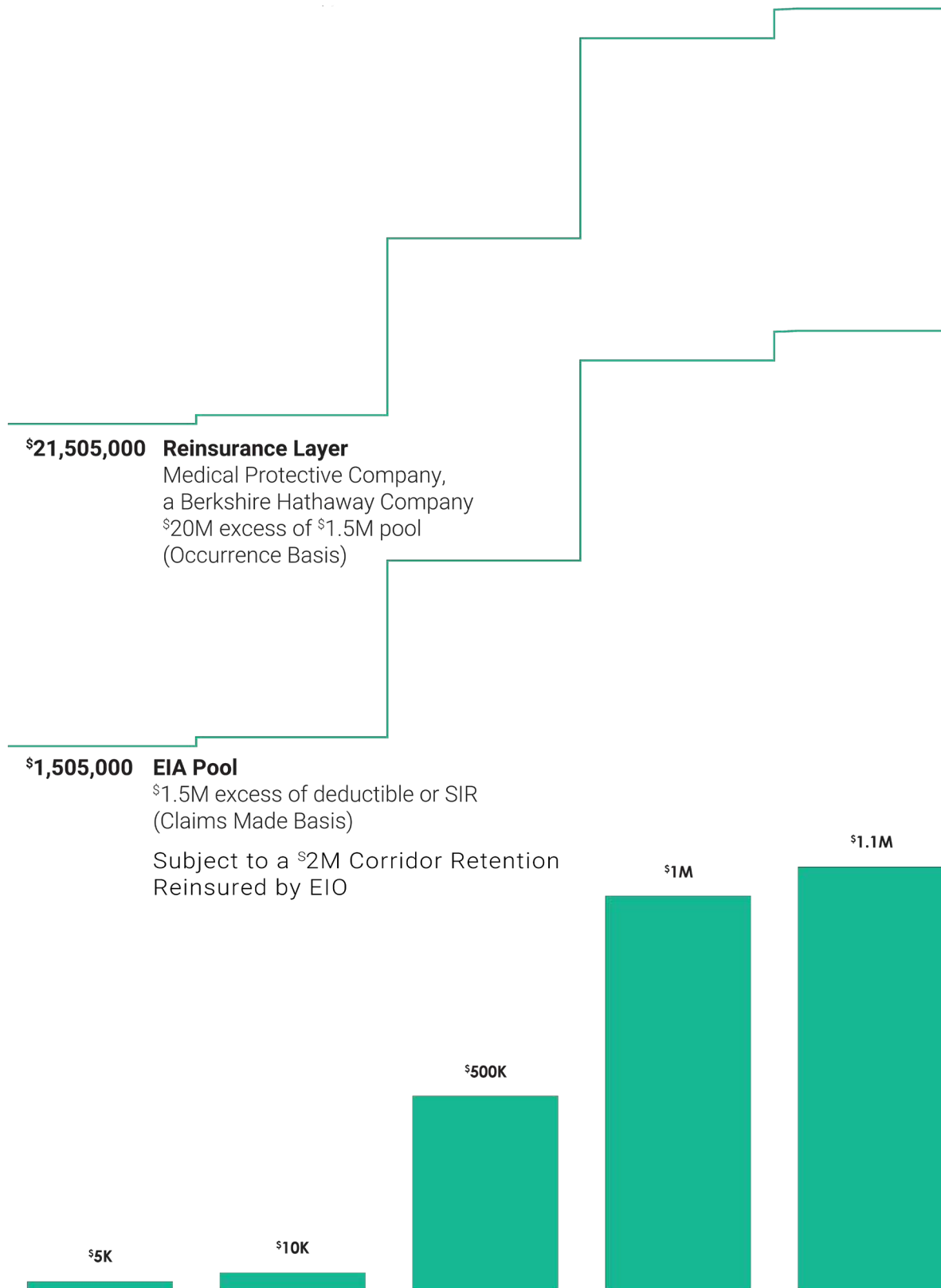
The Program is governed by the Medical Malpractice Committee, who is responsible for all matters pertaining to the Program including pool funding, coverage issues, claims, program services, new member applications, and insurance placements.

Ann Fremd

Tuolumne County
MedMal Committee Chair



MEDICAL *Malpractice Chart* 19/20



"The Medical Malpractice Program provides 52 members with coverage for medical professional services and limited general liability exposures at established healthcare facilities."

MEDICAL

Malpractice Membership

19/20

Listed by SIR or Deductible Level

\$5,000

Alpine County
Calaveras County
City of Anaheim
City of Berkeley
City of Fremont
Colusa County
Del Norte County
Kings County
Lassen County
Los Angeles USD - Risk Management
Authority (LAUSD RMA)
Mariposa County
Mendocino County
Merced County
Modoc County
Mono County
Placer County
San Diego USD
Sierra County
Siskiyou County

Solano County
Sonoma County
Sutter County
Tehama County
Trinity County
UC Hastings College of Law

\$10,000

Alameda County
Amador County
Butte County
El Dorado County
Glenn County
Humboldt County
Imperial County
Inyo County
Madera County
Marin County
Napa County
Nevada County
Plumas County

San Benito County
San Luis Obispo County
Santa Barbara County
Santa Cruz County
Shasta County
Stanislaus County
Tulare County
Tuolumne County
Yolo County
Yuba County

\$500,000

Santa Clara County

\$1,000,000

Contra Costa County
San Joaquin County

\$1,100,000

Riverside County

EIA Health Program

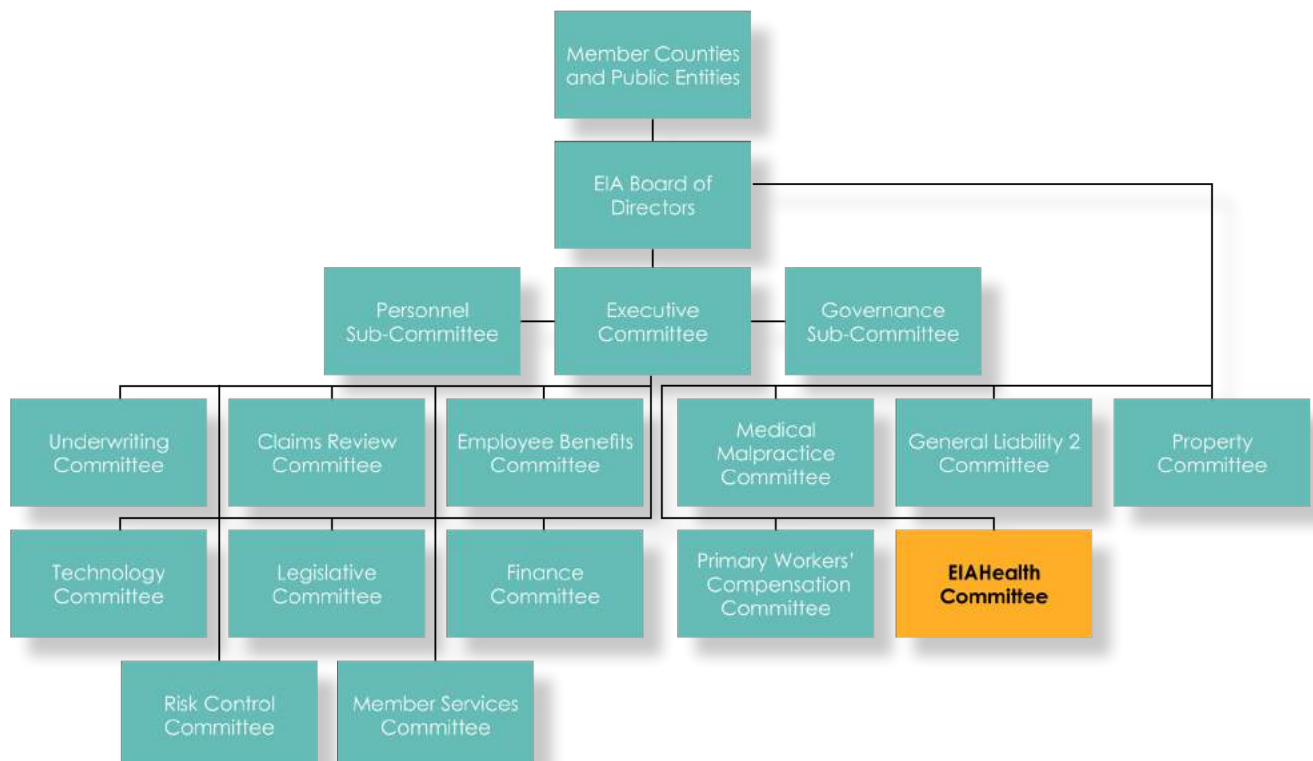
The EIAHealth Program continues to provide comprehensive healthcare options in today's uncertain healthcare marketplace. Established in 2003, EIAHealth has grown steadily and is now part of the second largest public agency healthcare purchasing pool in California. The Program currently represents 42 members and provides coverage for over 35,000 employees/retirees. Program premiums are in excess of \$500M.

