



California Sanitation Risk Management Authority
c/o ALLIANT INSURANCE SERVICES, INC.
560 Mission Street, 6th Floor, San Francisco, CA 94105

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OFFICERS:

Sandeep Karkal, President
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Vince De Lange, Vice President
925.756.1920

RECENT PAST PRESIDENTS:

Craig Murray
2020-2024
Greg Baatrup
2018-2020

BOARD OF DIRECTORS AGENDA

Date: Wednesday, January 14, 2026
Time: 12:30 PM

LOCATION: Renaissance Esmeralda Resort & Spa
44400 Indian Wells Lane
Indian Wells, CA 92210
Room: Esmeralda 5, Terrace Level
Hotel Phone: (760) 773-4444

A. CALL TO ORDER

A = Action

I = Information

B. PUBLIC & BOARD MEMBER COMMENTS

V = Verbal

S = Separate

C. CONSENT CALENDAR

H = Handout

- | | | |
|--|-----|-------|
| 1. Meeting Minutes July 30, 2025
<i>Recommendation: Approve minutes from their last meeting.</i> | A | p. 3 |
| 2. Investment Performance Review
<i>Recommendation: Receive an update on CSRMA's Investment Portfolio from PFM.</i> | I/S | p. 8 |
| 3. Investment Benchmark
<i>Recommendation: Review changes to CSRMA's Investment Benchmark.</i> | I | p. 9 |
| 4. Annual Operating Report
<i>Recommendation: Receive the 2025 Annual Report.</i> | I/S | p. 21 |
| 5. CSRMA 2026 Meeting Calendar
<i>Recommendation: Review the 2026 Meeting Calendar.</i> | I | p. 22 |
| 6. Pooled Liability Program Quarterly Claims Report as of December 31, 2025
<i>Recommendation: Review the quarterly claims report as of 12/31/25.</i> | I | p. 23 |
| 7. Workers' Compensation Program Quarterly Claims Report as of December 31, 2025
<i>Recommendation: Review the quarterly claims report as of 12/31/25.</i> | I | p. 24 |
| 8. Budget to Date Report as of December 31, 2025
<i>Recommendation: Review the budget to date report.</i> | I | p. 25 |
| 9. Pooled Liability Program Dividend Declaration at December 31, 2025
<i>Recommendation: Receive an update on the dividend calculation.</i> | I | p. 39 |

D. GENERAL ADMINISTRATION

- | | | |
|---|-----|-------|
| 1. Executive Board Elections
<i>Recommendation: Review and approve the slate of candidates.</i> | A | p. 42 |
| 2. Acceptance of Financial Audit - June 30, 2025
<i>Recommendation: Review and accept the 2025 Financial Audit.</i> | A/S | p. 48 |
| 3. Captive Update
<i>Recommendation: Receive a report on CWIC captive insurance company.</i> | I | p. 49 |

E. OFFICER/STAFF/COMMITTEE REPORTS

- | | | |
|--|-----|-------|
| 1. Pooled Liability Program
a. Pooled Liability Program Post Renewal Report & Retrospective Rating Adjustment
<i>Recommendation: Receive a report on the Pooled Liability Program renewal.</i> | I | p. 52 |
| 2. Primary Insurance Program
a. Primary Insurance Program Post Renewal Report
<i>Recommendation: Receive a report on the Primary Insurance Program renewal.</i> | I | p. 55 |
| 3. Workers' Compensation Program
a. Workers' Compensation Excellence Award
<i>Recommendation: Receive an announcement of the Workers' Compensation Program Excellence Award Winners.</i> | I/H | p. 56 |

4. Property Program			
a. Market Update and Preliminary Renewal Expectations		V	
<i>Recommendation: Receive a verbal report on the property market and renewal expectations.</i>			

b. Property Appraisals	I	p. 63
<i>Recommendation: Receive a report on the upcoming property program appraisals.</i>		

F. RESOLUTIONS

None

G. GUEST SPEAKER

1. Bonfire AI Demonstration	V/H
<i>Recommendation: Receive a verbal report on CSRMA's LLM/AI Project.</i>	

H. INFORMATION ITEMS

1. GFOA Award News Release	I	p. 65
2. Article - Beyond The Click: Building Employee Vigilance To Prevent Phishing Attacks - Travelers Rmplusonline	I	p. 66
3. Article - Rethinking Safety Total Worker Health in Public Entities - carrierchronicles.com	I	p. 69
4. Article - AGRiP - Intelligence Publication - Issue 28 Nov 2025	I	p. 73
5. CSRMA 2026 Meeting Calendar	I	p. 79
6. CSRMA Organizational Chart	I	p. 80
7. CSRMA Service Team	I	p. 81

Recommendation: Review the presented Information Items.

I. ADJOURNMENT

The next meeting is scheduled for June 17, 2026 via videoconference

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant at (415) 403-1400 twenty-four hours in advance of the meeting. Entrance to the meeting location requires routine provision of identification to building security. However, CSRMA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

**CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY
BOARD OF DIRECTORS MEETING
JULY 30, 2025
SAN DIEGO, CA**

MEMBERS PRESENT

Craig Murray, Carpinteria Sanitary District
William Bosworth, Cupertino Sanitary District
Roland Williams, Castro Valley Sanitary District
Vincent De Lange, Delta Diablo
Scott McClelland, Encina Wastewater Authority
James Russell-Field, Fairfield Suisun Sewer District
Steve Wagner, Goleta Sanitary District
Tyson Zimmerman, Ironhouse Sanitary District
Paul Bushee, Leucadia Wastewater District
Patrick Ostly, North of River Sanitary District
Sandeep Karkal, Novato Sanitary District
Jimmy Dang, Oro Loma Sanitary District
Steve Moore, Ross Valley Sanitary District
Mark Neumann, Sewerage Agency of Southern Marin
Tony Rubio, Sanitary District No. 5 of Marin County
Michael Thornton, San Elijo Joint Powers Authority
Jeffrey Kingston, Sausalito-Marin City Sanitary District
Dwight Merrill, Stege Sanitary District
Matt Anderson, Silicon Valley Clean Water
Sanna Schlosser, Truckee Sanitary District
Jeffrey Tucker, Vallejo Flood and Wastewater District
Jason Dafforn, Valley Sanitary District
Justin Lovell, West County Wastewater District
Kent Edler, West Valley Sanitation District

GUESTS AND CONSULTANTS

Taghi Saadati, Cupertino Sanitary District
Ralph Johnson, Castro Valley Sanitary District
Dave Sadoff, Castro Valley Sanitary District
Michael Boorstein, Ross Valley Sanitary District
Jerry Gilmore, Truckee Sanitary District
Mark Tomko, Vallejo Flood and Wastewater District
Seth Cole, Alliant Insurance Services, Inc.
Myron Leavell, Alliant Insurance Services, Inc.
P.J. Skarlanic, Alliant Insurance Services, Inc.
Steve Davidson, Alliant Insurance Services, Inc.
David Patzer, DKF Solutions Group
Kay Patzer, DKF Solutions Group
Bill Kirker, Carl Warren & Company
Beth Tavares, Carl Warren & Company

Eric Scriven, NHA Advisors

A. CALL TO ORDER

The meeting was called to order by President Sandeep Karkal at 12:32 p.m.

B. PUBLIC COMMENTS

There were no public comments.

C. BOARD MEMBER COMMENTS

There were no Board member comments.

D. RISK MANAGEMENT SEMINAR COMMENTS

David Patzer requested feedback on the CSRMA training seminar that was presented earlier in the day, asking Board members and guests to reach out to CSRMA staff with any questions, comments or suggestions.

E. CONSENT CALENDAR

E.1. Meeting Minutes: June 18, 2025

The minutes of the meeting held on June 18, 2025 were reviewed.

E.2. Investment Update

The Board of Directors reviewed the Investment Update.

E.3. Pooled Liability Program Quarterly Claims Report as of June 30, 2025

The Board of Directors reviewed the Pooled Liability Program Quarterly Claims Report as of June 30, 2025.

E.4. Workers' Compensation Program Quarterly Claims Report as of June 30, 2025

The Board of Directors reviewed the Workers' Compensation Program Quarterly Claims Report as of June 30, 2025.

E.5. Budget to Date Report as of June 30, 2025

The Board of Directors reviewed the Budget to Date Report as of June 30, 2025.

A motion was made to accept the Consent Calendar as presented.

MOTION: Steve Wagner

SECOND: Jeffrey Tucker

MOTION CARRIED

AYES: Anderson, Bosworth, Bushee, Dafforn, Dang, De Lange, Edler, Karkal, Kingston, Lovell, McClelland, Merrill, Moore, Murray, Neumann, Ostly, Rubio, Russell-Field, Schlosser, Thornton, Jeffrey Tucker, Wagner, Williams, Zimmerman

NAYS: None
ABSTAIN: None

F. GENERAL ADMINISTRATION

F.1. Clean Water Insurance Captive Update

P.J. Skarlanic reviewed the item with the Board, which outlines key developments for Clean Water Insurance Captive, Inc (CWIC) since the last meeting of the Board of Directors. P.J. reviewed CWIC's Investment Performance Report as of June 30, 2025, as prepared by PFM Asset Management. Shortly after CWIC's inception, PFM began investing CWIC's funds per the asset allocation targets approved by CWIC's Board. CWIC's investments earned approximately \$875,000 (6.3%) return in the first two quarters of 2025, and 11.45% since its inception.

CSRMA renewed reinsurance of the Workers' Compensation Program's Pooled Layer (\$0-\$250k) effective July 1, 2025 at the Executive Board's direction.

At the Executive Board's request, the Program Administrator prepared a comparison table, showing the comparative returns on investment for both CSRMA and CWIC. The table showed that CWIC's rate of return is considerably higher than that of CSRMA and has resulted in a \$354k increase in return on investment for the \$8.5M invested in CWIC at the beginning of 2024.

CWIC's annual in-person Board meeting is scheduled for October 24, 2025 at the office of Smart Schofield Shorter, P.C. in Murray, UT, to fulfill the State of Utah's requirement for holding at least one Board meeting per year physically within the State.

G. OFFICERS/STAFF/COMMITTEE REPORTS

G.1. Pooled Liability Program

G.1.a. Preliminary Renewal Expectations

Seth Cole reported that the Pooled Liability Program will renew December 31, 2025. The renewal process is still in its very early stages, but the Program Administrators have begun discussions with underwriters and are gathering data for the actuarial study. Claims frequency has decreased, however, claims severity has increased, which is expected to put upward pressure on rates. Based on the information available at the time of this meeting, the Program Administrators anticipate a 10-15% rate increase for the Program renewal.

We continue to be in a challenging insurance environment, and we may need to restructure the program as carriers look to further reduce their capacity and increase retentions in California. Based on early conversations with the lead reinsurer on the program (Munich Re), we expect they will continue to provide \$10M in capacity however, they will likely require an increase in the self-insured retention from \$750K to \$1M.

G.2. Workers' Compensation Program

G.2.a. Program Year 36 (2025/26) Post Renewal Report

Seth Cole reviewed the Post Renewal Report with the Board. The Workers' Compensation Program renewed effective July 1, 2025, at the expiring program structure, transferring the Pooled Layer risk (\$0 - \$250,000) to Clean Water Insurance Captive (CWIC). A new member, Triunfo Water and Sanitation District joined the Program effective July 1, 2025.

Seth directed the Board to the table on page 74 of the agenda packet summarizing the renewal, excluding the new member's contributions to give a better year over year comparison. Overall, total costs are down 4.36%, however this varies by member based on changes in payroll and experience modification factors. The key driver in the costs coming down was favorable loss experience resulting in a 12.12% reduction in the CWIC gross premium year-over-year. The estimated excess insurance expense and "buy down" insurance expense costs increased by 7.77% and 13.45% respectively, due largely to an increase in payroll.

G.3. Property Program

G.3.a. Program Year 36 (2025/26) Post Renewal Report

P.J. Skarlanic reviewed the item with the Board. The Property Insurance Program renewed July 1, 2025. CSRMA participates in the Alliant Property Insurance Program (APIP) excess of the Pooled Layer. APIP is a group purchase program that has historically offered extensive coverage and competitive rates. The Program also includes coverage for Cyber Liability and Pollution Liability insurance.

The total program cost decreased by approximately 2.5%. This change was based on a 3.8% increase in Total Insured Values (TIV) and a 6.9% rate decrease. Additionally, the All Risk per occurrence limit was increased from \$1.0B to \$1.25B.

P.J. directed the Board's attention to a chart showing CSRMA's Historical Property Rate. Over the past year the commercial property market has seen rates stabilize as capacity in the market has increased. The competition from this increased capacity has driven competition among carriers, generally resulting in improved pricing for insureds who have not been negatively impacted by losses.

G.4. Primary Insurance Program

G.4.a. Preliminary Renewal Expectations

Seth Cole reviewed this item with the Board. Similar to the Pooled Liability Program, there is upward pressure on rates driven by an increase in claims severity. Munich Re, the lead carrier on the Primary Insurance Program, provided an early commitment of an overall rate increase of 7%.

H. RESOLUTIONS

H.1. Resolution Recognizing the Contributions of Teresa Herrera

The Board of Directors reviewed the resolution recommended by the Executive Board, recognizing the contributions of Teresa Herrera. Teresa served on CSRMA's Board of Directors, Executive Board, Workers' Compensation Committee and as Pooled Liability Committee Chair. CSRMA has greatly benefited from their experience, expertise, guidance, and support.

A motion was made to honor the contributions of Teresa Herrera with a formal resolution.

MOTION: Paul Bushee

SECOND: Roland Williams

MOTION CARRIED

AYES: Anderson, Bosworth, Bushee, Dafforn, Dang, De Lange, Edler, Karkal, Kingston, Lovell, McClelland, Merrill, Moore, Murray, Neumann, Ostly, Rubio, Russell-Field, Schlosser, Thornton, Jeffrey Tucker, Wagner, Williams, Zimmerman

NAYS: None

ABSTAIN: None

I. INFORMATION ITEMS

- I.1. Article – *Liability rates keep rising during midyear renewals* – businessinsurance.com**
- I.2. Article – *Microsoft server hack hit about 100 organizations* researchers say – businessinsurance.com**
- I.3. CSRMA 2025 Meeting Calendar**
- I.4. CSRMA Organizational Chart**
- I.5. CSRMA Service Team Chart**

The Board of Directors reviewed the presented information items.

J. ADJOURNMENT

The meeting was adjourned at 12:51 p.m. The next meeting is scheduled for January 2026 at the CASA Winter Conference in Indian Wells.

**Agenda Item No. C.2
Board of Directors Meeting
Meeting Date: January 14, 2026**

Investment Performance Review

ISSUE: PFM prepared a review of CSRMA's current investments and a market outlook as of September 30, 2025. A copy of the report is included in the agenda packet for the Board's review.

CSRMA's current investments are summarized on page 24 of the presentation. The portfolio's performance is highlighted on page 28.

RECOMMENDATION: None at this time.

FISCAL IMPACT: As depicted in the attachment.

BACKGROUND: None.

ATTACHMENTS: Investment Performance Review for the Quarter Ended September 30, 2025 (Separate)

Agenda Item No. C.3
Board of Directors Meeting
Meeting Date: January 14, 2026

Investment Benchmark

ISSUE: The benchmark for CSRMA's investment portfolio had been the ICE BofA 1-10 Year US Treasury Index (~3.5-year duration). CSRMA's investment portfolio will likely decline over time as payments for prior years' claims require liquidity made available from the investment portfolio. The Finance Committee discussed the investment strategy at their November 2025 meeting and based on PFM's recommendation, provided direction to shift the benchmark to the ICE BofA 0-10 Year US Treasury Index (~3-year duration) for potential liquidity needs as we run-off older year claims. The risk for the go forward claims has been transferred to CSRMA's Captive, CWIC.

The change in benchmark was approved by CSRMA's Treasurer. Section 6 of Investment policy states that "The Treasurer shall establish one or more benchmarks for the purpose of evaluating the performance of the portfolio."

RECOMMENDATION: Information only.