The Program is a coordinated effort between Anthem, Blue Shield, Kaiser, and Express Scripts. They provide members an alternative to group health insurance by using the concept of pooling to reduce insurance premiums through consolidating fixed costs over a larger population and risk sharing. Members of the large group segment are able to create and maintain their own plan options within the context of the pooling arrangement, which provides much greater flexibility than other market options. The small group segment provides pre-defined benefit options and regional rates for public employers with less than 200 employees.

The EIAHealth Committee governs the Program. This Committee reviews all matters pertaining to the EIAHealth Program, including: program funding, new member applications, program renewals, and cost-containment strategies.

Andrew Guzman

Turlock Irrigation District
EIAHealth Committee Chair



DENTAL Program

The Dental Program was launched in January 2010 and has since experienced significant growth. This Program utilizes a pooling methodology to provide its 163 members with more predictable and stable dental rates year-over-year. The Program partners with Delta Dental to provide administrative services, including claims administration and access to the Delta Dental network of providers. The claims administration fees are also some of the lowest offered by Delta Dental of California. The lower than expected loss ratio has led to significant program surplus, utilized to maintain low, stable rates.



Donna Caldwell

Solano County
Employee Benefits Committee Chair

The Employee Benefits Committee governs the Dental Program, as well as other Miscellaneous Employee Benefit Programs (i.e. Vision, Employee Assistance Program, Life, Short-Term Disability, and Long-Term Disability). The Committee reviews all matters pertaining to the Programs, including: program funding, new member applications, program renewals, and cost-containment strategies.

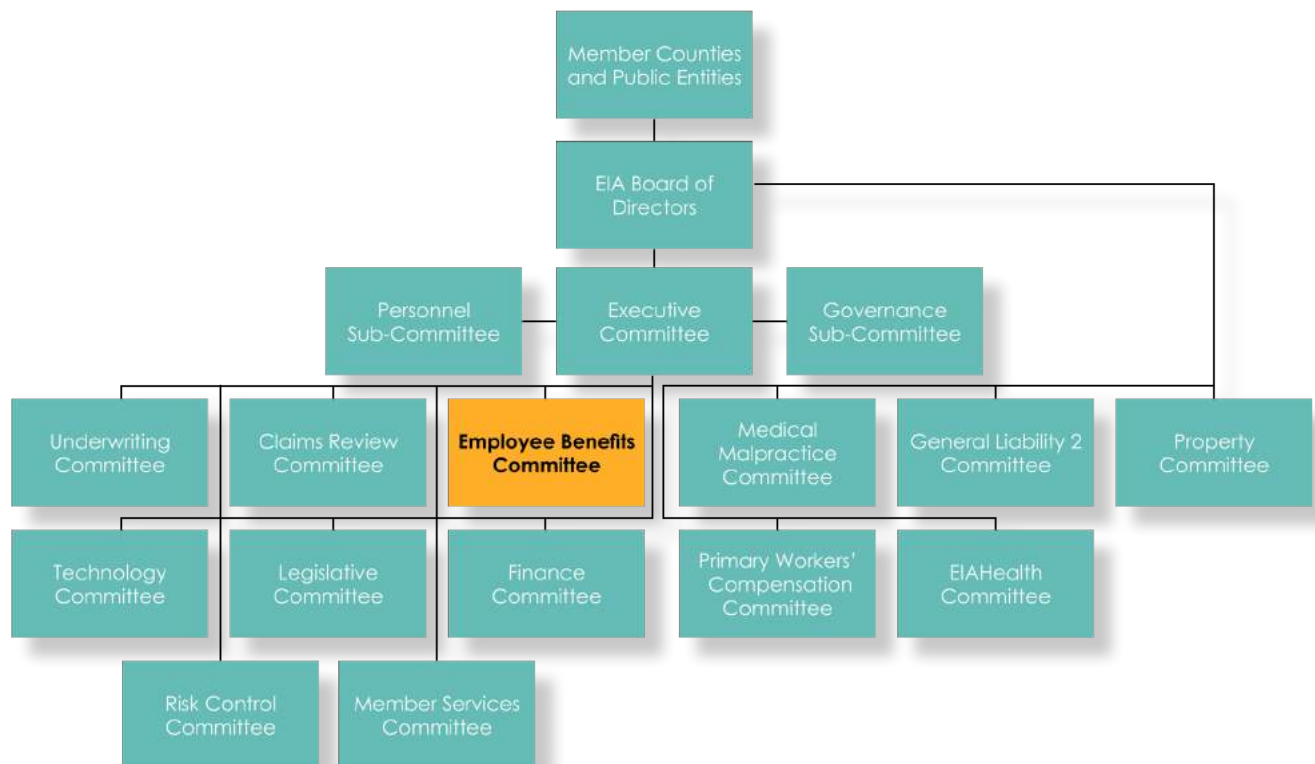


Table of Contents

"The EIAHealth Program continues to provide comprehensive healthcare options in today's uncertain healthcare marketplace, has grown steadily, and is now part of the second largest public agency healthcare purchasing pool in California.

The Dental Program utilizes a pooling methodology to provide its 163 members with more predictable and stable dental rates year-over-year."