FISCAL IMPACT: Unknown.

BACKGROUND: Historically CSRMA has relied on monies in LAIF to pay pooled losses/claims in both the Pooled Liability and Workers' Compensation Programs, while monies not needed to pay claims and operating expenses are invested in longer term instruments. As CSRMA is now transferring the go forward pooled layer losses to the Clean Water Insurance Captive (CWIC) and funding for this layer is now being paid to CWIC as premium, CSRMA may not have a sufficient cash balance to pay for the older year claims without liquidating longer term assets.

CSRMA's investment portfolio will likely decline over time as prior years' claims require liquidity made available from the investment portfolio. While the CSRMA portfolio is not expected to go away completely in the foreseeable future, there will likely be a liquidity need that will reduce the balance over time, which may require CSRMA to reconsider the investment strategy for its portfolio at different points in the future.

ATTACHMENT: 1. CSRMA Benchmark Comparison prepared by PFM
 2. CSRMA Investment Policy

CSRMA Benchmark Comparison

October 2025

Michael Kronbetter, Relationship Manager

Comparison of Benchmarks

- Since December 31, 2018, the performance benchmark index for CSRMA's investment portfolio has been the:
 - ICE BofA 1-10 Year U.S. Treasury Index.
- To reduce duration and increase short-term maturities for potential liquidity needs, we recommend moving to the:
 - ICE BofA 0-10 Year U.S. Treasury Index.

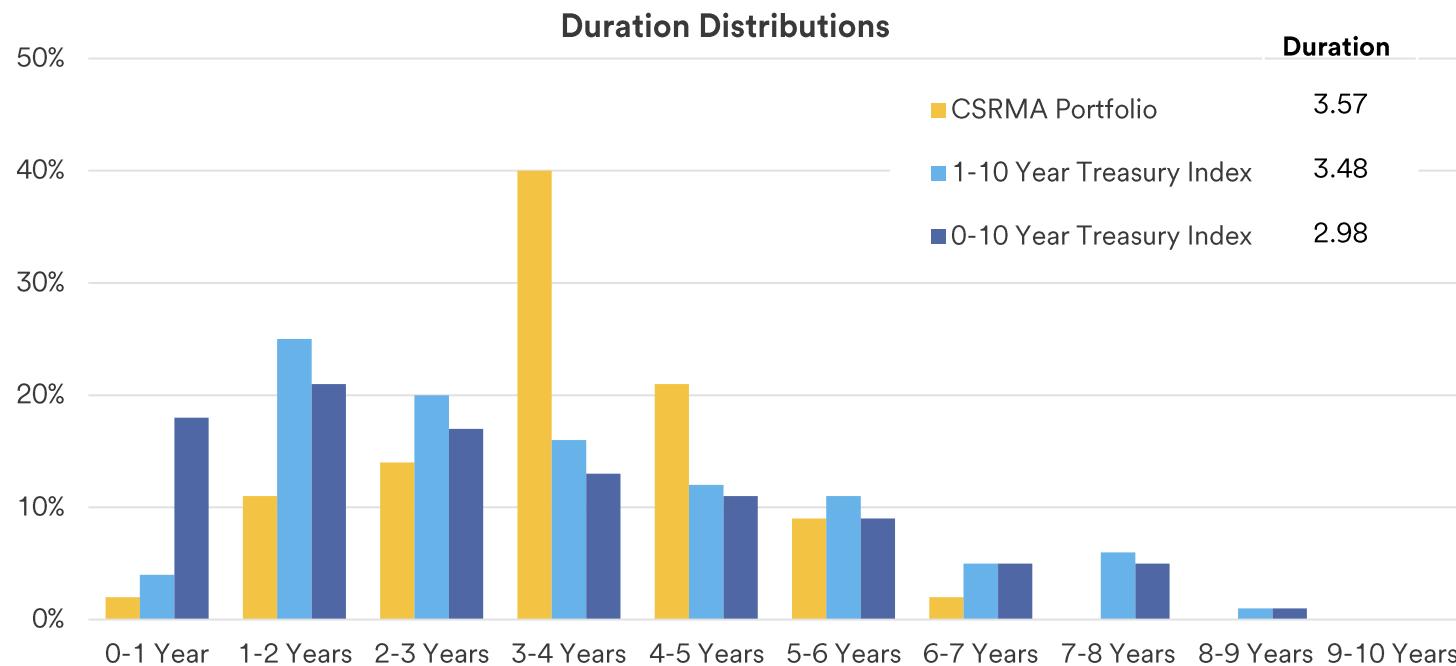
**Risk/Return of Various Investment Strategies
20 Years Ended September 30, 2025**

ICE BofA Treasury Index	Duration (years)	Annualized Total Return	Cumulative Value of \$20 Million	Quarters With Negative Return
0-10 Yr Treasury	2.98	2.60%	\$33,435,552	27 out of 80
1-10 Yr Treasury	3.48	2.74%	\$34,348,656	28 out of 80

Source: Bloomberg Finance L.P., ICE BofA Indices. Data as of 9/30/2025.

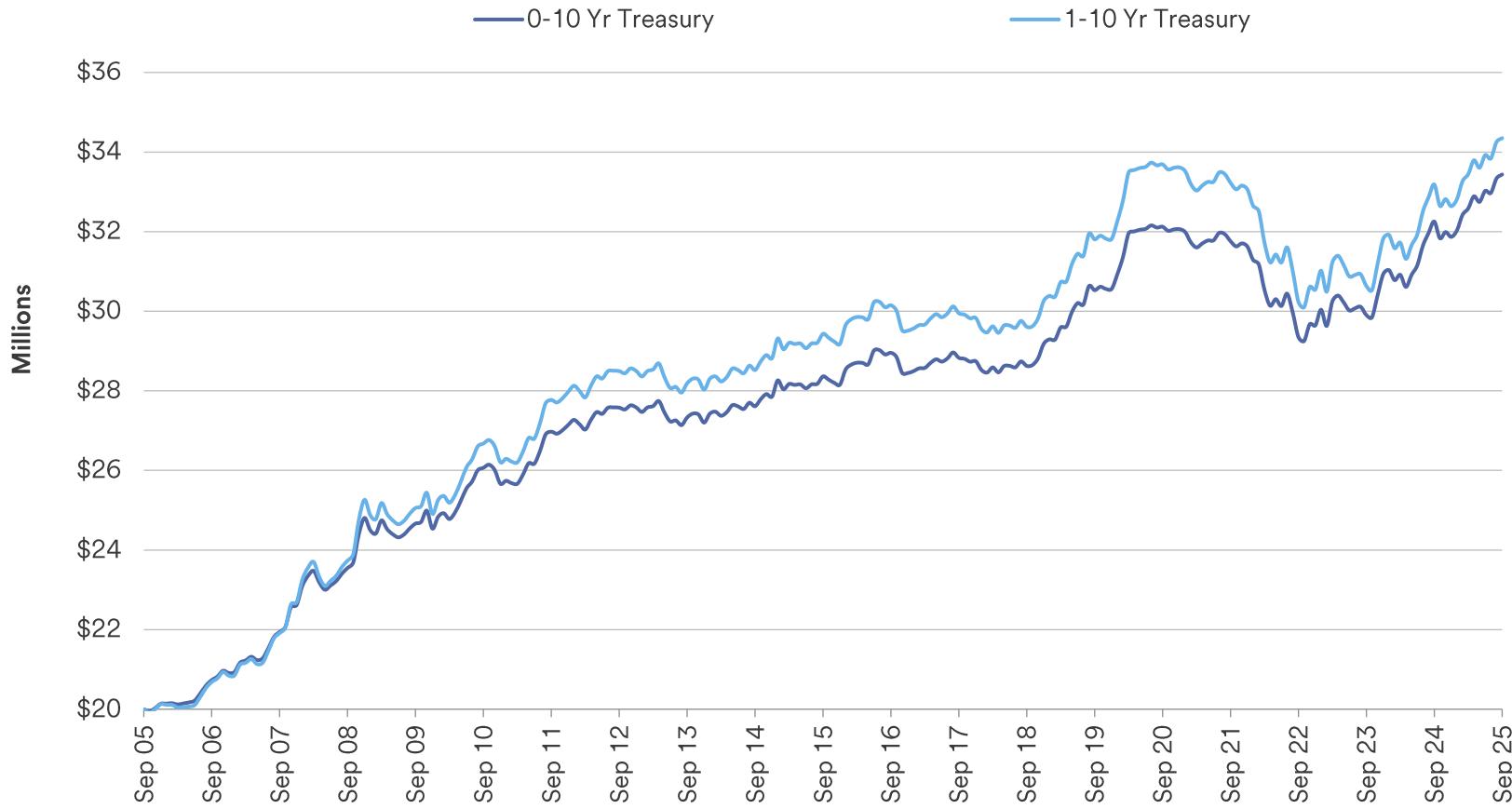
Duration Distributions

- Portfolio duration would decrease by approximately half a year, with a larger allocation to the 0-1 year duration bucket.



Source: PFMAM and Bloomberg Finance L.P., ICE BofA Indices. Data as of 9/30/2025.

Historical Growth of \$20 Million Over 20 Years



Source: Bloomberg Finance L.P., ICE BofA Indices. Data as of 9/30/2025.

Disclosures

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California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

Introduction

The purpose of this policy is to provide guidelines to the officers of the California Sanitation Risk Management Authority (the “Authority”) charged with the responsibility for the investment of surplus monies not required for the immediate necessities of the Authority. All investment of such surplus monies is governed by California Government Code (CGC) Section 53600, et seq. and by this Investment Policy (the “Policy”).

To the extent possible, all money belonging to or in the custody of the Authority required for the immediate necessities of the Authority (those monies not designated as surplus monies) shall be deposited for safekeeping pursuant to relevant CGC sections, including **Sections 53635.2, 53637-53645 and 53649.**

The Treasurer is responsible for administering the Authority’s investments. In furtherance of this responsibility, the Treasurer may issue and administer detailed investment instructions which may change periodically and which will supplement, but conform to, the provisions of this Investment Policy.

Policy Guidelines

1. **Prudence** The standard of prudence to be used by investment officials shall be the “prudent investor” standard, as set forth in California Government Code (CGC) Section 53600.3, and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds shall act with care, skill, prudence and diligence, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Authority that a prudent person, acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Authority. To the extent permitted by law, investment officials acting in accordance with the Investment Policy, as supplemented by the Treasurer’s investment instructions, and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market prices changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
2. **Objectives** The primary objectives, in priority order, of the Authority’s investment activities shall be:
 - a) **Safety of principal** Safety of principal is the foremost objective of the Investment Policy. The investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
 - b) **Liquidity** The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements, which might be reasonably anticipated.
 - c) **Return on Investment** The investment portfolio shall be designed with the objective of attaining a market rate of return on its investments throughout budgetary and economic cycles, consistent with the constraints imposed by the

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

Authority's safety objective and cash flow requirements, and applicable law. Within the constraints of safety and liquidity, investments will be selected with the objective of attaining a long-term market rate of return in line with the Authority's performance benchmark.

- d) **Diversification** The portfolio will be diversified in order to avoid incurring unreasonable and avoidable risks regarding specific types of securities or individual financial institutions. Excluding U.S. Treasury obligations, federal agency/government sponsored enterprise (GSE) obligations, supranational obligations, and pooled invested vehicles like money market funds, local government investment pools, and the Local Agency Investment Fund, as described in section 7 below, no more than five percent (5%) of the portfolio may be invested in any one institution.
- 3. **Delegation of Authority** The management and oversight responsibility for the investment program is hereby delegated to the Treasurer who shall monitor and review all investments for consistency with this Investment Policy and state law. No person may engage in an investment transaction except as provided under the provisions of this policy, as supplemented by the Treasurer's investment instructions.

The Treasurer may delegate day-to-day investment decision-making and execution authority to an investment advisor and shall maintain investment instruction for internal and external management of investments consistent with state requirements. Such investment advisor must have not less than five years' experience managing public agency funds subject to California Government Code and must have total public agency assets under management nationwide of at least \$10 billion. The rights and responsibilities delegated to an investment advisor must be in a written agreement. The investment advisor shall make all investment decisions and transactions in accordance with California Government Code and this Policy.

- 4. **Ethics and Conflict of Interest** Officers and employees involved in the investment process shall refrain from personal business activities or other conduct that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial decisions. Officer and employees involved in the investment process shall abide by CGC Section 1090, et seq., the California Political Reform Act, and any other applicable laws and regulations which prohibit public officials from engaging in governmental affairs in which they may have a conflict of interest.
- 5. **Internal Controls** The Treasurer shall establish and maintain an annual process of independent review by a financial auditor. This review will provide independent verification of compliance with policies and procedures.
- 6. **Performance Evaluation** The Treasurer shall establish one or more benchmarks for the purpose of evaluating the performance of the portfolio.
- 7. **Investments** All investments shall be made in the Local Agency Investment Fund of the State Treasurer's Office (LAIF), as provided in CGC Section 16429.1, or in investments authorized by CGC 53600 through 53601.6. All investments shall comply with the restrictions in those laws.

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

a) Diversification

The Authority will diversify its investments by security type, institution, and maturities to prevent incurring unreasonable or avoidable risks regarding specific security types, individual financial institutions or maturity segments.

Percentage holding limits listed below apply at the time the security is purchased. Authority funds may be invested in accordance with the following table, which summarizes the allowable allocation of investments by percentage of total funds invested. For more information on credit quality restrictions, maximum maturity restrictions, and a detailed description on each authorized investment type, please see CGC sections 16429.1, and 53600 through 53601.6.

Authorized Investment	Maximum Allowable Percentage
Local Agency Investment Fund (LAIF)	Per State Treasurer
U.S. Treasury Obligations	100%
U.S. Federal Agency and Government Sponsored Enterprise (GSE) Obligations	100%
Repurchase Agreements	100%
FDIC-Insured Certificates of Deposit (CDs)	100%
Negotiable Certificates of Deposit	30%
Bankers' Acceptances	40%
Medium-Term Corporate Notes	30%
Mutual Funds and Money Market Funds	20% (10% per fund)
Joint Powers Authority Pool (e.g., CAMP)	100%
Commercial Paper	25%
Municipal Obligations	30%*
Supranational Obligations	30%
Asset-Backed Securities	20%

**A maximum of 30% of the Authority's portfolio may be invested in municipal obligations (as defined in CGC 53601(a), 53601(c), 53601(d), and 53601(e)). No more than 10% of the Authority's portfolio may be invested in municipal obligations that have a remaining time to maturity in excess of five years. Further, municipal obligations shall be rated in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization (NRSRO).*

b) Maximum Maturity

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

The purchase of U.S. Treasury, U.S. Federal Agency/Government Sponsored Enterprise (GSE), and municipal obligations with maturities in excess of five years is permitted, subject to the following constraints: U.S. Treasury, U.S. Federal Agency/GSE, and municipal obligations shall have a maximum remaining maturity at time of purchase of eleven years or less, and U.S. Federal Agency/GSE mortgage-backed securities (including pass-throughs and CMOs) shall have a maximum remaining average life of ten years or less. This change to the investment program was authorized at the August 9, 2018 meeting of the Board of Directors. The maximum maturity of all other authorized investment types may be found in CGC sections 53600 through 53601.1.

For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment.

c) The Treasurer may delegate the responsibility for investment transactions to staff personnel or an outside professional service, but the Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates. This shall include separation of transactional authority from accounting and bookkeeping, separation of transactional authority from custodial safekeeping, limitations of securities losses and remedial action, written confirmation of telephone transactions, documentation of transactions and strategies, and annual review of controls by the Treasurer.

d) Investments shall be purchased according to the minimum credit standards provided in the California Government Code; in the event of a downgrade in credit after the date of purchase to a level below the minimum credit standards provided in the California Government Code, the Treasurer, or his/her designee, shall advise the Executive Board/Board of Directors of the change at or before the next regular meeting, or at a maximum, within 15 days of the rating downgrade. The Treasurer or his/her designee will use his/her best professional judgment to determine the appropriate course of action.

e) Excluded Investments

The following investments or investment practices are not permitted under this Statement of Investment Policy:

1. purchase or sale of securities on margin;
2. reverse repurchase agreements;
3. financial futures and financial options; and
4. Guaranteed Small Business Administration (SBA) Notes.

f) Banks and Securities Dealers

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

1. In selecting financial institutions and broker/dealers for the deposit or investment of Authority funds, the Treasurer shall consider their creditworthiness. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which the Authority funds are deposited or invested. A commercial rating or bank watch service may be used to accomplish this objective.
2. Financial institutions and broker/dealers shall annually sign a certification form attesting that the individual responsible for the Authority's account with that firm has reviewed and understands the investment policy and intends to present only those investment transactions appropriate under the policy.