EIAHEALTH & DENTAL *12/20* Membership

EIAHEALTH Membership

Amador County
Calaveras County
CSU Risk Mgmt. Authority (CSURMA)
City of Chico
City of Clovis
City of Huntington Beach
City of Irvine
City of Lompoc
City of Merced
City of Modesto
City of Oceanside
City of Redding
City of San Bernardino
City of Santa Rosa
City of Shafter
City of Visalia
City of Walnut Creek
City of Watsonville
City of Yuba City
Del Norte County
El Dorado County
Golden State Risk Management
Auth. (GSRMA)
Imperial County
Lake County
Los Angeles Co. Development
Auth. (LACDA)
Mendocino Coast District Hospital
Merced County
Orange County Sanitation District
Orange Co. Transportation Auth.
San Benito County
San Luis Obispo County
Santa Barbara County
San Bernardino Municipal Water Dist.
South Coast Air Quality Management
District
Special District Risk Management
Auth. (SDRMA)
Superior Court of CA:
• County of Merced
• County of Santa Barbara
• County of Stanislaus
Sutter County
Tehama County
Turlock Irrigation District

DENTAL Membership

Alpine County
Amador County
Bay Area Air Quality Mgmt. District
Calaveras County
California State Legislature
CSU Risk Mgmt. Authority (CSURMA)
Catalina Island Medical Center
Central Contra Costa Sanitary Dist.
Central Sierra Child Support Agency
City of Alameda
City of American Canyon
City of Atascadero
City of Atwater
City of Belmont
City of Buena Park
City of Calabasas
City of Capitola
City of Chico
City of Concord
City of Costa Mesa
City of Cypress
City of El Centro
City of Escalon
City of Fairfield
City of Folsom
City of Fremont
City of Galt
City of Goleta
City of Hayward
City of Huntington Beach
City of Lone
City of Lemon Grove
City of Live Oak
City of Livermore
City of Maywood
City of Menlo Park
City of Merced
City of Mill Valley
City of Mission Viejo
City of Murrieta
City of Needles
City of Novato
City of Oceanside
City of Oroville
City of Pacifica
City of Paso Robles
City of Perris
City of Pleasanton
City of Port Hueneme
City of Rancho Cordova
City of Rancho Mirage
City of Rancho Santa Margarita
City of Redding
City of Richmond
City of Roseville
City of San Bernardino
City of San Jacinto
City of San Leandro
City of San Ramon
City of Santa Rosa
City of Solana Beach
City of South San Francisco
City of Stanton
City of Sunnyvale
City of Vacaville
City of Vallejo
City of Visalia
City of Walnut Creek
City of Watsonville
City of West Covina
City of West Sacramento
Coachella Valley Association of
Governments (CVAG)
Colusa County
CSAC EIA
Dublin San Ramon Services District
El Dorado County
Fairfield-Suisun Sewer District
Gold Coast Transit District
Great Basin Unified Air Pollution
Control District
Golden State Risk Management
Auth. (GSRMA)
Hous'g Auth. of the Co. of Monterey
Humboldt County
Inland Empire Health Plan
Inland Empire Utilities Agency
Inyo County
Lake County
Lassen County
Mariposa County
Mendocino Coast District Hospital
Merced County
Modoc County
Mono County
Monterey Salinas Transit
Morongo Basin Transit Authority
Napa County
Napa Sanitation District
Nevada County
Northern CA Power Agency (NCPA)
Office of Community Investment &
Infrastructure (OCII)
Orange Co. Sanitation District
Orange Co. Transportation Authority
Otay Water District
Palo Verde Valley Health Care
District Hospital
Placer County
Placer County Water Agency
Pleasant Hill Recreation & Park District
Plumas County
Port of Oakland
Public Agency Risk Sharing Auth.
of CA (PARSAC)
Public Entity Risk Mgmt. Auth. (PERMA)
Sacramento - Yolo Mosquito &
Vector Control District
San Benito County
San Bernardino Municipal Water Dept.
San Diego County Water Authority
San Joaquin County
San Luis Obispo County
San Luis Obispo RTA (SLORTA)
Santa Barbara County
Santa Clara Housing Authority
Santa Cruz County
Santa Cruz Metro Transit District
Shasta County
Sierra County
Siskiyou County

Solano County
Sonoma Marin Area Rail Transit
Special District Risk Management
Authority (SDRMA)
Stanislaus County
Superior Court of CA:
• County of Alpine
• County of Amador
• County of Butte
• County of Calaveras
• County of Colusa
• County of Contra Costa
• County of Del Norte
• County of El Dorado
• County of Lake
• County of Lassen
• County of Merced
• County of Orange
• County of Placer
• County of San Benito
• County of San Luis Obispo
• County of Santa Barbara
• County of Santa Cruz
• County of Shasta
• County of Sonoma
• County of Stanislaus
• County of Trinity
• County of Tuolumne
• County of Yolo
• County of Yuba
Sutter County
Tehama County
Town of Yountville
Transportation Corridor Agencies
Trinity County
Tuolumne County
Tuolumne Park and Recreation
District
Turlock Irrigation District
Western Riverside Council of
Governments (WRCOG)
Yolo County
Yuba County

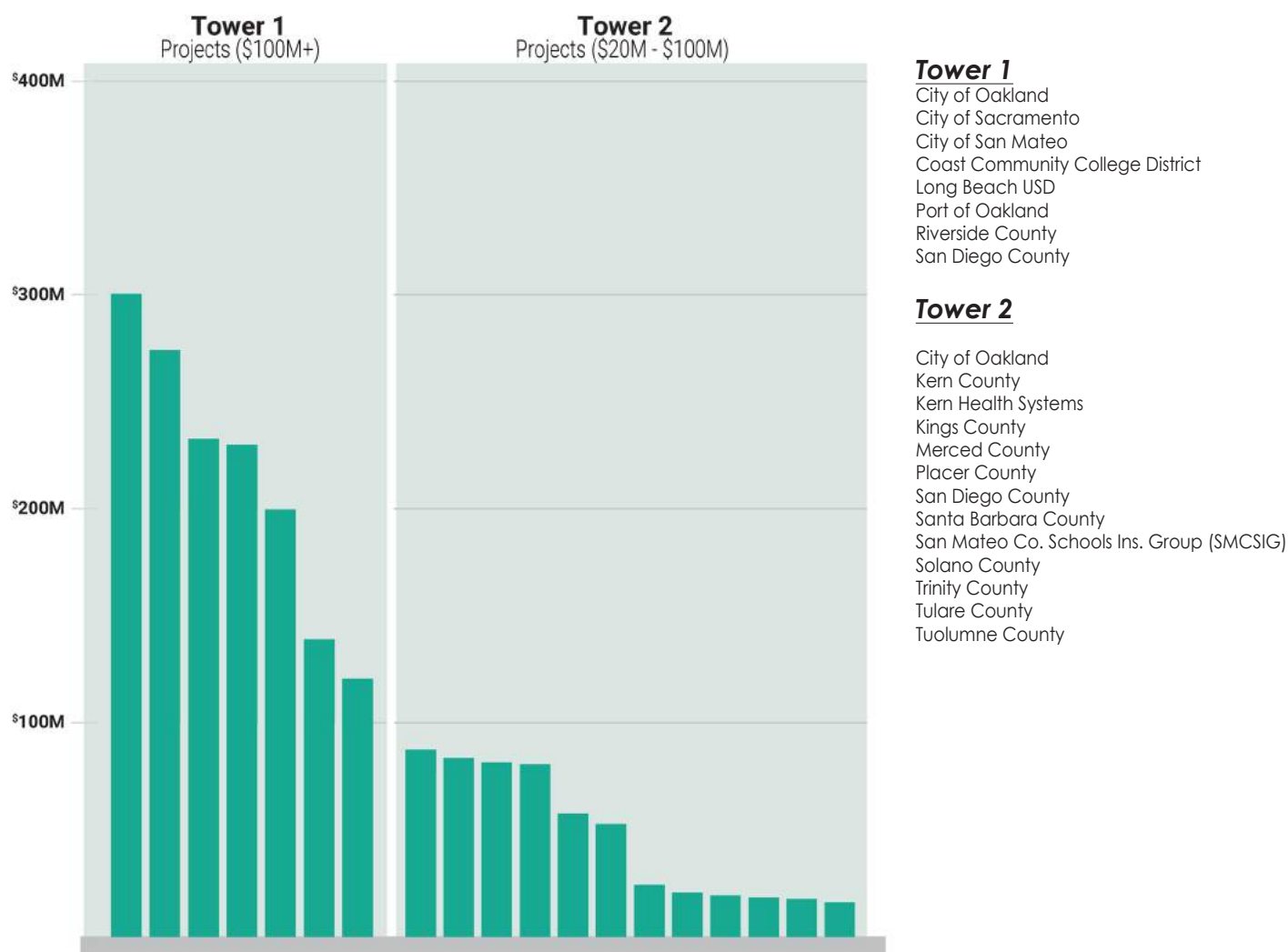
MASTER ROLLING

Owner Controlled Insurance Program

The Master Rolling Owner Controlled Insurance Program, or MR OCIP for short, enables members to purchase workers' compensation and general liability coverage for all eligible parties (owner, general contractor, and sub-contractors) working on their construction projects. These policies (also known as "wrap-ups") are widely used on public sector construction projects and capital improvement programs such as jail, school, hospital, and various improvements or new construction. They offer cost savings, better coverage, more control, and higher limits of insurance than a traditional approach to construction insurance. It is truly a progressive alternative to traditional insurance.

Historically, OCIPs were only cost effective for construction projects of at least \$100M. However, the EIA has leveraged its pooling power to combine smaller projects of the members into one program. Now, construction projects valued at as little as \$20M can provide members the opportunity to receive the benefits of a "wrap-up" on projects that otherwise wouldn't qualify because of their size.

As the newest EIA major program, the MR OCIP was launched on January 1, 2013. The Program continues to grow; it currently has 19 participating members and more than \$2.5B in construction values. This Program is positioned to experience significant growth as the economy strengthens and members continue to evaluate the cost savings and enhanced coverage that is provided by the Program.



FINANCIAL *Letter*

November 1, 2019

Board of Directors
CSAC Excess Insurance Authority

The EIA navigated rough waters in order to meet the program needs of members. This report contains easy-to-read information on EIA's programs, an overview of the EIA's financial condition, and highlights of the financial activity for the fiscal year ended June 30, 2019. Included are comparative financial statements for the years ended June 30, 2018, including the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, which conform to the Generally Accepted Accounting Principles (GAAP). This information is derived from our Comprehensive Annual Financial Report (CAFR). The CAFR contains more detailed information and can be found on our website at www.csac-eia.org.

Our CAFR for the fiscal year ending June 30, 2018 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) of the United States and Canada. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our CAFR continues to conform to the Certificate of Achievement program requirements and will be submitting our CAFR for the current year to the GFOA.

Financial Highlights

Net Position

Net Position is defined as the difference between Total Assets and Total Liabilities. The EIA started the year with a net position of \$122.6M. Net income before dividends was \$79.6M. We declared a \$2M dividend in our Primary Workers' Compensation program, and \$187k of no claims bonuses in our other programs. Our ending balance in net position at June 30, 2019 is \$200M, an increase of \$77.4M from fiscal year 2017/18.

The increase in net position was largely driven by positive development in prior year claims expense, especially in the Workers' Compensation and Medical Malpractice Programs. The General Liability 1 Program Loss Portfolio Transfer also contributed to an increase in the net position as of June 30, 2019.

Net Position Trend (in millions)

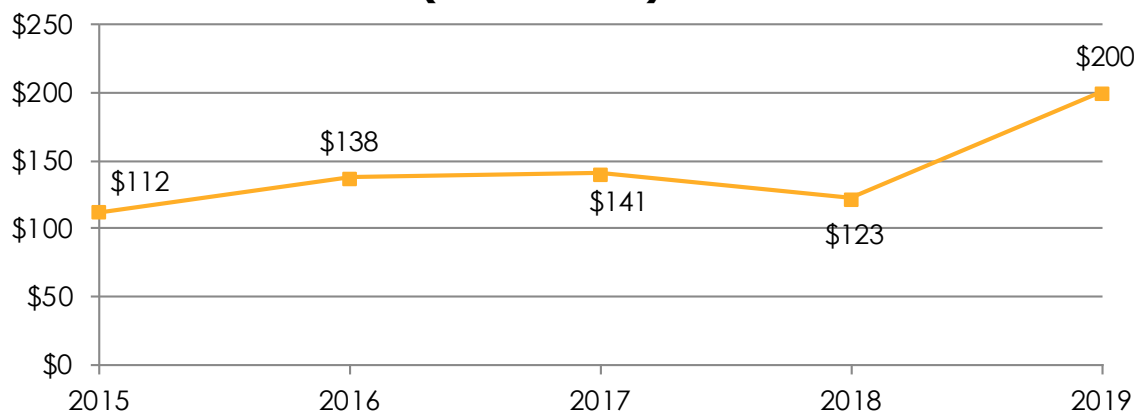
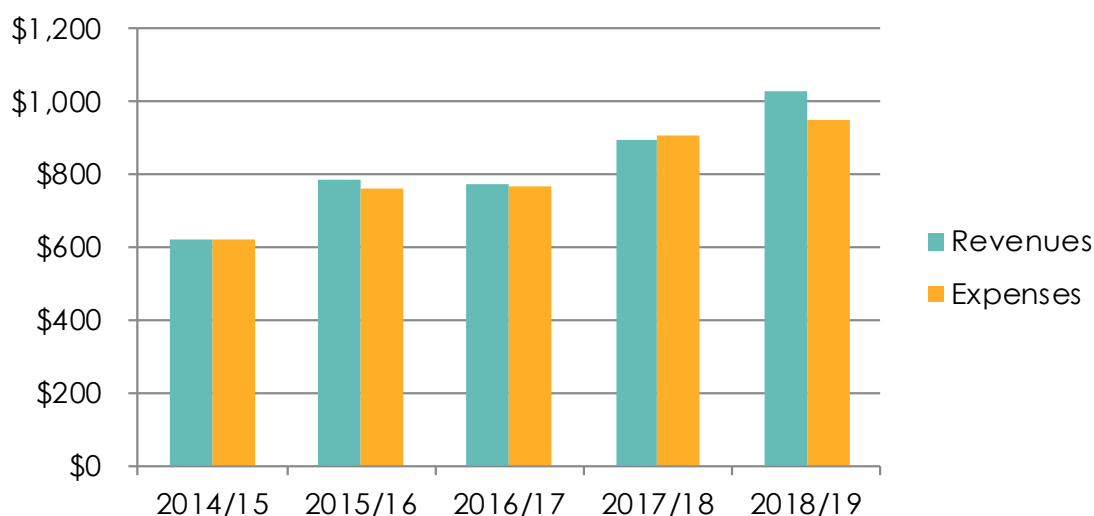


Table of Contents

The following chart shows how Revenues and Expenses have changed over time.

In millions



Claim Liabilities

After net position, claim liabilities are the most significant line item on our financial statements. Claim liabilities are shown discounted, which is at their net present value, taking into account investment earnings over time. Every year, the claim liabilities increase due to the new program year added and any adverse development in prior years' claims. The claim liabilities decrease due to payments made during the current fiscal year and any positive development in prior years' claims. Claim liabilities decreased from \$664.5M as of June 30, 2018 to \$538.4M at June 30, 2019. A decrease of \$144M in claim liabilities for the GL1 Program and \$53M in the EWC program, respectively, contributed to the overall reduction in claim liabilities in 2018/19. GL1 Program claim liabilities decreased as a result of a GL 1 Loss Portfolio Transfer to MultiStrat Re during fiscal year 2018/19. PWC and Medical Malpractice Programs had an increase in claims liabilities despite positive claims development in prior years while EIO claim liabilities increased by \$82.2M in fiscal year 2018/19.