If an external investment advisor is authorized to conduct investment transactions on the Authority's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions, which it will maintain and review periodically. The adviser must make the list available to the Authority upon request.

g) Safekeeping and Custody.

1. Securities purchased from broker/dealers will be held in a third-party custodian/safekeeping account. The only exception to this policy is the collateral for time deposits in banks and savings and loans. Collateral for time deposits shall be held in accordance with applicable state and federal regulations.
2. In addition to these general policy considerations, the following specific policies will be followed: all transactions will be executed on a delivery versus payment basis; and a competitive bidding process will be used to place all investments, when practical.

8. **Reporting** In accordance with the Joint Exercise of Powers Agreement (the "JPA Agreement"), the Treasurer will prepare quarterly financial reports, which will include a review of the Authority's investment portfolio. The review of the investment portfolio shall include the following information:

1. Type of investment, issuer, date of maturity, par and dollar amount invested on all securities and amounts invested in money market funds and local government investment pools. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report.
2. A statement that the portfolio complies with this Investment Policy, or the manner that the portfolio is not in compliance.
3. A statement denoting the Authority's ability to meet its expenditure requirements for the next six months, or a statement denoting why sufficient money shall not or may not be available.

California Sanitation Risk Management Authority

For the Fiscal Year 2025-26

Investment Policy

9. **Annual Review** In accordance with the JPA Agreement, this Investment Policy shall be reviewed and adopted annually by the Board of Directors at a public meeting.

**Agenda Item No. C.4
Board of Directors Meeting
Meeting Date: January 14, 2026**

Annual Operating Report

ISSUE: The 2025 CSRMA Annual Operating Report will be emailed to all members and posted on the CSRMA website.

RECOMMENDATION: None, information only.

FISCAL IMPACT: None.

BACKGROUND: Each year the Program Administrators prepare an Annual Operating Report for CSRMA. The report highlights the Authority's achievements over the past year, notable activities planned for the coming year, and provides a financial summary.

ATTACHMENTS: Annual Operating Report

Agenda Item No. C.5
Board of Directors Meeting
Meeting Date: January 14, 2026

CSRMA 2026 Meeting Calendar

ISSUE: Every year the Executive Board adopts a meeting calendar for CSRMA. The Board of Directors' Meetings are included in that calendar.

There are three (3) meetings scheduled for 2026, as below:

- January 14, 2026
- June 17, 2026
- August 15, 2026

The June meeting is held *virtually* every year with the singular purpose to adopt a budget for the upcoming fiscal year. Calendar invites will be sent out to the membership shortly.

RECOMMENDATION: None, information only.

FISCAL IMPACT: None.

BACKGROUND: None.

ATTACHMENTS: CSRMA 2026 Meeting Calendar – Please see Information Item H.5

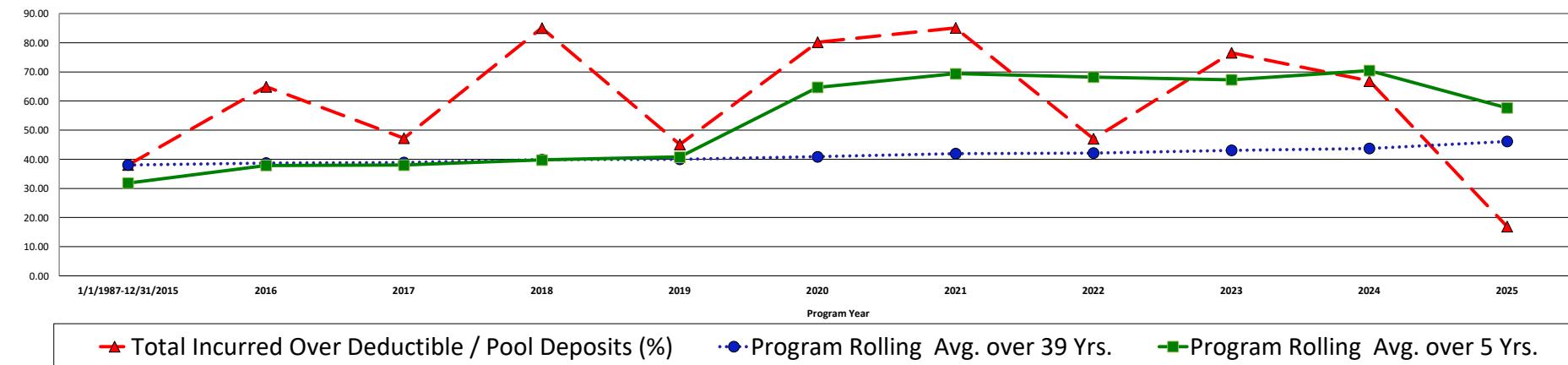
POOLED LIABILITY PROGRAM
Quarterly Claims Report
As of December 31, 2025

Program Year	PY 1-29	PY 30	PY 31	PY 32	PY 33	PY 34	PY 35	PY 36	PY 37	PY 38*	PY39*	Program Avg	Program Avg
	1987-2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Over 5 yrs	Over 39 yrs
Number of Members	N/A	40	40	40	40	40	40	40	41	41	41	41	N/A
Total Number of Claims	2,561	117	76	58	74	37	73	49	46	39	40	49	81
Initial Pool Deposits	56,058,894	2,715,342	2,718,212	2,682,244	2,496,726	2,641,494	3,206,015	3,436,283	3,679,709	4,020,058	3,894,774	3,647,368	2,244,865
Total Paid To Date	34,696,387	2,597,236	1,979,513	2,943,147	1,997,398	2,476,282	3,722,866	1,436,936	3,293,862	2,048,161	337,316	2,167,828	1,475,105
Total Reserved	330,578	0	0	10,000	0	0	164,143	963,011	330,183	1,224,258	670,589	670,437	94,686
Total Incurred	35,026,965	2,597,236	1,979,513	2,953,147	1,997,398	2,476,282	3,887,009	2,399,947	3,624,044	3,272,419	1,007,905	2,838,265	1,569,791
POOL PENETRATION													
No. of Occurrences Over Deductible	337	13	12	12	6	8	11	8	9	8	10	9	11
Total Paid Over Deductible (per occurrence)	21,014,689	1,763,028	1,284,123	2,281,822	1,125,665	2,117,867	2,564,382	753,151	2,679,441	1,586,169	93,183	1,535,265	955,475
Total Reserves Over Deductible (per occurrence)	330,578	0	0	0	0	0	164,143	864,413	138,200	1,102,665	564,049	566,694	81,129
Total Incurred Over Deductible	21,345,267	1,763,028	1,284,123	2,281,822	1,125,665	2,117,867	2,728,525	1,617,564	2,817,641	2,688,834	657,232	2,101,959	1,036,604
Total Incurred Over Deductible / Pool Deposits (%)	38.08	64.93	47.24	85.07	45.09	80.18	85.11	47.07	76.57	66.89	16.87	57.63	46.18

* - The pooled layer has been transferred to CWIC as of 12/31/2023.

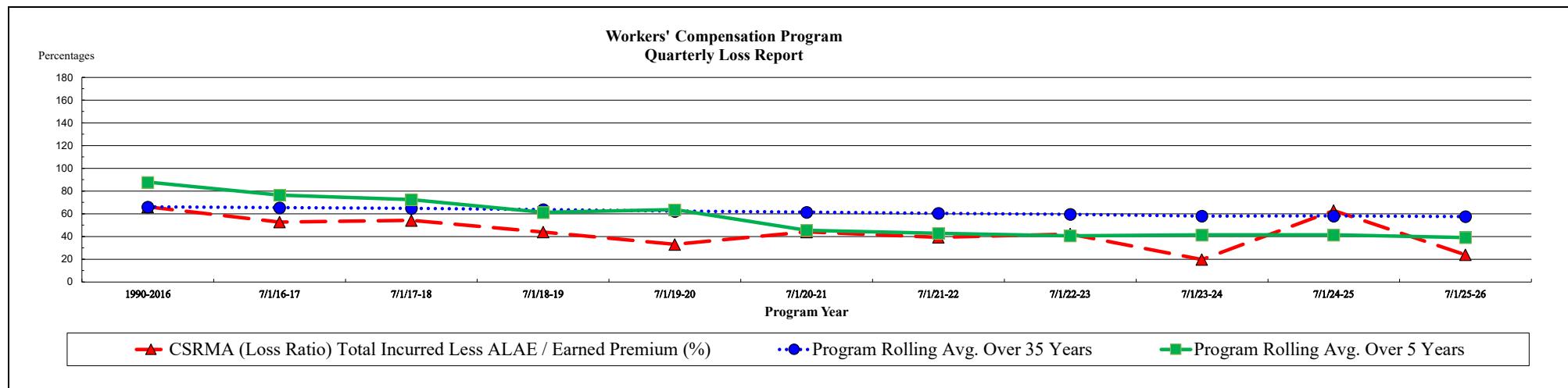
Pooled Liability Program
Quarterly Loss Report

Percentages



WORKERS' COMPENSATION PROGRAM												
Quarterly Claims Report												
as of December 31, 2025												
	PY 1-26	PY 27	PY 28	PY 29	PY 30	PY 31	PY 32	PY 33	PY 34*	PY 35*	PY 36*	Program
Program Year	Years	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Average
	1990-2016	7/1/16-17	7/1/17-18	7/1/18-19	7/1/19-20	7/1/20-21	7/1/21-22	7/1/22-23	7/1/23-24	7/1/24-25	7/1/25-26	Over 5 yrs
Number of Members	N/A	43	44	43	43	43	43	43	40	40	41	N/A
Total Number of Claims	4,308	155	131	124	112	114	141	136	120	135	67	120
Earned Premiums	67,465,809	3,819,319	3,799,075	4,060,508	3,849,105	4,109,108	4,187,792	4,343,504	4,081,842	3,823,534	1,694,051	3,626,145
Paid Indemnity, Medical, & Rehab	41,787,550	1,947,657	1,917,179	1,594,422	1,111,816	1,578,568	1,312,611	1,213,735	441,854	1,033,282	148,829	830,062
Paid Expenses	7,672,346	629,800	694,347	482,079	407,759	394,295	296,595	196,631	107,692	153,011	19,844	154,754
Reserved Indemnity, Medical, & Rehab	2,801,554	68,550	142,890	189,307	161,000	233,111	333,270	619,650	366,928	1,371,836	256,131	589,563
Reserved Expenses	179,314	7,273	15,538	25,228	25,505	39,781	27,063	62,375	44,888	115,745	64,936	63,001
Total Incurred	52,440,764	2,653,281	2,769,953	2,291,036	1,706,080	2,245,755	1,969,538	2,092,391	961,361	2,673,875	489,739	1,637,381
Total Incurred Less ALAE	44,589,104	2,016,207	2,060,069	1,783,729	1,272,816	1,811,679	1,645,880	1,833,385	808,782	2,405,118	404,959	1,419,625
CSRMA (Loss Ratio) Total Incurred Less ALAE / Earned Premium (%)	66.09	52.79	54.23	43.93	33.07	44.09	39.30	42.21	19.81	62.90	23.90	39.15
												57.62

* - The pooled layer is reinsured by CWIC for these Program Years.



Agenda Item No. C.8
Board of Directors Meeting
Meeting Date: January 14, 2026

Budget to Date Report as of December 31, 2025

ISSUE: Attached is the budget to date report as of December 31, 2025, and corresponding balance sheet. A variance report highlighting notable variances in the actual year to date figures versus what was budgeted is included.

There are no major concerns about CSRMA's finances at this writing.

RECOMMENDATION: None at this time.

FISCAL IMPACT: As depicted in the attached document.

BACKGROUND: None.

ATTACHMENTS:

- 1. Profit & Loss Budget to Actual
- 2. Variance Report
- 3. Balance Sheet

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - December, 2025

Preliminary & Unaudited *

	TOTAL			
	Actual	Budget	over Budget	% of Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	590,960.72	1,245,265.00	-654,304.28	47.46%
4220 Pooled Deposit	345,757.36	696,413.00	-350,655.64	49.65%
4400 Insurance Premium (Net)	8,014,072.74	17,016,831.00	-9,002,758.26	47.09%
4450 Affiliate Insurance Premium Rev	3,576,393.00	7,897,437.00	-4,321,044.00	45.29%
Total 400 Member Contributions	\$ 12,527,183.82	\$ 26,855,946.00	-\$ 14,328,762.18	46.65%
410 Retrospective Contribution				
4300 Retro Adjustment	-401,219.75	-250,000.00	-151,219.75	160.49%
Total 410 Retrospective Contribution	-\$ 401,219.75	-\$ 250,000.00	-\$ 151,219.75	160.49%
420 Member Fees				
4110 Program Directors' Fee	725,417.58	1,451,000.00	-725,582.42	49.99%
Total 420 Member Fees	\$ 725,417.58	\$ 1,451,000.00	-\$ 725,582.42	49.99%
Total 40 Operating Revenue	\$ 12,851,381.65	\$ 28,056,946.00	-\$ 15,205,564.35	45.80%
Total Income	\$ 12,851,381.65	\$ 28,056,946.00	-\$ 15,205,564.35	45.80%
Gross Profit	\$ 12,851,381.65	\$ 28,056,946.00	-\$ 15,205,564.35	45.80%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries	-135,888.59	-400,000.00	264,111.41	33.97%
5201 Claims Expense	2,618,013.21	4,025,392.00	-1,407,378.79	65.04%
Total 500 Program Expense	\$ 2,482,124.62	\$ 3,625,392.00	-\$ 1,143,267.38	68.46%
610 Insurance Expense				
6432 Net Insurance Premium	7,895,594.98	17,016,831.00	-9,121,236.02	46.40%
6435 Affiliate Insurance Premium Exp	3,576,393.00	7,897,437.00	-4,321,044.00	45.29%
Total 610 Insurance Expense	\$ 11,471,987.98	\$ 24,914,268.00	-\$ 13,442,280.02	46.05%
620 Management Consultants				
6523 Outside Safety Consultant	386,411.77	554,284.00	-167,872.23	69.71%
Total 620 Management Consultants	\$ 386,411.77	\$ 554,284.00	-\$ 167,872.23	69.71%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	725,500.00	1,451,000.00	-725,500.00	50.00%
Total 630 Program Director Fee	\$ 725,500.00	\$ 1,451,000.00	-\$ 725,500.00	50.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment	101,820.52	101,018.00	802.52	100.79%
6506 Actuarial	14,000.00	62,700.00	-48,700.00	22.33%
6510 Claims Audit	6,450.00	8,200.00	-1,750.00	78.66%
6512 Claims Admin. Annual Fee	13,750.00	27,060.00	-13,310.00	50.81%
6516 Coverage Counsel	0.00	5,500.00	-5,500.00	0.00%
6650 Program Legal	7,492.50	26,500.00	-19,007.50	28.27%
6652 Program Committee	16.00	3,000.00	-2,984.00	0.53%
6660 Program Consulting	10,442.50	35,270.00	-24,827.50	29.61%
6667 CSRMA Provided Seminars	63,818.26	95,000.00	-31,181.74	67.18%
Total 640 Other Program Expense	\$ 217,789.78	\$ 364,248.00	-\$ 146,458.22	59.79%
700 General & Administrative Expense				
7808 Financial Audit	17,500.00	25,296.00	-7,796.00	69.18%
7822 Board Counsel	5,076.54	20,700.00	-15,623.46	24.52%
8944 Printing/Promotion	339.89	1,000.00	-660.11	33.99%
8945 Computer Software/Programming	60,178.92	109,900.00	-49,721.08	54.76%
8946 Memberships/Other	5,850.00	12,086.00	-6,236.00	48.40%
8948 Banking Service Charges	2,500.37	2,678.00	-177.63	93.37%
8954 Executive/Officers Committee	6,154.38	38,500.00	-32,345.62	15.99%

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - December, 2025

Preliminary & Unaudited *

	TOTAL			
	Actual	Budget	over Budget	% of Budget
8956 Board of Directors	9,754.54	15,180.00	-5,425.46	64.26%
8960 JPA Insurance	43,870.61	95,393.00	-51,522.39	45.99%
8990 General Contingency	0.00	6,000.00	-6,000.00	0.00%
Total 700 General & Administrative Expense	\$ 151,225.25	\$ 326,733.00	-\$ 175,507.75	46.28%
Total 50 Operating Expense	\$ 15,435,039.40	\$ 31,235,925.00	-\$ 15,800,885.60	49.41%
Total Expenses	\$ 15,435,039.40	\$ 31,235,925.00	-\$ 15,800,885.60	49.41%
Net Operating Income	-\$ 2,583,657.75	-\$ 3,178,979.00	\$ 595,321.25	81.27%
Other Income				
Total 4660 Investment Earnings	\$ 193,522.77	\$ 791,474.00	-\$ 597,951.23	24.45%
Total Other Income	\$ 193,522.77	\$ 791,474.00	-\$ 597,951.23	24.45%
Net Income	-\$ 2,390,134.98	-\$ 2,387,505.00	-\$ 2,629.98	100.11%

* Excludes results of CWIC subsidiary, unrealized income/loss from investments and changes to longterm claims liability. Also omitted are entries for second quarter investments due to the mail date timing of this report.

**California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes**

July - December, 2025

Preliminary & Unaudited *

.021 - PIP

					% of Budget
		Actual	Budget	over Budget	
Income					
40 Operating Revenue					
400 Member Contributions					
4100 JPA Charge		36,126.22	82,424.00	-46,297.78	43.83%
4220 Pooled Deposit					
4400 Insurance Premium (Net)		475,219.32	999,581.00	-524,361.68	47.54%
4450 Affiliate Insurance Premium Rev					
Total 400 Member Contributions		\$ 511,345.54	\$ 1,082,005.00	-\$ 570,659.46	47.26%
410 Retrospective Contribution					
4300 Retro Adjustment					
Total 410 Retrospective Contribution		\$ 0.00	\$ 0.00	\$ 0.00	
420 Member Fees					
4110 Program Directors' Fee		68,918.08	138,000.00	-69,081.92	49.94%
Total 420 Member Fees		\$ 68,918.08	\$ 138,000.00	-\$ 69,081.92	49.94%
Total 40 Operating Revenue		\$ 580,263.62	\$ 1,220,005.00	-\$ 639,741.38	47.56%
Total Income		\$ 580,263.62	\$ 1,220,005.00	-\$ 639,741.38	47.56%
Gross Profit		\$ 580,263.62	\$ 1,220,005.00	-\$ 639,741.38	47.56%
Expenses					
50 Operating Expense					
500 Program Expense					
4500 Deductible Recoveries					
5201 Claims Expense				0.00	
Total 500 Program Expense		\$ 0.00	\$ 0.00	\$ 0.00	
610 Insurance Expense					
6432 Net Insurance Premium		475,672.92	999,581.00	-523,908.08	47.59%
6435 Affiliate Insurance Premium Exp					
Total 610 Insurance Expense		\$ 475,672.92	\$ 999,581.00	-\$ 523,908.08	47.59%
620 Management Consultants					
6523 Outside Safety Consultant		36,488.60	38,728.00	-2,239.40	94.22%
Total 620 Management Consultants		\$ 36,488.60	\$ 38,728.00	-\$ 2,239.40	94.22%
630 Program Director Fee					
6330 Program Directors' Fee Exp.		69,000.00	138,000.00	-69,000.00	50.00%
Total 630 Program Director Fee		\$ 69,000.00	\$ 138,000.00	-\$ 69,000.00	50.00%
640 Other Program Expense					
6464 User/Fraud Fund Assessment					
6506 Actuarial					
6510 Claims Audit					
6512 Claims Admin. Annual Fee					
6516 Coverage Counsel					
6650 Program Legal					
6652 Program Committee					
6660 Program Consulting			1,500.00	-1,500.00	0.00%
6667 CSRMA Provided Seminars		6,381.82	9,500.00	-3,118.18	67.18%
Total 640 Other Program Expense		\$ 6,381.82	\$ 11,000.00	-\$ 4,618.18	58.02%
700 General & Administrative Expense					
7808 Financial Audit		1,750.00	2,530.00	-780.00	69.17%
7822 Board Counsel		507.66	2,070.00	-1,562.34	24.52%
8944 Printing/Promotion		33.99	100.00	-66.01	33.99%
8945 Computer Software/Programming		5,917.89	10,990.00	-5,072.11	53.85%
8946 Memberships/Other		585.00	1,209.00	-624.00	48.39%
8948 Banking Service Charges		250.04	268.00	-17.96	93.30%
8954 Executive/Officers Committee		615.44	3,850.00	-3,234.56	15.99%

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - December, 2025

Preliminary & Unaudited *

	.021 - PIP			% of Budget
	Actual	Budget	over Budget	
8956 Board of Directors	975.45	1,540.00	-564.55	63.34%
8960 JPA Insurance	4,387.06	9,539.00	-5,151.94	45.99%
8990 General Contingency		600.00	-600.00	0.00%
Total 700 General & Administrative Expense	\$ 15,022.53	\$ 32,696.00	-\$ 17,673.47	45.95%
Total 50 Operating Expense	\$ 602,565.87	\$ 1,220,005.00	-\$ 617,439.13	49.39%
Total Expenses	\$ 602,565.87	\$ 1,220,005.00	-\$ 617,439.13	49.39%
Net Operating Income	-\$ 22,302.25	\$ 0.00	-\$ 22,302.25	
Other Income				
Total 4660 Investment Earnings	\$ 1,349.03	\$ 6,713.00	-\$ 5,363.97	20.10%
Total Other Income	\$ 1,349.03	\$ 6,713.00	-\$ 5,363.97	20.10%
Net Income	-\$ 20,953.22	\$ 6,713.00	-\$ 27,666.22	-312.13%

* Excludes results of CWIC subsidiary, unrealized income/loss from investments and changes to longterm claims liability. Also omitted are entries for second quarter investments due to the mail date timing of this report.

**California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes**

July - December, 2025

Preliminary & Unaudited *

	.023 - Property			
	Actual	Budget	over Budget	% of Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	60,910.00	121,820.00	-60,910.00	50.00%
4220 Pooled Deposit	345,757.36	696,413.00	-350,655.64	49.65%
4400 Insurance Premium (Net)	4,497,158.92	9,963,565.00	-5,466,406.08	45.14%
4450 Affiliate Insurance Premium Rev				
Total 400 Member Contributions	\$ 4,903,826.28	\$ 10,781,798.00	-\$ 5,877,971.72	45.48%
410 Retrospective Contribution				
4300 Retro Adjustment				
Total 410 Retrospective Contribution	\$ 0.00	\$ 0.00	\$ 0.00	
420 Member Fees				
4110 Program Directors' Fee	96,000.00	192,000.00	-96,000.00	50.00%
Total 420 Member Fees	\$ 96,000.00	\$ 192,000.00	-\$ 96,000.00	50.00%
Total 40 Operating Revenue	\$ 4,999,826.28	\$ 10,973,798.00	-\$ 5,973,971.72	45.56%
Total Income	\$ 4,999,826.28	\$ 10,973,798.00	-\$ 5,973,971.72	45.56%
Gross Profit	\$ 4,999,826.28	\$ 10,973,798.00	-\$ 5,973,971.72	45.56%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries				
5201 Claims Expense	95,000.00	275,392.00	-180,392.00	34.50%
Total 500 Program Expense	\$ 95,000.00	\$ 275,392.00	-\$ 180,392.00	34.50%
610 Insurance Expense				
6432 Net Insurance Premium	4,496,808.06	9,963,565.00	-5,466,756.94	45.13%
6435 Affiliate Insurance Premium Exp				
Total 610 Insurance Expense	\$ 4,496,808.06	\$ 9,963,565.00	-\$ 5,466,756.94	45.13%
620 Management Consultants				
6523 Outside Safety Consultant	71,475.89	71,124.00	351.89	100.49%
Total 620 Management Consultants	\$ 71,475.89	\$ 71,124.00	\$ 351.89	100.49%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	96,000.00	192,000.00	-96,000.00	50.00%
Total 630 Program Director Fee	\$ 96,000.00	\$ 192,000.00	-\$ 96,000.00	50.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment				
6506 Actuarial		5,500.00	-5,500.00	0.00%
6510 Claims Audit				
6512 Claims Admin. Annual Fee				
6516 Coverage Counsel				
6650 Program Legal		1,500.00	-1,500.00	0.00%
6652 Program Committee				
6660 Program Consulting		1,500.00	-1,500.00	0.00%
6667 CSRMA Provided Seminars	6,381.82	9,500.00	-3,118.18	67.18%
Total 640 Other Program Expense	\$ 6,381.82	\$ 18,000.00	-\$ 11,618.18	35.45%
700 General & Administrative Expense				
7808 Financial Audit	1,750.00	2,530.00	-780.00	69.17%
7822 Board Counsel	507.66	2,070.00	-1,562.34	24.52%
8944 Printing/Promotion	33.99	100.00	-66.01	33.99%
8945 Computer Software/Programming	5,917.89	10,990.00	-5,072.11	53.85%
8946 Memberships/Other	585.00	1,209.00	-624.00	48.39%
8948 Banking Service Charges	250.04	268.00	-17.96	93.30%
8954 Executive/Officers Committee	615.44	3,850.00	-3,234.56	15.99%

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - December, 2025

Preliminary & Unaudited *

	.023 - Property			
	Actual	Budget	over Budget	% of Budget
8956 Board of Directors	975.45	1,540.00	-564.55	63.34%
8960 JPA Insurance	4,387.06	9,539.00	-5,151.94	45.99%
8990 General Contingency		600.00	-600.00	0.00%
Total 700 General & Administrative Expense	\$ 15,022.53	\$ 32,696.00	-\$ 17,673.47	45.95%
Total 50 Operating Expense	\$ 4,780,688.30	\$ 10,552,777.00	-\$ 5,772,088.70	45.30%
Total Expenses	\$ 4,780,688.30	\$ 10,552,777.00	-\$ 5,772,088.70	45.30%
Net Operating Income	\$ 219,137.98	\$ 421,021.00	-\$ 201,883.02	52.05%
Other Income				
Total 4660 Investment Earnings	\$ 6,433.82	\$ 49,395.00	-\$ 42,961.18	13.03%
Total Other Income	\$ 6,433.82	\$ 49,395.00	-\$ 42,961.18	13.03%
Net Income	\$ 225,571.80	\$ 470,416.00	-\$ 244,844.20	47.95%

* Excludes results of CWIC subsidiary, unrealized income/loss from investments and changes to longterm claims liability. Also omitted are entries for second quarter investments due to the mail date timing of this report.

**California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes**

July - December, 2025

Preliminary & Unaudited *

	.024 - Liability				
	Actual	Budget	over Budget	% of Budget	
Income					
40 Operating Revenue					
400 Member Contributions					
4100 JPA Charge	219,142.00	491,456.00	-272,314.00	44.59%	
4220 Pooled Deposit					
4400 Insurance Premium (Net)	1,932,237.50	4,188,364.00	-2,256,126.50	46.13%	
4450 Affiliate Insurance Premium Rev	1,882,342.00	3,691,550.00	-1,809,208.00	50.99%	
Total 400 Member Contributions	\$ 4,033,721.50	\$ 8,371,370.00	-\$ 4,337,648.50	48.18%	
410 Retrospective Contribution					
4300 Retro Adjustment	-25,179.00			-25,179.00	
Total 410 Retrospective Contribution	-\$ 25,179.00	\$ 0.00	-\$ 25,179.00		
420 Member Fees					
4110 Program Directors' Fee	342,999.50	686,000.00	-343,000.50	50.00%	
Total 420 Member Fees	\$ 342,999.50	\$ 686,000.00	-\$ 343,000.50	50.00%	
Total 40 Operating Revenue	\$ 4,351,542.00	\$ 9,057,370.00	-\$ 4,705,828.00	48.04%	
Total Income	\$ 4,351,542.00	\$ 9,057,370.00	-\$ 4,705,828.00	48.04%	
Gross Profit	\$ 4,351,542.00	\$ 9,057,370.00	-\$ 4,705,828.00	48.04%	
Expenses					
50 Operating Expense					
500 Program Expense					
4500 Deductible Recoveries	-135,888.59	-400,000.00	264,111.41	33.97%	
5201 Claims Expense	1,750,019.70	2,000,000.00	-249,980.30	87.50%	
Total 500 Program Expense	\$ 1,614,131.11	\$ 1,600,000.00	\$ 14,131.11	100.88%	
610 Insurance Expense					
6432 Net Insurance Premium	1,932,078.00	4,188,364.00	-2,256,286.00	46.13%	
6435 Affiliate Insurance Premium Exp	1,882,342.00	3,691,550.00	-1,809,208.00	50.99%	
Total 610 Insurance Expense	\$ 3,814,420.00	\$ 7,879,914.00	-\$ 4,065,494.00	48.41%	
620 Management Consultants					
6523 Outside Safety Consultant	165,448.65	211,778.00	-46,329.35	78.12%	
Total 620 Management Consultants	\$ 165,448.65	\$ 211,778.00	-\$ 46,329.35	78.12%	
630 Program Director Fee					
6330 Program Directors' Fee Exp.	343,000.00	686,000.00	-343,000.00	50.00%	
Total 630 Program Director Fee	\$ 343,000.00	\$ 686,000.00	-\$ 343,000.00	50.00%	
640 Other Program Expense					
6464 User/Fraud Fund Assessment					
6506 Actuarial	14,000.00	14,000.00	0.00	100.00%	
6510 Claims Audit	6,450.00	8,200.00	-1,750.00	78.66%	
6512 Claims Admin. Annual Fee	7,750.00	20,460.00	-12,710.00	37.88%	
6516 Coverage Counsel		5,500.00	-5,500.00	0.00%	
6650 Program Legal	6,930.00	23,500.00	-16,570.00	29.49%	
6652 Program Committee		16.00	1,500.00	-1,484.00	1.07%
6660 Program Consulting		10,442.50	16,750.00	-6,307.50	62.34%
6667 CSRMA Provided Seminars		28,718.21	42,750.00	-14,031.79	67.18%
Total 640 Other Program Expense	\$ 74,306.71	\$ 132,660.00	-\$ 58,353.29	56.01%	
700 General & Administrative Expense					
7808 Financial Audit	7,875.00	11,383.00	-3,508.00	69.18%	
7822 Board Counsel	2,284.44	9,315.00	-7,030.56	24.52%	
8944 Printing/Promotion	152.95	450.00	-297.05	33.99%	
8945 Computer Software/Programming	27,130.51	49,455.00	-22,324.49	54.86%	
8946 Memberships/Other	2,632.50	5,438.00	-2,805.50	48.41%	
8948 Banking Service Charges	1,125.17	1,205.00	-79.83	93.38%	
8954 Executive/Officers Committee	2,769.47	17,325.00	-14,555.53	15.99%	

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - December, 2025

Preliminary & Unaudited *

	.024 - Liability				
	Actual	Budget	over Budget	% of	Budget
8956 Board of Directors	4,389.54	6,820.00	-2,430.46	64.36%	
8960 JPA Insurance	19,741.77	42,927.00	-23,185.23	45.99%	
8990 General Contingency		2,700.00	-2,700.00	0.00%	
Total 700 General & Administrative Expense	\$ 68,101.35	\$ 147,018.00	-\$ 78,916.65	46.32%	
Total 50 Operating Expense	\$ 6,079,407.82	\$ 10,657,370.00	-\$ 4,577,962.18	57.04%	
Total Expenses	\$ 6,079,407.82	\$ 10,657,370.00	-\$ 4,577,962.18	57.04%	
Net Operating Income	-\$ 1,727,865.82	-\$ 1,600,000.00	-\$ 127,865.82	107.99%	
Other Income					
Total 4660 Investment Earnings	\$ 60,257.28	\$ 202,673.00	-\$ 142,415.72	29.73%	
Total Other Income	\$ 60,257.28	\$ 202,673.00	-\$ 142,415.72	29.73%	
Net Income	-\$ 1,667,608.54	-\$ 1,397,327.00	-\$ 270,281.54	119.34%	

* Excludes results of CWIC subsidiary, unrealized income/loss from investments and changes to longterm claims liability. Also omitted are entries for second quarter investments due to the mail date timing of this report.