The target equity range is what the EIA considers desirable equity that should be on hand as a reserve for loss development. The governing committees for each program use this information to determine how much premium to collect at renewal, and whether to declare a dividend. The following chart below shows the target equity range for each program, and the net position of those programs at June 30, 2019.

Program	Target Equity Range in millions of \$		Program Net Position in millions of \$
	Low	High	2019
Primary Workers' Compensation	18.8	42.2	32.7
Excess Workers' Compensation	34.1	83.4	57.8
General Liability 1	26.6	36.1	22.0
Medical Malpractice	5.1	14.4	13.8

Revenues

Total revenues were \$1.03B during 2018/19, a 15% increase from the \$895M in 2017/18. All programs have reported higher total revenue compared to 2018 except PWC due to an overall rate reduction. An increase of \$31.8M in investment income also contributed to an increase in total revenue compared to fiscal year 2017/2018. Additionally, both transferred and retained risk revenues are higher due to rising payrolls, which is the exposure base for many programs. For the 2018/19 renewal, the GL1, GL2, Property, EWC Excess layer and Health had rate increases whereas the Dental, EWC pool, PWC, and DBD Programs had rate decreases.

Investment Income

Investment income was \$38.1M for fiscal year 2018/19 compared to \$6.3M in fiscal year 2017/18. This significant increase was due to better market performance in 2018/19 and recording of unrealized gains due to an increase in fair market value of the EIA's holdings as part of the investment income.

Expenses

The EIA continued to purchase insurance to cover risks when that option was more cost effective than pooling the risk. In 2018/19, insurance related expense was \$822M, up from \$649M in 2017/18. The premiums collected from members for transferred risk in 2018/19 were \$698M, up from \$650M in the prior year. The reason for disparity between the premiums collected for transferred risk and insurance related expense in 2018/19 is due to the GL1 Loss Portfolio Transfer. Although the GL1 Loss Portfolio Transfer amounted to an additional \$124M in insurance expense, it also resulted in reduction of claims liabilities in the amount of \$167M, thereby increasing the program's net position by approximately \$43M. Purchased insurance was 86% of all expenses, while claim costs accounted for 10%. Dividends, program services, and administrative costs made up the remaining 4% of expenses.

New and On-going Initiatives

During the 2018/19 year, the EIA worked with Moss Adams, their Internal Auditors, to perform an initial risk assessment and development of an internal audit program. As part of the EIA internal audit program, EIA staff and Moss Adams are developing an ongoing platform for organization wide policies and procedures. To start with, the EIA Information Technology department is evaluating potential ways to implement a file management system and update IT policies and procedures to meet industry standards and best practices.

At the Strategic Retreat in April 2019, the participants discussed the instability of Claims Management Information System (CMIS) vendors which appears to be a systemic industry-wide problem. Given our unique situation complicated by the fact that our needs due to operating excess programs and replicating our primary data bases from claims Third Party Administrators (TPAs) require a high degree of customization, the EIA staff was directed to develop a detailed business plan if we were to create our own proprietary CMIS for our own internal use as well as making it available to our members. Staff is diligently working on the business plan and a decision will be made later this year on whether to take this initiative on or not. Meanwhile, the PWC Committee approved the conversion of the remaining PWC TPA into the EIA claims system.

We continue to look for ways to improve efficiencies within the Authority. To improve the budgeting process, the collection of data from various departments, and ultimately providing additional data for members in their decision making process, we have selected Opengov cloud-based budget software as the budget tool of EIA. In addition, we have implemented automation of processing a high volume of all incoming mail using UiPath BOTS in Workers' Compensation and Liability Programs. The use of Robotics Process Automation (RPA) has expedited the processing time, while increasing the accuracy in the Worker's Compensation and Liability Programs in mail processing. In the very near future, RPA will also be used for all new claims processing as well. As the first step in implementing BOTS in the Accounting Department, we have introduced a paperless accounts payable process and continue to refine that process. We are also continuing to pursue the development of an interface between the accounting system and claims system that would increase efficiency while minimizing errors.

The Data and Analytics Team continues to work on new member reporting, analysis, and benchmarking applications as well as developing the systems and databases required to support them. However, progress has been very limited over the last several months due to work in other high priority areas. D&A staff have been heavily involved in the GL1 LPT, GL2 member / provider support, GL1 member onboarding, PWC reconciliation, new bordereaux development, as well as other key reporting projects. These other efforts are critical to the ongoing success of the EIA's insurance programs, and the team is focused on providing the reporting and analysis support required.

Additionally we created Quick Start Guides to assist service implementation, Strategic Planning Facilitation service, expanded the Enterprise Risk Consultant Program, created a Claims Learning Advantage electronic newsletter, implemented a Physical Abilities Testing Program and were approved to provide a

POST Certified Course on De-Escalation.

Our financial statements follow. With the help of the members, staff, broker, and business partners, the EIA continues to accomplish its mission of providing risk coverage programs and risk management services to its members, which drive member stability, efficiency, and best practices.

Respectfully submitted,

Puneet Behl

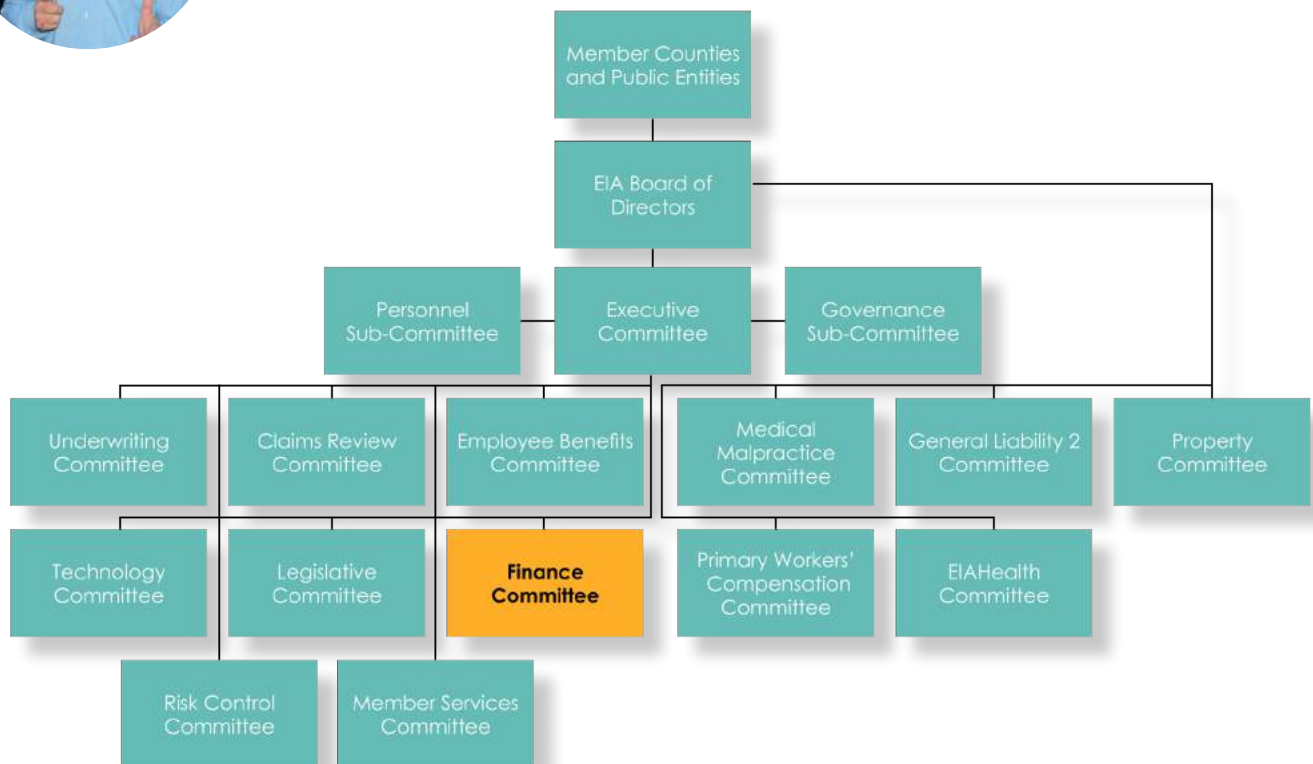
Puneet Behl, CPA
Chief Financial Officer