**California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes**

July - December, 2025

Preliminary & Unaudited *

	.025 - WC			
	Actual	Budget	over Budget	% of Budget
Income				
40 Operating Revenue				
400 Member Contributions				
4100 JPA Charge	274,782.50	549,565.00	-274,782.50	50.00%
4220 Pooled Deposit				
4400 Insurance Premium (Net)	1,109,457.00	1,865,321.00	-755,864.00	59.48%
4450 Affiliate Insurance Premium Rev	1,694,051.00	4,205,887.00	-2,511,836.00	40.28%
Total 400 Member Contributions	\$ 3,078,290.50	\$ 6,620,773.00	-\$ 3,542,482.50	46.49%
410 Retrospective Contribution				
4300 Retro Adjustment	-376,040.75	-250,000.00	-126,040.75	150.42%
Total 410 Retrospective Contribution	-\$ 376,040.75	-\$ 250,000.00	-\$ 126,040.75	150.42%
420 Member Fees				
4110 Program Directors' Fee	217,500.00	435,000.00	-217,500.00	50.00%
Total 420 Member Fees	\$ 217,500.00	\$ 435,000.00	-\$ 217,500.00	50.00%
Total 40 Operating Revenue	\$ 2,919,749.75	\$ 6,805,773.00	-\$ 3,886,023.25	42.90%
Total Income	\$ 2,919,749.75	\$ 6,805,773.00	-\$ 3,886,023.25	42.90%
Gross Profit	\$ 2,919,749.75	\$ 6,805,773.00	-\$ 3,886,023.25	42.90%
Expenses				
50 Operating Expense				
500 Program Expense				
4500 Deductible Recoveries				
5201 Claims Expense	772,993.51	1,750,000.00	-977,006.49	44.17%
Total 500 Program Expense	\$ 772,993.51	\$ 1,750,000.00	-\$ 977,006.49	44.17%
610 Insurance Expense				
6432 Net Insurance Premium	991,036.00	1,865,321.00	-874,285.00	53.13%
6435 Affiliate Insurance Premium Exp	1,694,051.00	4,205,887.00	-2,511,836.00	40.28%
Total 610 Insurance Expense	\$ 2,685,087.00	\$ 6,071,208.00	-\$ 3,386,121.00	44.23%
620 Management Consultants				
6523 Outside Safety Consultant	112,998.63	232,654.00	-119,655.37	48.57%
Total 620 Management Consultants	\$ 112,998.63	\$ 232,654.00	-\$ 119,655.37	48.57%
630 Program Director Fee				
6330 Program Directors' Fee Exp.	217,500.00	435,000.00	-217,500.00	50.00%
Total 630 Program Director Fee	\$ 217,500.00	\$ 435,000.00	-\$ 217,500.00	50.00%
640 Other Program Expense				
6464 User/Fraud Fund Assessment	101,820.52	101,018.00	802.52	100.79%
6506 Actuarial		43,200.00	-43,200.00	0.00%
6510 Claims Audit				
6512 Claims Admin. Annual Fee	6,000.00	6,600.00	-600.00	90.91%
6516 Coverage Counsel				
6650 Program Legal	562.50	1,500.00	-937.50	37.50%
6652 Program Committee		1,500.00	-1,500.00	0.00%
6660 Program Consulting		15,520.00	-15,520.00	0.00%
6667 CSRMA Provided Seminars	22,336.41	33,250.00	-10,913.59	67.18%
Total 640 Other Program Expense	\$ 130,719.43	\$ 202,588.00	-\$ 71,868.57	64.52%
700 General & Administrative Expense				
7808 Financial Audit	6,125.00	8,853.00	-2,728.00	69.19%
7822 Board Counsel	1,776.78	7,245.00	-5,468.22	24.52%
8944 Printing/Promotion	118.96	350.00	-231.04	33.99%
8945 Computer Software/Programming	21,212.63	38,465.00	-17,252.37	55.15%
8946 Memberships/Other	2,047.50	4,230.00	-2,182.50	48.40%
8948 Banking Service Charges	875.12	937.00	-61.88	93.40%
8954 Executive/Officers Committee	2,154.03	13,475.00	-11,320.97	15.99%

California Sanitation Risk Management Authority
Unconsolidated/Excludes CWIC
Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - December, 2025

Preliminary & Unaudited *

	.025 - WC			
	Actual	Budget	over Budget	% of Budget
8956 Board of Directors	3,414.10	5,280.00	-1,865.90	64.66%
8960 JPA Insurance	15,354.72	33,388.00	-18,033.28	45.99%
8990 General Contingency		2,100.00	-2,100.00	0.00%
Total 700 General & Administrative Expense	\$ 53,078.84	\$ 114,323.00	-\$ 61,244.16	46.43%
Total 50 Operating Expense	\$ 3,972,377.41	\$ 8,805,773.00	-\$ 4,833,395.59	45.11%
Total Expenses	\$ 3,972,377.41	\$ 8,805,773.00	-\$ 4,833,395.59	45.11%
Net Operating Income	-\$ 1,052,627.66	-\$ 2,000,000.00	\$ 947,372.34	52.63%
Other Income				
Total 4660 Investment Earnings	\$ 125,482.64	\$ 532,693.00	-\$ 407,210.36	23.56%
Total Other Income	\$ 125,482.64	\$ 532,693.00	-\$ 407,210.36	23.56%
Net Income	-\$ 927,145.02	-\$ 1,467,307.00	\$ 540,161.98	63.19%

* Excludes results of CWIC subsidiary, unrealized income/loss from investments and changes to longterm claims liability. Also omitted are entries for second quarter investments due to the mail date timing of this report.

California Sanitation Risk Management Authority

Unconsolidated/Excludes CWIC

Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - December, 2025

Preliminary & Unaudited *

Income

40 Operating Revenue

400 Member Contributions

4100 JPA Charge

4220 Pooled Deposit

4400 Insurance Premium (Net)

4450 Affiliate Insurance Premium Rev

Total 400 Member Contributions

410 Retrospective Contribution

4300 Retro Adjustment

Total 410 Retrospective Contribution

420 Member Fees

4110 Program Directors' Fee

Total 420 Member Fees

Total 40 Operating Revenue

Total Income

Gross Profit

Expenses

50 Operating Expense

500 Program Expense

4500 Deductible Recoveries

5201 Claims Expense

Total 500 Program Expense

610 Insurance Expense

6432 Net Insurance Premium

6435 Affiliate Insurance Premium Exp

Total 610 Insurance Expense

620 Management Consultants

6523 Outside Safety Consultant

Total 620 Management Consultants

630 Program Director Fee

6330 Program Directors' Fee Exp.

Total 630 Program Director Fee

640 Other Program Expense

6464 User/Fraud Fund Assessment

6506 Actuarial

6510 Claims Audit

6512 Claims Admin. Annual Fee

	TOTAL				Two quarters of amortized revenue
	Actual	Budget	over Budget	% of Budget	
Income					
40 Operating Revenue					
400 Member Contributions					
4100 JPA Charge	590,960.72	1,245,265.00	-654,304.28	47.46%	Two quarters of amortized revenue
4220 Pooled Deposit	345,757.36	696,413.00	-350,655.64	49.65%	Two quarters of amortized revenue
4400 Insurance Premium (Net)	8,014,072.74	17,016,831.00	-9,002,758.26	47.09%	Two quarters of amortized revenue
4450 Affiliate Insurance Premium Rev	3,576,393.00	7,897,437.00	-4,321,044.00	45.29%	Two quarters of amortized revenue
Total 400 Member Contributions	\$ 12,527,183.82	\$ 26,855,946.00	-\$ 14,328,762.18	46.65%	
410 Retrospective Contribution					
4300 Retro Adjustment	-401,219.75	-250,000.00	-151,219.75	160.49%	Work Comp retro
Total 410 Retrospective Contribution	-\$ 401,219.75	-\$ 250,000.00	-\$ 151,219.75	160.49%	
420 Member Fees					
4110 Program Directors' Fee	725,417.58	1,451,000.00	-725,582.42	49.99%	Two quarters of amortized revenue
Total 420 Member Fees	\$ 725,417.58	\$ 1,451,000.00	-\$ 725,582.42	49.99%	
Total 40 Operating Revenue	\$ 12,851,381.65	\$ 28,056,946.00	-\$ 15,205,564.35	45.80%	
Total Income	\$ 12,851,381.65	\$ 28,056,946.00	-\$ 15,205,564.35	45.80%	
Gross Profit	\$ 12,851,381.65	\$ 28,056,946.00	-\$ 15,205,564.35	45.80%	
Expenses					
50 Operating Expense					
500 Program Expense					
4500 Deductible Recoveries	-135,888.59	-400,000.00	264,111.41	33.97%	
5201 Claims Expense	2,618,013.21	4,025,392.00	-1,407,378.79	65.04%	Liability settlements
Total 500 Program Expense	\$ 2,482,124.62	\$ 3,625,392.00	-\$ 1,143,267.38	68.46%	
610 Insurance Expense					
6432 Net Insurance Premium	7,895,594.98	17,016,831.00	-9,121,236.02	46.40%	Two quarters of amortized expense
6435 Affiliate Insurance Premium Exp	3,576,393.00	7,897,437.00	-4,321,044.00	45.29%	Two quarters of amortized expense
Total 610 Insurance Expense	\$ 11,471,987.98	\$ 24,914,268.00	-\$ 13,442,280.02	46.05%	
620 Management Consultants					
6523 Outside Safety Consultant	386,411.77	554,284.00	-167,872.23	69.71%	Includes Vector Solutions & Kynd subscription paid
Total 620 Management Consultants	\$ 386,411.77	\$ 554,284.00	-\$ 167,872.23	69.71%	
630 Program Director Fee					
6330 Program Directors' Fee Exp.	725,500.00	1,451,000.00	-725,500.00	50.00%	Two quarters of amortized expense
Total 630 Program Director Fee	\$ 725,500.00	\$ 1,451,000.00	-\$ 725,500.00	50.00%	
640 Other Program Expense					
6464 User/Fraud Fund Assessment	101,820.52	101,018.00	802.52	100.79%	
6506 Actuarial	14,000.00	62,700.00	-48,700.00	22.33%	
6510 Claims Audit	6,450.00	8,200.00	-1,750.00	78.66%	
6512 Claims Admin. Annual Fee	13,750.00	27,060.00	-13,310.00	50.81%	

California Sanitation Risk Management Authority

Unconsolidated/Excludes CWIC

Budget vs. Actuals: FY25-26 - FY26 P&L Classes

July - December, 2025

Preliminary & Unaudited *

	TOTAL				Includes Sewer Summit
	Actual	Budget	over Budget	% of Budget	
6516 Coverage Counsel	0.00	5,500.00	-5,500.00	0.00%	
6650 Program Legal	7,492.50	26,500.00	-19,007.50	28.27%	
6652 Program Committee	16.00	3,000.00	-2,984.00	0.53%	
6660 Program Consulting	10,442.50	35,270.00	-24,827.50	29.61%	
6667 CSRMA Provided Seminars	63,818.26	95,000.00	-31,181.74	67.18%	
Total 640 Other Program Expense	\$ 217,789.78	\$ 364,248.00	-\$ 146,458.22	59.79%	
700 General & Administrative Expense					
7808 Financial Audit	17,500.00	25,296.00	-7,796.00	69.18%	
7822 Board Counsel	5,076.54	20,700.00	-15,623.46	24.52%	
8944 Printing/Promotion	339.89	1,000.00	-660.11	33.99%	
8945 Computer Software/Programming	60,178.92	109,900.00	-49,721.08	54.76%	Bonfire AI included
8946 Memberships/Other	5,850.00	12,086.00	-6,236.00	48.40%	
8948 Banking Service Charges	2,500.37	2,678.00	-177.63	93.37%	
8954 Executive/Officers Committee	6,154.38	38,500.00	-32,345.62	15.99%	
8956 Board of Directors	9,754.54	15,180.00	-5,425.46	64.26%	
8960 JPA Insurance	43,870.61	95,393.00	-51,522.39	45.99%	
8990 General Contingency	0.00	6,000.00	-6,000.00	0.00%	Two quarters of amortized expense
Total 700 General & Administrative Expense	\$ 151,225.25	\$ 326,733.00	-\$ 175,507.75	46.28%	
Total 50 Operating Expense	\$ 15,435,039.40	\$ 31,235,925.00	-\$ 15,800,885.60	49.41%	
Total Expenses	\$ 15,435,039.40	\$ 31,235,925.00	-\$ 15,800,885.60	49.41%	
Net Operating Income	-\$ 2,583,657.75	-\$ 3,178,979.00	\$ 595,321.25	81.27%	
Other Income					
Total 4660 Investment Earnings	\$ 193,522.77	\$ 791,474.00	-\$ 597,951.23	24.45%	
Total Other Income	\$ 193,522.77	\$ 791,474.00	-\$ 597,951.23	24.45%	
Net Income	-\$ 2,390,134.98	-\$ 2,387,505.00	-\$ 2,629.98	100.11%	

* Excludes results of CWIC subsidiary, unrealized income/loss from investments and changes to longterm claims liability. Also omitted are entries for second quarter investments due to the mail date timing of this report.

California Sanitation Risk Management Authority

Unconsolidated

Balance Sheet

As of December 31, 2025

Preliminary & Unaudited*

ASSETS

Current Assets

Bank Accounts

1002 LAIF	951,050.51
1005 Checking - US Bank	251,148.38
1006 WC Trust - US Bank 280	150,000.00
1007 Liability Trust - US Bank 272	100,000.00
1008 PFM/CA Asset Mgmt Program	20,359,528.24
1009 PFM-CAMP Cash Reserve	988,217.39

\$ 22,799,944.52

Total Bank Accounts

Accounts Receivable

1100 Accounts Receivable	320,809.61
Total Accounts Receivable	<u>\$ 320,809.61</u>

Other Current Assets

1150 Due from/to Subsidiary	1,234,229.91
1200 Interest Receivable	190,327.65
1300 Other Current Assets	60,534.75
1540 Prepaid Insurance Premium	12,385,315.86
1550 Prepaid Program Directors' Fee	1,001,950.00

\$ 14,872,358.17

Total Other Current Assets

Total Current Assets

\$ 37,993,112.30

Other Assets

1700 Investment in Subsidiary	1,365,000.00
Total Other Assets	<u>\$ 1,365,000.00</u>

TOTAL ASSETS

\$ 39,358,112.30

LIABILITIES AND EQUITY

Liabilities

Current Liabilities

Accounts Payable	
2000 Accounts Payable	7,752,322.92
Total Accounts Payable	<u>\$ 7,752,322.92</u>

Other Current Liabilities

2200 Deferred JPA Charge	335,692.47
2210 Deferred Program Directors' Fee	313,499.97
2220 Deferred Pooled Deposits	345,757.36
2240 Deferred Insurance Premium	7,142,088.92

\$ 8,137,038.72

Total Other Current Liabilities

\$ 15,889,361.64

Total Current Liabilities

Long-Term Liabilities	
2300 Claims Reserves	7,252,469.49
2500 Claims IBNR	5,031,182.00
2600 Claims ULAE	1,058,152.00

\$ 13,341,803.49

Total Liabilities

\$ 29,231,165.13

Equity

3900 Retained Earnings	12,517,082.15
Net Income	-2,390,134.98

\$ 10,126,947.17

Total Equity

\$ 39,358,112.30

* Excludes results of CWIC subsidiary, unrealized income/loss from investments and changes to longterm claims liability. Also omitted are entries for second quarter investments due to the mail date timing of this report.