Michael D. Fleming

Michael D. Fleming
Chief Executive Officer

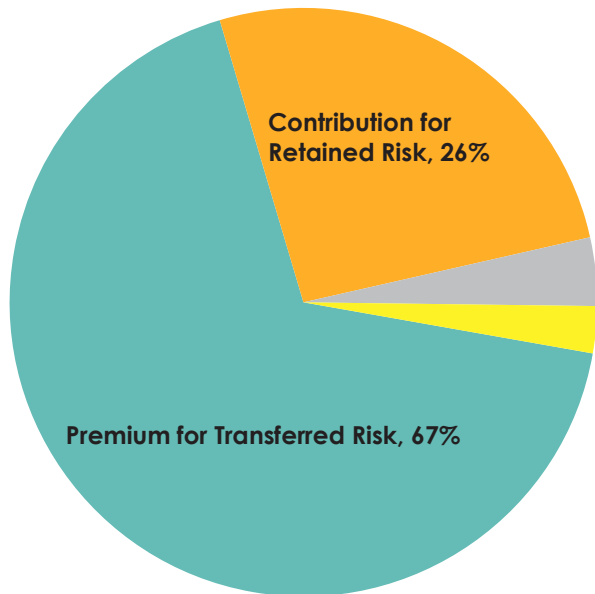


Nathan Black
Sutter County
Finance Committee Chair

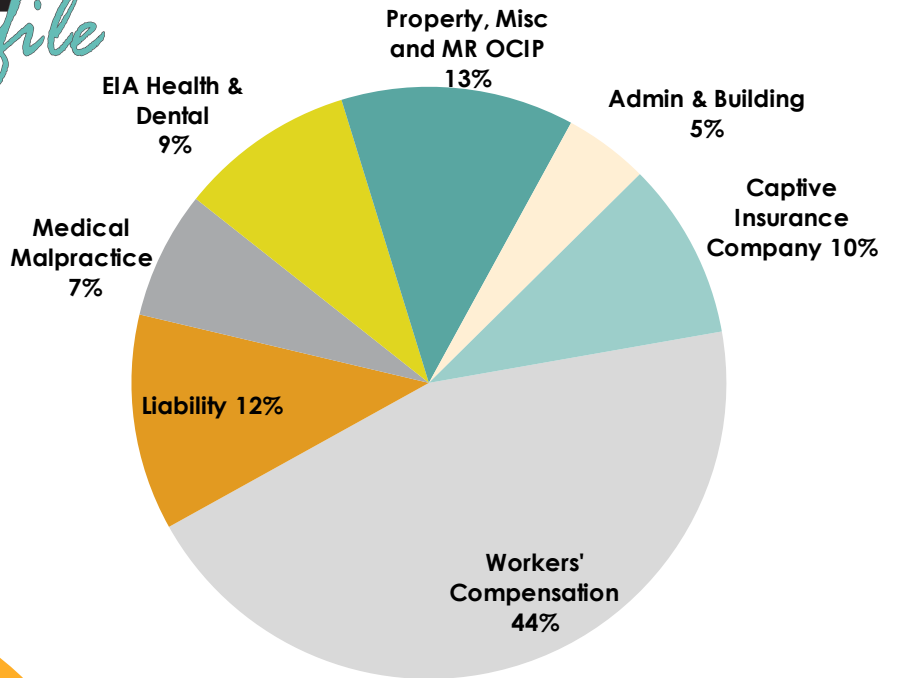
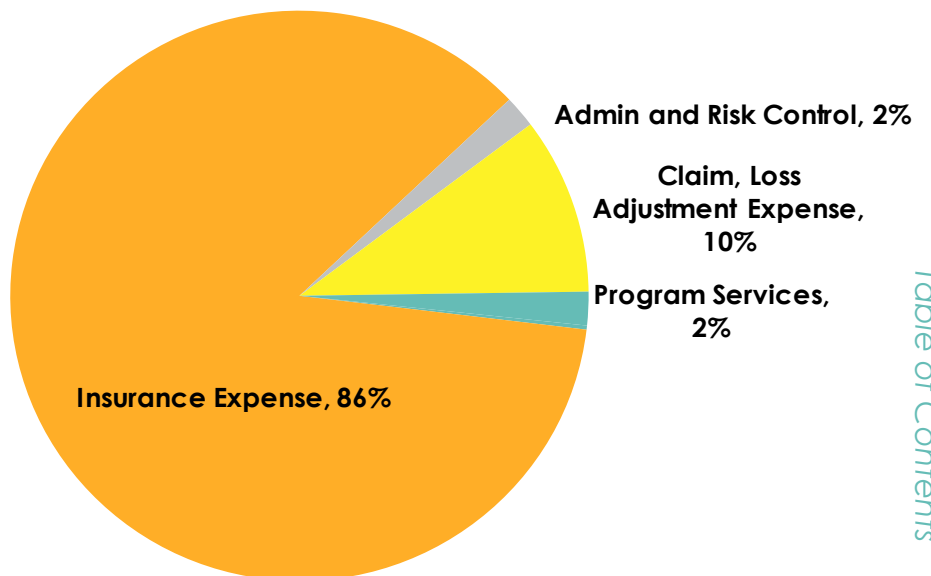


FINANCIAL *Profile*

Net Position by Program



Expenses



Revenues

FINANCIAL

Profile

Statement of Net Position June 30, 2019 and 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets:		
Cash and Cash Equivalents	\$ 81,713,519	\$ 34,770,387
Investments	642,361,039	651,628,827
Receivables	61,545,113	32,547,657
Prepaid Expenses and Deferred Outflows of Resources	171,304,615	106,881,758*
Land, Buildings and Equipment (Net)	<u>10,072,121</u>	<u>10,205,042</u>
Total Assets and Deferred Outflows of Resources	<u>966,996,407</u>	<u>836,033,671</u>
Liabilities:		
Accounts Payable, Due to Members and Deposits from Carrie	216,902,510	28,094,195*
Unearned Income and Other Liabilities	9,631,427	18,161,650
Pension Liabilities	2,024,995	2,747,578
Claim Liabilities	<u>538,405,622</u>	<u>664,459,654</u>
Total Liabilities and Deferred Inflows of Resources	<u>766,964,554</u>	<u>713,463,077</u>
Net Position:		
Invested in Capital Assets	10,072,121	10,205,042
Unrestricted	<u>189,959,732</u>	<u>112,365,552</u>
Total Net Position	<u>\$ 200,031,853</u>	<u>\$ 122,570,594</u>

* = This amount was incorrect on 17/18 PAFR

FINANCIAL Profile

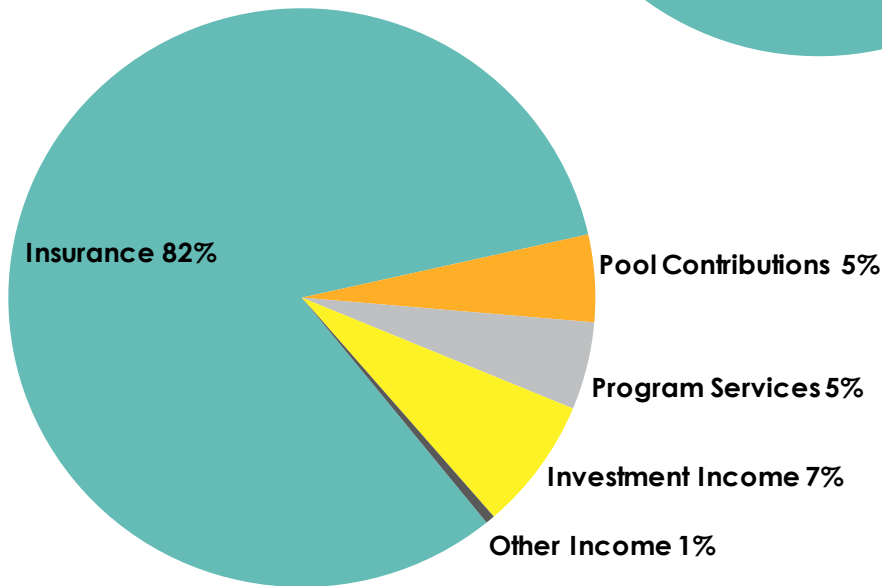
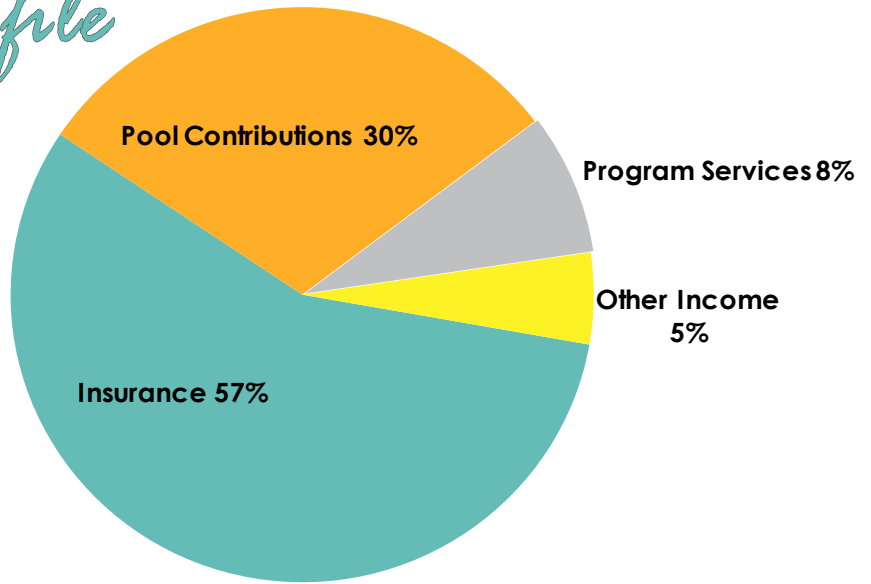
Statement of Revenues, Expenses & Changes in Net Position for the Fiscal Years Ended June 30, 2019 and 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Revenues:		
Premiums for Transferred Risk	\$ 686,715,558	\$ 639,585,449
Broker Fees	11,435,218	10,678,116
Contributions for Retained Risk	265,143,845	212,774,426
Dividend Income	173,634	93,904
Investment Income, net	38,142,841	6,283,097
Member Services	678,036	637,546
Administration Fees	22,542,735	22,797,612
Public Entity Fees	106,979	138,545
Other Income	2,795,162	2,105,826
	<hr/>	<hr/>
Total Revenues	<u>1,027,734,008</u>	<u>895,094,521</u>
Expenses:		
Member Dividends	\$ 2,187,466	\$ 1,082,497
Stabilization Funds Distributed	-	47,210
Insurance and Provision for Losses:		
Insurance Expense	808,697,072	638,628,836
Broker Fees	12,897,673	10,636,299
Provision for Insured Events	96,385,288	231,224,547
Unallocated Loss Adjustment Expenses	(574,000)	(5,702,516)
Program Services	13,393,090	13,382,182
Member Services and Subsidies	2,405,518	2,634,689
General Administrative Services	13,359,491	12,910,631
Depreciation and Building Maintenance	1,521,151	2,005,446
	<hr/>	<hr/>
Total Expenses	<u>950,272,749</u>	<u>906,849,821</u>
Changes in Net Position	<u>77,461,259</u>	<u>(11,755,300)</u>
Net Position:		
Net Position, Beginning of Year	<u>122,570,594</u>	<u>140,521,262</u>
Adjustment to Beginning Net Position	<u>-</u>	<u>(6,195,368)</u>
Net Position, End of Year	<u><u>\$ 200,031,853</u></u>	<u><u>\$ 122,570,594</u></u>