Pooled Liability Program **Dividend Calculation as of 6/30/25**

ISSUE: The Pooled Liability Program Policy & Procedure No. 5-L allows for dividends to be declared from completed program years if the following requirements are met:

- Dividends can be declared only if, on an aggregate basis, all eligible program years are fully funded at the confidence level established in the procedure, and the retained fund amount is in excess of seven (7) times the pooled layer program's per occurrence limit currently in force prior to the dividend calculation, *subject to a minimum retained fund balance in the program after the dividend is calculated in the amount of \$5,000,000.*
- Dividends cannot be declared sooner than five years after expiration of a program year.
- No more than 25% of any years' retained earnings will be declared as dividends.

Program Years 1986/87, 1988/89 through 1994/95, 1997/98, 1999/00, 2001/02 through 2003/04, 2005/06 through 2016/17, 2018/19 and 2019/20 are eligible for dividend declaration.

However, as of June 30, 2025, the Pooled Liability Program retained funds were \$5,618,369, and therefore declaration of a dividend would drop the retained fund balance below the minimum threshold.

RECOMMENDATION: None. Information only.

FISCAL IMPACT: Declaration of the calculated dividend would reduce the program's retained funds by \$1,705,992, below the minimum retained fund balance threshold of \$5,000,000.

BACKGROUND: The Authority has two mechanisms with which to return retained earnings to members. The retrospective rating plan does not generally return all retained funds to members. Therefore, the authority adopted Policy & Procedure No. 5-L in order to distribute the balance of retained funds to members. Unlike the retro plan, all members are eligible to receive dividends even if a member has had a poor loss experience in the program year for which a dividend is being declared.

ATTACHMENTS: 1) CSRMA PLP Manual Policy & Procedure #5-L: Pooled Liability Program Dividend from Retained Funds.

CSRMA – California Sanitation Risk Management Authority

Pooled Liability Program Manual

CSRMA POLICY AND PROCEDURE #5-L

SUBJECT: **Pooled Liability Program Dividend from Retained Funds**

EFFECTIVE: **January 19, 2001**
Revised January 28, 2021

Policy:

Participants in the Pooled Liability Program will receive dividends from funds that are no longer required by the Authority, and in a manner which supports the following goals:

- _) Protect the overall program from catastrophic loss
- _) Reduce reliance on non cost-effective insurance
- _) Stabilize future years' loss rates for payment of expected claims and expenses

An actuarial study will be relied upon to develop the funding necessary on prior program years; to assure that adequate funds are held for incurred liabilities. Funding in excess of the Program's liabilities is categorized as either designated or undesignated retained funds. Retained Funds not returned automatically through the Retrospective Rating Plan (RRP) are eligible to be paid to members participating in that program year in the form of a dividend declared by the Board of Directors.

Dividends can be declared only if, on an aggregate basis, all eligible program years are fully funded at the confidence level established in the procedure below, and the retained fund amount is in excess of seven (7) times the pooled layer program's per occurrence limit currently in force prior to the dividend calculation, subject to a minimum retained fund balance in the program after the dividend is calculated in the amount of \$5,000,000 (catastrophic reserve).

Eligibility:

Dividends cannot be declared sooner than five (5) years after expiration of a Program Year.

Dividends will be paid from eligible Program Years with no more than 25% of any Program Year's retained funds being released as part of any declared dividend. All retained funds remaining will be returned to Program Year participants when that year is declared "closed" by the Board of Directors.

CSRMA – California Sanitation Risk Management Authority

Pooled Liability Program Manual

Procedure:

The Program Administrators will prepare a recommendation to be reviewed by the Executive Board prior to a regularly scheduled Board of Directors meeting. The purpose of the dividend will be stated, and the advantages and disadvantages of releasing the recommended amount will be addressed.

Members' share of declared dividends are *calculated as a percentage of the total dividends declared using the Retrospective Rating Plan results as a basis for the calculation.* The formula that calculates the percentage share of a program year dividend is:

$$DS = \left(\frac{\text{Individual MD-RA}}{\text{Total of all members (MD-RA)}} \right) \times AA$$

Where:

DS = Dividend Share
MD = Member Deposits
RA = Retrospective Adjustments
AA = Amount Available for Distribution

For example:

Amount available for distribution equals 25% of each Program Years' undesignated retained funds less any "catastrophic reserve" established by the Board of Directors, multiplied by each member's "percentage share" which is calculated as follows:

Member's deposit plus deposit adjustments minus member's updated Retrospective Rating Plan adjustment divided by the total of all members' deposits plus deposit adjustments minus the total of updated Retrospective Rating Plan adjustments.

Confidence Level:

70% discounted

Agenda Item No. D.1
Board of Directors Meeting
Meeting Date: January 14, 2026

2026 Executive Board Elections

ISSUE: The following table depicts the expiring Executive Board membership, and the eligibility of members whose terms are expiring. A Nominating Committee of Jason Dow, Vince De Lange and Curtis Paxton was formed to administer the election process including recommending a slate of candidates for the open positions.

Position	Current Member	Expiring Term	Eligible for Reelection
President	Sandeep Karkal	No	N/A
Vice President	Vince De Lange	No	N/A
Member #1	Michael Thornton	No	N/A
Member #2	Tyson Zimmerman	No	N/A
Member #3	Curtis Paxton	No	N/A
Member #4	Jimmy Dang	Yes	Yes
Member #5	Patrick Ostly	Yes	Yes
Alternate	Vacant*	N/A	N/A

**Teresa Herrera retired in 2025, creating a vacancy in the Member #4 position, which was filled by Jimmy Dang who was previously in the Alternate position, which has resulted in the current vacancy in the Alternate position.*

RECOMMENDATION: The Nominating Committee is recommending the following slate of candidates:

- That all members whose terms are expiring be re-elected to their positions.
- That Matt Anderson of Silicon Valley Clean Water be elected to fill the open Alternate position.

FISCAL IMPACT: None.

BACKGROUND: The CSRMA Executive Board terms of office are governed by Article III of the Bylaws and Section 11 of the Joint Exercise of Powers Agreement. Last year the nominating committee was comprised of Jason Dow, Michelle Gallardo and Tyson Zimmerman.

ATTACHMENTS: 1) Section 11 of the JEPA and Article III of the Bylaws

**JOINT EXERCISE OF POWERS AGREEMENT
FOR THE CALIFORNIA SANITATION
RISK MANAGEMENT AUTHORITY**

SECTION 11: Officers of the Authority

- (a) The officers of the Authority shall be a President, Vice- President, Secretary and Treasurer whose duties shall be as set forth in this Agreement, the Bylaws or as prescribed by applicable provisions of law.
- (b) The President and Vice President shall be elected by the Board of Directors and shall serve two-year terms. Neither officer shall serve for more than two complete consecutive terms in his or her respective office. The terms of each office will ordinarily commence immediately following the first Board of Directors meeting of each odd-numbered calendar year except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held.
- (c) Unless the Board of Directors determines otherwise, the Secretary shall be an individual who is the senior representative of the Program Director. The Secretary shall serve at the pleasure of the Executive Board. If the senior representative of the Program Director is unable to serve for any reason, including his or her removal from office by the Executive Board, the Executive Board shall appoint a replacement who may be another senior member of the Program Director, a senior staff member of the Authority, a member of the Executive Board, a member of the Board of Directors or an officer, director or employee of a Member Agency.
- (d) Unless the Board of Directors determines otherwise, the Treasurer shall be appointed by the Executive Board and shall serve at the Executive Board's pleasure. The Treasurer shall be an officer, director or employee of a Member Agency.
- (e) The Authority may have such other officers as provided in the Bylaws.
- (f) If a vacancy occurs mid-term in the office of the President, the Vice President shall automatically succeed to the office of President to serve out the balance of the term of his/her predecessor. If a vacancy occurs mid-term in the office of Vice President, a successor shall be appointed by the Executive Board to serve out the balance of the term.

SECTION 12: Executive Board

- (a) The day-to-day business of the Authority will be conducted, directed and supervised by an Executive Board consisting of eight members of the Board of Directors, seven of whom shall be regular members and one of whom shall be an alternate member. The alternate shall attend and participate in all meetings of the Executive Board but shall not be entitled to vote except in the absence of a regular member.

- (b) The Executive Board shall have the powers, duties and obligations granted to it by this Agreement, the Bylaws and as delegated by the Board of Directors.
- (c) The President and Vice President of the Authority shall serve as members of the Executive Board. The other five members and the alternate shall be elected by the Board of Directors and shall serve terms of office as provided in the Bylaws.
- (d) If a vacancy occurs mid-term in the office of a regular member of the Executive Board, the Alternate member, if there is one, shall automatically succeed to the vacant office for the balance of the term of his/her predecessor. If there is no Alternate member, or if the vacancy occurs mid-term in the office of the Alternate member, the Executive Board shall fill the vacant office by appointment and the appointee shall serve out the balance of his/her predecessor's term.

**BYLAWS
of the
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY**

ARTICLE III - EXECUTIVE BOARD

SECTION 3.1. Membership.

(a) The membership of the Executive Board shall be as set forth in Section 12 of the Agreement.

(b) The members of the Executive Board shall be appointed as individuals and not merely as representatives of a specific Member Agency.

SECTION 3.2. Term. The President and Vice President of the Board shall serve as Executive Board members during their tenure as such officers. The terms of all members of the Executive Board other than President and Vice President shall be two (2) years, with the terms of two (2) regular members and the alternate expiring in even-numbered years and the terms of the other three (3) regular members expiring in odd-numbered years. A member may be reappointed to serve on the Executive Board, but except for the President and Vice President, a member may not be appointed for more than two complete consecutive terms.

SECTION 3.3. Powers, Duties and Responsibilities.

(a) The Executive Board shall conduct, direct and supervise the day-to-day business of the Authority and in doing so shall exercise the powers expressly granted to it by the Agreement, these Bylaws and as otherwise delegated by the Board of Directors.

(b) The following duties and responsibilities shall be assumed and carried out by the Executive Board, which shall have all powers necessary for those purposes:

 i. Provide general supervision and direction to the Program Director.

 ii. Authorize payment of claims against the Authority; provided, however, that with respect to claims arising under programs operated by the Authority, claim settlement authority shall be in accordance with the policies and procedures governing the particular program.

 iii. Enter into contracts, within budget limits.

 iv. Make payments pursuant to previously authorized contracts, within budget limits; this authority includes the power to authorize and reimburse expenses incurred for budgeted activities, within budget limits.

 v. Review and recommend a budget to the Board no later than fifteen (15) days prior to the regular spring meeting of the Board.

 vi. Act as Program Director in the absence of the Program Director.

vii. Establish policies and procedures to implement the Agreement, the Bylaws and the operation of specific programs.

viii. Appoint a nominating committee for each election of officers and members of the Executive Board.

(c) Subject only such limitations as are expressly stated in the Agreement, these Bylaws or a resolution of the Board of Directors, the Executive Board shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the Authority.

SECTION 3.4. Meetings.

(a) Regular Meetings. Regular meetings of the Executive Board shall be held at least twice a year and at other times as the Executive Board deems appropriate. The time and place of regular meetings shall be set by the Executive Board, and the Board of Directors shall be notified of the meeting schedule. The agenda for each regular meeting of the Executive Board shall be posted at the principal office of the Authority and mailed to each Executive Board member and alternate at least seven (7) days in advance of the meeting.

(b) Special Meetings. Special meetings of the Executive Board may be called by the Chairman or a majority of Executive Board members, in accordance with the provisions of California Government Code Section 54956. The agenda for each special meeting of the Committee shall be posted at the principal office of the Authority and mailed to each Executive Board member so as to be received by each member at least two (2) days in advance of the meeting.

(c) Public Meetings. All meetings of the Executive Board shall be open to the public, except as provided by law.

(d) Quorum. Four (4) members of the Executive Board shall constitute a quorum for the transaction of business. Except as otherwise provided, no action may be taken by the Executive Board except by affirmative vote of not less than a majority of those Executive Board members present. A smaller number may adjourn a meeting.

(e) Action by the Executive Board. All resolutions of the Board shall be in writing, signed by the President and attested to by the Secretary. All other actions of the Board shall be by motion recorded in written minutes.

(f) Removal From Executive Board. A member may be removed from the Executive Board in the following ways:

- i. Death of a Board member.
- ii. Voluntary resignation.

iii. Absence from three (3) consecutive meetings without a valid reason, in which case the Chair may recommend to the Executive Board that member be terminated from Executive Board membership. If the Executive Board recommends to the Board of Directors that an Executive Board member be terminated, the Board of Directors shall vote on the matter at its next regularly scheduled meeting. Removal of an Executive Board member shall require an affirmative vote of not less than two-thirds (2/3) of those Board members present.

Agenda Item No. D.2
Board of Directors Meeting
Meeting Date: January 14, 2026

Acceptance of Financial Audit – June 30, 2025

ISSUE: Every year, CSRMA undergoes a financial audit with the results presented to the Board of Directors at their January meeting. The auditor, James Marta of James Marta & Company, will be present to discuss the results of the Audit for the fiscal year 2024-2025.

RECOMMENDATION: The Executive Board recommends that the Board of Directors accept the Financial Audit for Fiscal Year 2024-2025.

FISCAL IMPACT: The total cost of the audit was \$24,090.

BACKGROUND: James Marta of James Marta & Company performed the financial audit for the year ended June 30, 2024.

With the formation of the Clean Water Insurance Captive (CWIC) effective 7/1/23, the financial audit is presented as a consolidated report including CWIC. CWIC's finances are broken out in the Supplementary Information section.

CSRMA was awarded the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2024. Comments and suggestions for improvement were provided by the Government Finance Officers Association. The comments and suggestions have been addressed and incorporated into the attached Annual Comprehensive Financial Report (ACFR) as of June 30, 2025.

ATTACHMENTS: 2024-2025 Annual Comprehensive Financial Report (Separate)

Agenda Item No. D.3
Board of Directors Meeting
Meeting Date: January 14, 2026

Clean Water Insurance Captive Update

ISSUE: An update on the Clean Water Insurance Captive (CWIC) is provided below.

RECOMMENDATION: None. Information Only.

FISCAL IMPACT: None.

BACKGROUND: Below is an update since the last Board of Directors meeting, as well as a brief history on CSRMA's formation of CWIC.

- 1) **CWIC Board Annual In-Person Meeting** – The CWIC Board met for their Annual in-person meeting on October 24th at the offices of Smart Schofield Shorter in Murray Utah. The State of Utah requires at least one meeting to be held in the State on an annual basis.

The Table of Contents from the meeting agenda is attached to this item for the Board's review, and the Program Administrators will discuss the meeting highlights in more detail at the meeting.

- 2) **Investment Performance** – At the Annual In-Person meeting CWIC's Investment Manager PFM presented their investment report for the quarter ending 9/30/2025. Returns for the most recent quarter ending 9/30/2025 were 4.13%, with year to date returns of 10.69%. Total returns since inception of CWIC's investment portfolio on 12/1/2023 are 12.27%.

As of this writing, quarter ending 12/31/2025 investment performance is not yet available. If the Program Administrators receive this information prior to the CSRMA Board of Directors meeting it will be shared verbally during the meeting.

- 3) **CSRMA Pooled Liability Renewal** – Effective December 31, 2025, CSRMA renewed coverage with CWIC to reinsure the pooled layer (\$0 - \$1M) of the Pooled Liability Program as approved by CSRMA's Executive Board.

- 4) **Annual CWIC Investment Performance Comparison to CSRMA** – One way to measure the financial benefit of CWIC is to compare its investment performance to CSRMA, and as requested by the Executive Board this comparison will be provided on an annual basis. The comparison data for 2025 is not yet completed, and as such we have carried over the 2024 comparison below for reference only.