FINANCIAL

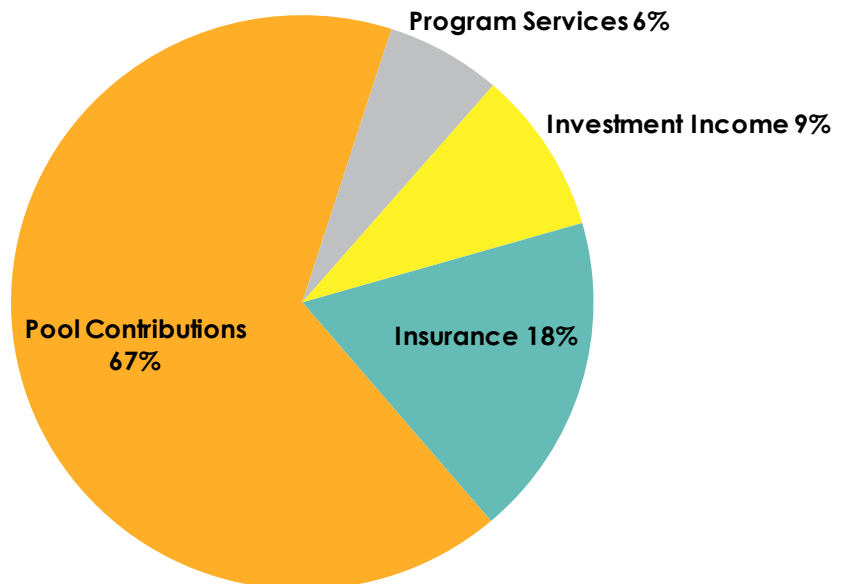
Profile

Primary Workers' Compensation



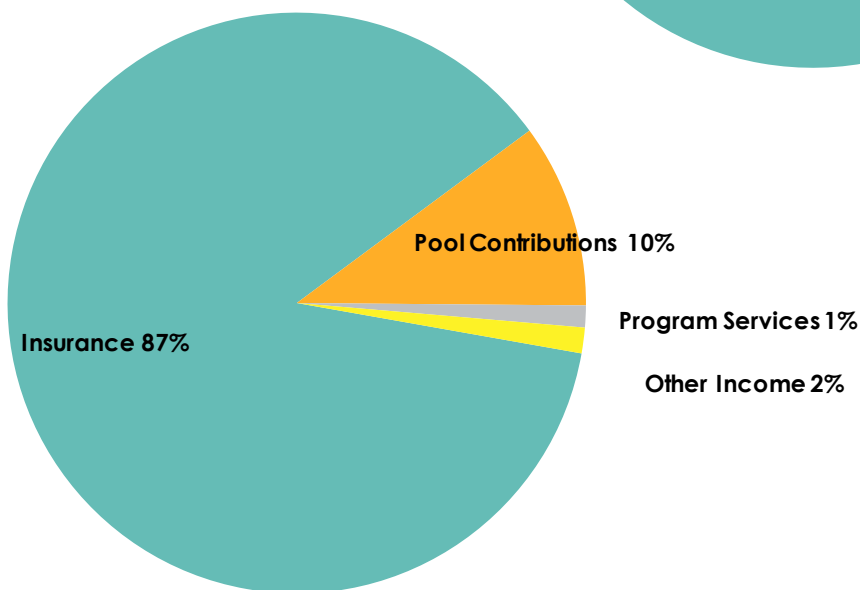
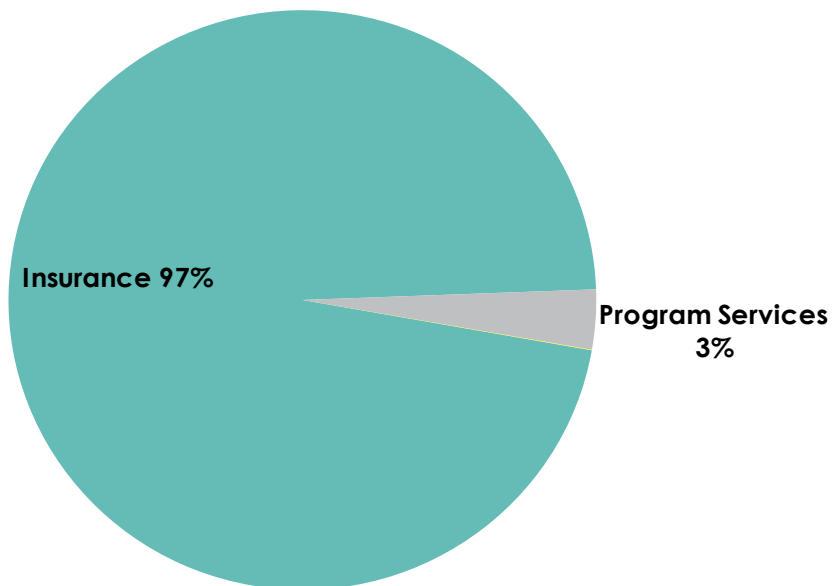
Excess Workers' Compensation

General Liability 1



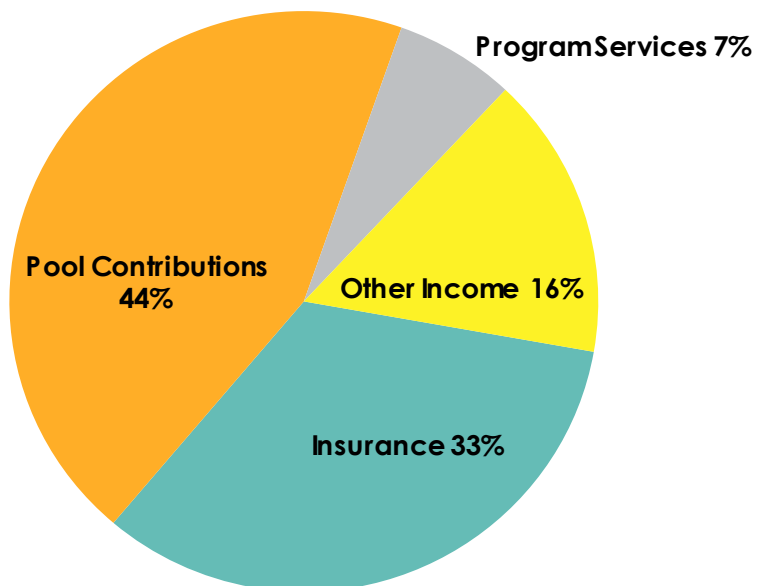
FINANCIAL *Profile*

General Liability 2



Property

Medical Malpractice



FINANCIAL

Profile

MR OCIP

Insurance 99%

Program Services 1%

Insurance 95%

Program Services 5%

EIAHealth

Dental

Pool Contributions
97%

Program Services 3%

*The Board of Directors of the
Association of Governmental Risk Pools
Is Pleased to Grant Recognition to*

CSAC – EIA

*Such Recognition is Granted
Only After a Rigorous Review of
Documentation Submitted to
Show Compliance with the
AGRiP Advisory Standards
2016-2019*



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to
**CSAC Excess Insurance Authority
California**

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



EIA Leadership

2019 Executive Committee

President

Kerry John Whitney, Napa County

Vice President

Janell Crane, Sonoma County

Members

Karen Caoile, Alameda County
Supv. John Viegas, Glenn County
Scott Schimke, GSRMA
Matt Gutierrez, Kern County
Richard Egan, Lassen County
James Brown, Merced County
Kimberly Greer, City of Richmond
Lance Sposito, Santa Clara County
Nathan Black, Sutter County

Past Presidents

Supv. Barbara Crowley, Tehama Co. 1980-1982
Charles Mitchell, Santa Barbara Co. 1985-1986
James L. Gale, Kings County, 1987
John Crane, Calaveras County, 1988
Gail Braun, Sonoma County, 1988-1989
Ronald Whipp, Santa Cruz County, 1990
Norman Phelps, Shasta County, 1991
Charles Graham, Sutter County, 1992
John Larkin, Trinity County, 1993
Arthur Giumini, San Luis Obispo County, 1994
Don Blackhurst, Santa Clara County, 1995
Marcia Chadbourne, Solano County, 1996
J. Terry Roberts, Fresno County, 1983-84 & 1998
Robert Kessinger, Colusa County, 1999
Brent Harrington, Calaveras County, 2000
Kimberly Kerr, Humboldt County, 2001-2002
Richard Robinson, Tehama County, 1997 & 2003
Charles Nares, San Diego County, 2004
David L. Dolenar, Stanislaus County, 2005
Peggy Scroggins, Colusa County, 2006
Marcia Chadbourne, Sonoma County, 2007
Ron Harvey, Contra Costa County, 2008
Supv. Peter W. Huebner, Sierra County, 2009
Lance Sposito, Santa Clara County, 2010
Barbara Lubben, Alameda County, 2013
Larry Moss, EBRPD, 2014
Jim Sessions, Riverside County, 2011 & 2015
Scott Schimke, GSRMA, 2012 & 2016
James Brown, Merced County, 2017-2018
Kerry John Whitney, Napa County, 2019

2020 Executive Committee

President

Janell Crane, Sonoma County

Vice President

Scott Schimke, GSRMA

Members

Karen Caoile, Alameda County
Supv. John Viegas, Glenn County
Matt Gutierrez, Kern County
Richard Egan, Lassen County
James Brown, Merced County
Kerry John Whitney, Napa County
Kimberly Greer, City of Richmond
Lance Sposito, Santa Clara County
Sherri Adams, Solano County
Nathan Black, Sutter County

Chief Executive Officers

Gregory L. Trout, 1980-1985
Vincent W. Pisani, 1985-1992
Michael Fleming, 1992-Present

Director Emeritus

Supervisor Dick Mudd, 2000-Present

Legal Counsel

Stephen Underwood
Michael Pott



Senior Management (left to right)

Rick Brush, Chief Member Services Officer
Gina Dean, Chief Operating Officer
Michael Pott, Chief Legal Counsel
Michael Fleming, Chief Executive Officer
Tom Pelster, Chief Information Officer
Puneet Behl, Chief Financial Officer
John Alltop, Chief Actuary

The leader in member-directed risk management.



www.csac-eia.org