The below table compares CWIC performance to that of CSRMA's over the same full calendar year 2024 period. The table shows that the \$8.5M invested in CWIC

at the beginning of 2024 earned \$354K more than it would have had that same amount been invested in CSRMA. The financial benefit of CWIC will of course fluctuate over time due to factors such as claims payments to CSRMA and the investment environment, but in taking a long-term strategic approach with the captive, over time the expectation is that CWIC's investment portfolio will yield a higher rate of return.

Total Calendar Year 2024

	Beginning Principal	Rate of Return %	ROI \$
CSRMA	23,608,660	3.21%	757,838
CWIC	8,534,484	7.36%	628,138
CWIC Benefit	n/a	4.15%	354,181

*Note: 1) CWIC's overhead expenses in FY 2023-24 were \$182,999.
2) CWIC's Investment Policy allows for a 60% equities / 40% fixed income balance.*

A Brief History on CSRMA's Formation of CWIC

A captive insurance company (captive) is a special purpose insurance or reinsurance company that is owned and controlled by its parent company, (in this case CSRMA). The captive's purpose is to insure some or all the risk of its parent. In so doing, the parent can secure coverage from the captive, and benefit from the captive's profitable underwriting of the parents' risk.

Many public agency risk-sharing pools have formed captives for both insurance needs and investment purposes. A captive could be used to expand product offerings to include new lines of insurance that may not be applicable to all members, or to offer coverage to third parties, or in CSRMA's case, assume risk in CSRMA programs to diversify our panel of program carriers and capture underwriting profit. Captives are also created to broaden the pool's permissible investment universe and increase the opportunity for higher investment returns. As the captive matures the goal is to have surplus funds that can then be utilized for the financial benefit of CSRMA and its members (i.e. issue dividends, retrospectively rate coverage programs, provide rate relief, etc.).

CWIC's Board Members

Sandeep Karkal, President

Jason Dow, Treasurer

Ryan Smart, Resident and Secretary

Matt Anderson

Steve Wagner

ATTACHMENTS: CWIC Annual Board Meeting, Table of Contents

Annual Shareholder and Board of Directors Meeting Agenda

Date/Time: **October 24, 2025**
9:00am PDT / 9:00am MDT

via Virtual Zoom Meeting
Meeting ID No. / Passcode: 930 1025 9831 / 240555
Join by Telephone: 1.669.444.9171

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<i>Recommendation: Approve minutes from September 20, 2024 meeting.</i>		
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1. July 1, 2025 Reinsurance Agreement Review <i>Quote approved and Reinsurance Agreement executed</i>		96-100
L. D&O Coverage		I 101
1. Review of October 1, 2025 post renewal report		102
2. Review of October 1, 2025 renewal binder		103 - 105
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M. Annual Conflict of Interest Statement	I/A	106-107
N. Discuss Potential Captive Expansion Opportunities	I	
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Agenda Item No. E.1.a
Board of Directors Meeting
Meeting Date: January 14, 2026

Pooled Liability Program
Post Renewal Report & Retrospective Rating Adjustment

ISSUE: The Executive Board approved renewal of the Pooled Liability Program effective December 31, 2025, transferring the risk for the Pooled Layer to the Clean Water Insurance Captive (CWIC) increasing the Pooled Layer from \$750K to \$1M and increasing the overall limits from \$25.75M to \$26M. Munich Re will continue to provide the first layer of reinsurance excess of the pooled layer (\$10M x \$1M). Berkley Public Entity provides the next layer of reinsurance (\$5M x \$11M) and ANML (Great American Insurance Company/StarStone National Insurance Company) now provides the top layer of reinsurance (\$10M x \$16M) for a total of \$26M in limits.

Each year the Program Administrators perform the Retrospective Rating Calculation for prior program years based on the formula adopted by the Board of Directors. The calculation grants either returns or assessments to members based on their individual experience and the experience of the group as a whole. The Retrospective Rating Calculation based on updated loss information and financial data as of June 30, 2025 resulted in a Retro Adjustment to be collected from members of the Pooled Liability Program in the amount of \$1.4M. This was largely due to unfavorable loss development in PY 2020-21.

\$1.3M was returned to the membership in previous retro calculations for PY 2020-21. Claims in PY 2020-21 developed unfavorably, and the Program had to collect the funds previously returned from the members. The Pooled Liability Committee and Executive Board realized that this was unexpected and likely was not budgeted, so they gave members the opportunity to pay the amount due in installments if the retro adjustment is financial hardship the member agencies.

RECOMMENDATION: None, information only.

FISCAL IMPACT: The chart below depicts the Program's renewal costs.

Expense Item	\$750K SIR	\$1M SIR		
	PY 39 2024/25	PY 40 2025/26	\$25.75 mil- lion limit	\$26.00 mil- lion limit
CWIC Gross Premium	3,764,684	4,737,168	972,484	25.83%
Est. Reinsurance/Excess Costs (Net)	3,864,474	4,027,426	162,952	4.22%
Est. Fixed Expense (JPA Charge)	438,287	491,456	53,169	12.13%
Pool Deposit Fees	686,000	686,000	0	0.00%
Total Expected Costs	8,753,445	9,942,050	1,188,605	13.58%

BACKGROUND: A description of each line item in the above chart follows, as well as a discussion of other issues:

1. Pool Deposits / CWIC
Gross Premium: This CWIC's actuary's suggested "Gross Premium" to fund losses in the pooled layer (member deductible to \$1M + administrative expenses).
2. Reinsurance / Excess Cost: This is an estimate of the reinsurance / excess cost net of commission.
3. Fixed Expenses: Estimated expenses to operate the program which include an allocation of overall JPA expenses.
4. Pool Deposit Fees: Fees paid to the program administrator per its contract and CSRMA's budget. Alliant is also paid a commission on the reinsurance/excess insurance placement, which offsets the pool deposit fee.
5. Total Expected Costs: Total amount of the renewal.

Factors Considered

Pool Deposits

Alliant's actuarial team performed the actuarial analysis to develop the "CWIC gross premium". The analysis included the costs to fund losses in the Member Deductible - \$1M layer, underwriting margin and CWIC's administrative expenses. The actuary projected a substantial year-over-year increase in funding as a result of increasing the SIR from \$750K to \$1M and unfavorable loss development in older program years.

Reinsurance / Excess Insurance

The premium for the "estimated excess insurance expense" increased approximately 4%. Renewal terms were received from the incumbent markets. Munich Re, the lead reinsurer on the program continued to provide \$10M in capacity, however, required an increase in the self-insured retention from \$750K to \$1M due to claims activity in the program. Berkley Public Entity provides the next layer of reinsurance (\$5M x \$11M). The Program Administrators were able to secure more favorable renewal terms for the top layer of coverage (\$10M x \$16M) through the Alliant National Municipal Insurance Program (ANML). Coverage was moved from AWAC to ANML for the renewal. The reinsurers supporting the ANML program are Great American Insurance Company and StarStone National Insurance Company.

Fixed Expense (JPA Charges)

The Fixed Expense (JPA Charge) is expected to increase by approximately 12.13% (\$53,169), largely due to an increase in the approved Risk Control Work Plan and the costs associated with development of a large language model (LLM).

Pool Deposit Fees

At the contract renewal on July 1, 2025, the Program Administrators were allowed to earn up to \$686,000, based on a flat fee being offset by any insurance commission earned.

Other Factors Considered

Stop Loss Aggregate

Stop Loss Aggregate coverage is designed to protect pool (CWIC) assets against a series of catastrophic events in the pooled layer (member deductible - \$1M) in a single Program Year. Based on historical loss experience in the Program and the pricing/structure to secure Stop Loss Aggregate coverage, CSRMA has elected not to purchase this coverage in the past. Should the loss experience in the Program change such that Stop Loss Aggregate coverage warrants consideration, the Program Administrators will bring this item back to the Committee for further discussion.

Employment Practices Liability (EPL) Deductible Reduction Incentive Program Update

The Program Administrators have sent regular reminders to the members regarding the Board adopted EPL Deductible Reduction Incentive Program that became effective 12/31/23. Members who did not meet the eligibility requirements had their EPL deductible increased from \$25,000 to \$50,000. Member eligibility is reviewed annually.

ATTACHMENTS: None.

Agenda Item No. E.2.a
Board of Directors Meeting
Meeting Date: January 14, 2026

Primary Insurance Program
Post Renewal Report

ISSUE: The Executive Board approved renewal of the Primary Insurance Program effective December 31, 2025, with the WaterPlus Insurance Program. The insurance carrier for the Program is Munich Re Specialty Insurance (AM Best Rated A+ XV). The policy terms and conditions remained the same as expiring.

RECOMMENDATION: None.

FISCAL IMPACT: The table below shows the renewal costs compared to last year including percentage impact.

	2024/25	2025/26	% Change
Est. Insurance Premium (Net)*	952,655	1,032,263	8.36%
Program Directors Fee	138,000	138,000	0.00%
JPA Charge	72,482	82,424	13.72%
Total Cost	1,163,137	1,252,687	7.70%

*Includes Surplus Lines Taxes and Fees

The increase in Estimated Insurance Premium (Net) is the result of a 7% rate increase, changes in the exposure (i.e. budget, number of vehicles) and losses for individual member agencies.

The Program Directors Fee and JPA Charge come from the Board approved budget.

BACKGROUND: The PIP provides general liability, auto liability, errors and omissions liability, auto physical damage, and excess liability insurance coverages.

ATTACHMENTS: None.

Workers' Compensation Program **2025 Workers' Compensation Excellence Award**

ISSUE: The 2025 CSRMA Workers' Compensation Excellence Award recognizes those members completing the requirements of the award program to the satisfaction of the Workers' Compensation Committee and Executive Board.

Those members submitting applications meeting the program requirements will be announced during the meeting.

RECOMMENDATION: None – informational item only.

FISCAL IMPACT: \$50,000. This was included in the 2025/26 fiscal year budget.

BACKGROUND: Members meeting the award criteria will share equally in a cash prize of \$50,000. The cash prize will be paid directly to the employees by CSRMA of each qualifying member agency in an amount not to exceed \$499 per employee. Additionally, each qualifying member will receive a wall plaque and lobby banner.

To qualify for the award members must submit the Workers' Compensation Excellence Award application (*attached*), along with supporting documentation, explaining how each of the award criteria has been met, along with proof of completion.

ATTACHMENTS: 2025 Workers' Compensation Excellence Award Application

California Sanitation Risk Management Authority (CSRMA)

2025 Workers' Compensation Excellence Award Application (Due 9/30/25)

Name of Your Agency:

If we have questions regarding your application, who should we contact at your agency?

- Name:
- Phone: Email:

Please Note: This award program is only available to members of the CSRMA pooled Workers' Compensation Program. If you are unsure if your agency is a member, please contact David Patzer at dpatzer@dkfsolutions.com or Seth Cole at Scole@alliant.com

To qualify for the 2025 Workers' Compensation Excellence Award, please submit this application and support documentation electronically in pdf format following the directions below to David Patzer at dpatzer@dkfsolutions.com by 9/30/25. Members submitting a qualifying application will be announced at the January 2026 Board of Directors meeting.

NOTE: Applications are not considered submitted unless you receive an email confirmation of receipt from David Patzer.

IMPORTANT NOTES:

- If your agency was a recipient of the 2024 Workers' Compensation Excellence award, you will need to select different tasks for application items 3-4 and 7-9 than your agency used for your 2024 application.
- Application submittals must be submitted as a single pdf document with a table of contents and attachments/supporting documentation listed in the same order as the application.
- Submittals are not deemed accepted unless notified via email by David Patzer the application was received.

REQUIRED QUALIFYING CRITERIA (must meet each)	SOURCES FOR HELP
1: Have no low back lost time claims due to strain/overexertion for the program year being evaluated. (Note: No need to provide anything on your application for this item - CSRMA will verify using your agency's workers' compensation claims data for the time period of 7/1/24-6/30/25).	<ul style="list-style-type: none">• CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com
2: Provide evidence that the CSRMA Return to Work program, or equivalent, has been implemented in order help injured employees heal more quickly and reduce the indemnity portion of the workers' compensation claim. Specifically, provide evidence of the following:	<ul style="list-style-type: none">• CSRMA Risk Control Advisor, David Patzer: dpatzer@dkfsolutions.com• CSRMA Workers' Compensation Claims and Return to Work Advisor, Heather Truro: htruro@gmail.com

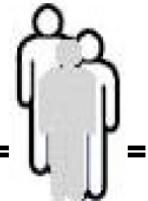
<ul style="list-style-type: none"> a. Copy of the form your agency uses when an employee reports an injury but declines medical treatment. b. Copy of the form your agency provides treating physicians to identify the physical activities the employee is able to perform to facilitate returning the injured employee to work when modified duty is necessary. c. Copy of the form your agency uses to document how an injured employee's job duties are being temporarily modified and the time period the modifications are valid. d. Copy of the form your agency uses to document the interactive process for permanently disabled employees. 	<ul style="list-style-type: none"> • CSRMA's Workers' Compensation Claims Management and Return to Work Program available for download from Risk Control Online
<p>3: For each work group at your agency, identify 15 <u><i>routine</i></u> and 10 <u><i>non-routine</i></u> tasks/equipment that, if operated/Performed incorrectly, are <u><i>likely</i></u> to cause any of the following:</p> <ul style="list-style-type: none"> a. Injury to the employee performing the task/operating the equipment b. Injury to a coworker c. Damage to agency property d. Damage to private property <p>Once these have been identified, assign a risk score of 1-3 to each (3 being high probability) on each of the 4 criteria above and total the risk score for each task/equipment.</p>	<ul style="list-style-type: none"> • CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com
<p>Example:</p> <ul style="list-style-type: none"> • Task: Setting up lane closures on public streets <ul style="list-style-type: none"> a. Injury to the employee performing the task/operating the equipment: Risk Score = 3 b. Injury to a coworker: Risk Score = 3 c. Damage to agency property: Risk Score = 3 d. Damage to private property: Risk Score = 3 • Total Risk Score for this Task = 12 <p>Please submit a copy of this written analysis with your application.</p>	<ul style="list-style-type: none"> • CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com

<p>a. Job Hazard Evaluation b. Develop an SOP with the completed JHA incorporated into the SOP (Note: The SOP must identify each step in the performance of the task or operation of the equipment so it can be used to train someone who has never performed the task or operated the equipment. Incomplete SOPs or SOPs without JHA's incorporated are not acceptable)</p> <p>Please submit copies of a and b, above with your application.</p>	<ul style="list-style-type: none"> CSRMA Smart SOP mobile app (free to CSRMA members) – contact dpatzer@dkfsolutions.com OSHA's "How to Perform a Job Hazard Evaluation": https://www.osha.gov/Publications/osha3071.pdf
<p>5: Provide evidence that annual training on the ergonomic and biomechanical principles relevant to the work activities and risk factors present at your agency, by department, is being provided.</p>	<ul style="list-style-type: none"> CSRMA Video Lending Library available from Risk Control Online CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com
<p>6: Provide evidence that an employee health promotion program with specific activities designed to target employee health risk factors has been implemented. The term "Program" does necessarily mean a written policy or procedure. Providing evidence of ongoing and regular efforts to reduce employee health risk factors will meet the definition of Program as used here. Examples:</p> <p>a. Onsite gym or gym memberships subsidies b. Brown bag lunch talks on wellness related topics c. Wellness incentive programs (i.e. 10,000 Steps A Day Program) d. Health Risk Factor Assessment programs or incentives</p>	<ul style="list-style-type: none"> CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com Wellness Councils of America Free Wellness Resources American Heart Association Workplace Wellness Resources
<p>7. Working with staff from Operations, Collections and Maintenance (as applicable) identify at least 10 tasks per department staff feels are most physically strenuous in terms of lifting demands.</p>	<ul style="list-style-type: none"> CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com Don Freeman: donfreeman@sentinelus.com
<p>8. Using the Center for Disease Control's (CDC) NIOSH Lifting Equation app, calculate the Lifting Index for each task identified in Criteria 7.</p>	<ul style="list-style-type: none"> CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com CDC's NIOSH Lifting Equation app: https://www.cdc.gov/niosh/topics/ergonomics/nlecalc.html
<p>9. For any task in 8, above, that indicates a NIOSH Lifting Index of 2.5 or greater provide evidence of how the task was redesigned, reengineered or otherwise modified (i.e. team lift,</p>	<ul style="list-style-type: none"> CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com Don Freeman: donfreeman@sentinelus.com

<p>mechanical assist, a material change, etc)to reduce the NIOSH score to less than 2.5 (please provide the report from the PDA software after the task was modified).</p>	
<p>10. Provide training to staff on human error and error prevention methods using the U.S. Dept of Energy's Human Performance Improvement Handbook Vol. 1, CSRMA Human Error webinar or equivalent.</p>	<ul style="list-style-type: none"> CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com U.S. DOE Standards Human Performance Improvement Handbook Volume 1: Concepts and Principles: https://www.standards.doe.gov/standards-documents/1000/1028-BHdbk-2009-v1/@@images/file
<p>11. For Collections, Operations and Maintenance (as applicable), have each group evaluate 5 <u>non-routine</u> and 5 <u>routine</u> tasks with a high risk score from Step 3 for error precursors as described on Attachment 1.</p>	<ul style="list-style-type: none"> Attachment 1 – Error Precursors (Short List) CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com
<p>12. For each of the 10 tasks identified above, identify at least 2 error reduction tools (sample list provided below – you are not limited to these tools) your agency can provide training and/or implement to reduce the likelihood of an error occurring when performing the task.</p> <ul style="list-style-type: none"> Sample Error Reduction Tools: <ul style="list-style-type: none"> Pre-job briefing Trouble-shooting decision guide Verification practices (i.e. Peer check, peer review, concurrent verification, independent verification, post job review) Task review, Validate assumptions Procedure use and adherence Do not disturb signs 2-way communication verification of understanding Division of duties Use of SAFER (Summarize steps, Anticipate errors, Foresee probable and worst case consequences at each step, Evaluate controls at each step to prevent, catch and recover from errors, Review relevant previous experience and lessons learned) 	<ul style="list-style-type: none"> CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com U.S. DOE Standards Human Performance Improvement Handbook Volume 1: Concepts and Principles: https://www.standards.doe.gov/standards-documents/1000/1028-BHdbk-2009-v1/@@images/file U.S. DOE Standards Human Performance Improvement Handbook Volume 2: Human Performance Tools for Individuals, Work Teams and Management: https://www.standards.doe.gov/files/doe-hdbk-1028-2009-human-performance-improvement-handbook-volume-2-human-performance-tools-for-individuals-work-teams-and-management
<p>13. Develop and submit your written accident/near miss investigation program that includes a root cause analysis and senior management review/sign off.</p>	<ul style="list-style-type: none"> Risk Control Online recorded webinar: "Incident Investigation – Getting to the Root Cause for Accident Prevention" CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com

<p>14. Submit documentation that the individual(s) responsible for managing your agency's workers' compensation and making return to work decisions have received online training from Don Freeman on the Sentinel Return to Work online portal.</p>	<ul style="list-style-type: none"> CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com Don Freeman: donfreeman@sentinelus.com
<p>15. Submit documentation that your agency's staff received training in 2024 on interpersonal skills/conflict resolution skills.</p>	<ul style="list-style-type: none"> Courses on Vector coming July 2025: <ul style="list-style-type: none"> Tips for Successful Peer to Peer Communication Workplace Communication Basics Resolving Conflict with Coworkers
<p>16. Submit your Workplace Violence Policy that meets the requirements of SB533 Workplace Violence and submit evidence that staff training was provided by 7/1/25.</p>	<ul style="list-style-type: none"> https://www.employers.org/blog/2024/03/05/default/special-alert-finally-the-wvpp-template-is-here/ CSRMA Risk Control Advisor: dpatzer@dkfsolutions.com

Error Precursors (short list)



Task Demands	Individual Capabilities
<input type="checkbox"/> Time pressure (in a hurry)	<input type="checkbox"/> Unfamiliarity w/task / First time
<input type="checkbox"/> High Workload (memory requirements)	<input type="checkbox"/> Lack of knowledge (mental mode)
<input type="checkbox"/> Simultaneous, multiple tasks	<input type="checkbox"/> New technique not used before
<input type="checkbox"/> Repetitive actions, monotonous	<input type="checkbox"/> Imprecise communication habits
<input type="checkbox"/> Irrecoverable acts	<input type="checkbox"/> Lack of proficiency / Inexperience
<input type="checkbox"/> Interpretation requirement	<input type="checkbox"/> Indistinct problem-solving skills
<input type="checkbox"/> Unclear goals, roles, and responsibilities	<input type="checkbox"/> "Hazardous" attitude for critical task
<input type="checkbox"/> Lack of or unclear standards	<input type="checkbox"/> Illness / Fatigue
Work Environment	Human Nature
<input type="checkbox"/> Distractions / Interruptions	<input type="checkbox"/> Stress (limits attention)
<input type="checkbox"/> Changes / Departures from routine	<input type="checkbox"/> Habit patterns
<input type="checkbox"/> Confusing displays or controls	<input type="checkbox"/> Assumptions (inaccurate mental picture)
<input type="checkbox"/> Workarounds / OOS instruments	<input type="checkbox"/> Complacency / Overconfidence
<input type="checkbox"/> Hidden system response	<input type="checkbox"/> Mindset ("tuned" to see)
<input type="checkbox"/> Unexpected equipment conditions	<input type="checkbox"/> Inaccurate risk perception (Pollyanna)
<input type="checkbox"/> Lack of alternative indication	<input type="checkbox"/> Mental shortcuts (biases)
<input type="checkbox"/> Personality conflicts	<input type="checkbox"/> Limited short-term memory

Agenda Item No. E.4.b
Board of Directors Meeting
Meeting Date: January 14, 2026

Property Program Appraisals

ISSUE: The Executive Board has approved a proposal from Alliant Appraisal Services to conduct on-site property appraisals. A communication has been sent out to the members to inform them of the forthcoming appraisal work and to coordinate scheduling of the site visits with the Alliant Appraisal team.

RECOMMENDATION: None. Information only.

FISCAL IMPACT: The total cost for the work approved by the Executive Board is \$146,400 to be budgeted in FY 2026/27. The appraisal work will be spread over a 2-year period, with the free work scheduled to begin in the current fiscal year and the appraisal of the 28 smaller treatment plants to begin in the 26/27 fiscal year.

Buildings	Approx. Total Insurable Values	On-Site Appraisal Cost	Direction from Executive Board
62 Buildings Valued Over \$5 Million <i>Paid by APIP</i>	\$728,570,766	\$0 Approved	On-Site Appraisals Approved
18 Members w/ Treatment Plants > 10 MGD's <i>Paid by APIP</i>	\$4,022,297,160	\$0 Approved	On-Site Appraisals Approved
216 Buildings valued < \$5mm to > \$1mm @ \$250/building	\$479,504,849	\$54,000 Not approved	Program Administrators will conduct valuation analysis using Archipelago. No Cost.
627 Buildings valued < \$1mm @ \$150/building	\$193,627,587	\$94,050 Not approved	Program Administrators will conduct valuation analysis using Archipelago. No Cost.
28 Treatment Plants < 10 MGD's	\$1,816,732,656	\$146,400 Approved	On-Site Appraisals Approved

BACKGROUND: Members of the CSRMA Property Program obtain coverage through the Alliant Property Insurance Program (APIP), an insurance program managed by Alliant. To maintain accurate insurable values, property appraisals for buildings valued at over \$5,000,000 and treatment plants with capacity of greater than 10 MGD are provided by APIP every 5-7 years at no additional cost. The last appraisal was performed over a two-year period, 2018-2019.

Both the Pooled Liability Committee and Executive Board reviewed a proposal from Alliant Appraisal Services to provide replacement cost appraisals for all member locations. There is no

cost associated to have buildings over \$5,000,000 and treatment plants with capacity greater than 10 MGD appraised. For all other locations, the cost is outlined in the Fiscal Impact section of this item. The decision to appraise the buildings valued at under \$5,000,000 and treatment plants with capacity of less than 10 MGD historically has been left to the individual members at their cost. However, after reviewing several options, the Executive Board provided direction to budget funds in Fiscal Year 26/27 to appraise the treatment plants with capacity of less than 10 MGD. Furthermore, the Program Administrators will conduct a valuation analysis on all remaining locations with values less than \$5,000,000 utilizing a software tool called Archipelago, at no additional cost to the members.

ATTACHMENTS: None.



GOVERNMENT FINANCE OFFICERS ASSOCIATION
NEWS RELEASE

FOR IMMEDIATE RELEASE

8/13/2025

For more information contact:
Michele Mark Levine, Director/TSC
Phone: (312) 977-9700
Fax: (312) 977-4806
Email: mlevine@gfoa.org

(Chicago, Illinois)—Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to **California Sanitation Risk Management Authority** for its annual comprehensive financial report for the fiscal year ended June 30, 2024. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Government Finance Officers Association (GFOA) advances excellence in government finance by providing best practices, professional development, resources, and practical research for more than 25,000 members and the communities they serve.

Travelers RMplusonline

 rmplusonline.com/article.cfm

Beyond The Click: Building Employee Vigilance To Prevent Phishing Attacks

December 18, 2025

A 2024 CNET survey revealed that 47 percent of U.S. adults are aware that their personal data was leaked in a cyberattack, with the highest incidence reported among Gen X and Baby Boomers.

About half of the Millennials and one-in-four Gen Z respondents said their data was compromised. Data breaches are frequent and occur because of phishing attacks, human errors, or even malicious employees seeking to exploit company information.

Although breaches don't directly translate to identity theft or fraud, they significantly increase the risk of phishing scams against individuals. The survey found that 71 percent of U.S. adults engaged in risky online security behaviors in the past year, which can further jeopardize their personal data and identity.

Common mistakes included using the same password across multiple accounts, saving passwords insecurely on phones or computers, and opting out of two-factor authentication.

Despite these risks, 84 percent of respondents reported taking protective measures over the holiday season when identity theft risks generally rise.

The survey also highlighted that many remain uncertain about whether their data has been compromised in cyberattacks, with one-in-five adults being unsure.

Source: <https://www.cnet.com/personal-finance/identity-theft-and-cybersecurity-survey-2024/>

Commentary

The above findings underscore the ongoing challenge of safeguarding personal data. One important step is to lower exposure to phishing.

Phishing remains a significant risk for organizations because it relies on human error and deception, often tricking employees into revealing sensitive information or clicking on malicious links.

Employees can be the first line of defense by maintaining vigilance against suspicious emails and messages. To prevent phishing attacks, it is crucial for employees to recognize common signs such as unexpected requests, urgent language, or inconsistencies in sender addresses.

Taking a moment to verify the legitimacy of messages by contacting the sender through trusted channels helps avoid falling prey to impersonation scams.

Developing a habit of not selecting links or downloading attachments from unknown or unexpected sources limits the opportunity for attackers to install malware or steal credentials.

Using strong, unique passwords and enabling multi-factor authentication adds additional layers of security to accounts, making unauthorized access more difficult.

Regular training and awareness programs tailored to evolving phishing tactics can improve employees' ability to identify and respond appropriately to phishing attempts. Encourage a culture that supports reporting suspicious activities promptly to enable quicker containment and mitigation.

Technology, such as anti-phishing software, can complement employee vigilance by filtering out many malicious messages before they reach inboxes.

The final takeaway is that informed employees, ongoing education, and security tools form a comprehensive approach to reducing the risk and impact of phishing within any organization. Finally, your opinion is important to us. Please complete the opinion survey:

- I found this article very helpful.
- I found this article helpful.
- I did not find this article helpful.

Travelers: CyberRisk - Uncover the Risks



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- [Travelers CyberRisk Insurance >](#)
- [Travelers Financial Institutions >](#)
- [Travelers Webinars >](#)
- [How to file a claim >](#)
- [RMPlusOnline Overview >](#)
- [Employment Practices Liability Hotline](#)
- [ERISA HelpLine](#)
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Rethinking Safety: Total Worker Health in Public Entities

carrierchronicles.com/rethinking-safety-total-worker-health-in-public-entities

Leslie Barton

November 3, 2025



[Carrier Chronicles](#) » [Risk Management](#) » Rethinking Safety: Total Worker Health in Public Entities
[Risk Management](#)

From burnout prevention to leadership accountability, Total Worker Health reframes how we think about safety. We discuss how integrating well-being into every aspect of work design strengthens public entities from the inside out.

November 3, 2025



Work is a central part of life, not just as a place where we earn a living, but also where we spend significant time, face physical and emotional demands, and shape our overall well-being. The concept of Total Worker Health represents a critical shift in moving beyond the traditional model of making work safe to making work a positive contributor to an employee's health, safety, and well-being.

"Traditional safety focuses on physical hazards," said Sara Gibson, Senior Risk Control Manager at Safety National. "Total Worker Health expands that view to include the human behind the role. Burnout is one of the most persistent risks we face, but when we address its causes, such as overscheduling, fatigue, and poor leadership, we can prevent it before it begins. That is the power of a holistic approach to employee well-being."

Here, we explore the origins of Total Worker Health, the holistic mindset it entails, and practical strategies for implementing it.

The Origins and Importance of Total Worker Health

Formed in 2011 by the National Institute for Occupational Safety and Health (NIOSH), the concept of Total Worker Health emerged from the understanding that [work-related hazards go beyond physical hazards](#) to include safety, health promotion, and well-being. It also recognizes the relationship between work and non-work conditions. NIOSH's standards also provide a path for worker creativity, innovation, and productivity by creating work environments that are safe, healthy, and fulfilling.

Working conditions impact an employee's health beyond just working hours and can extend into home, family, and community life. Excessive workloads, unrealistic deadlines, high stress, lack of control, poor communication and leadership, and inadequate recovery can contribute to chronic illness, mental health challenges, and reduced productivity. Addressing these areas of concern can help workplaces do more than keep people safe, but can also actively support their health and capacity to thrive. Organizations adopting Total Worker Health can better support recruitment, retention, and employee engagement. This approach also helps to reduce injury and illness costs, and enhance a company's overall reputation.

Where an Organization Can Start

There are several key elements for an organization to consider before adopting Total Worker Health, including:

- 1. Leadership commitment** – Leaders must model the values, allocate resources, and hold the organization accountable.
- 2. Work design** – Jobs should be designed or redesigned to eliminate or reduce hazards. This includes both physical and psychosocial hazards, and overscheduling.

3. **Worker engagement** – Workers should be able to participate in program design and implementation. Knowing they can speak up without judgment can help workers feel supported.
4. **Confidentiality and worker privacy** – Total Worker Health programs must maintain trust. When a worker feels their personal health or wellness issues could result in punitive actions, the program can fail.
5. **System integration** – Program initiatives should be integrated into all aspects of the business. Safety, health, HR, benefits, and operational departments should collaborate to ensure policies do not have gaps.

[NIOSH's Well-Being Questionnaire \(WellBQ\)](#) can be a great place for organizations to start, as it can gauge their workforce's well-being and target interventions that may help improve it.

Public Entity Considerations

Tighter budgets, diverse workforces, multiple stakeholder demands, aging infrastructure, and regulatory constraints can create unique challenges for public sector organizations. However, Total Worker Health can still be applied and is particularly impactful in these settings due to the high stress, shift work, and variance in job roles. Risk managers can consider presenting a business case to leadership that discusses the potential positive impact on claims, retention, morale, productivity, and reputation, using a tailored approach based on the specific needs of the organization.

Total Worker Health programs may include:

- Paid time off
- Flexible and hybrid work schedules
- Healthy food options in the workplace to encourage healthier lifestyles
- Return-to-work roles that apply to home injuries in addition to worksite injuries
- Bend-and-stretch programs
- Workplace violence prevention
- Employee assistance programs

Total Worker Health can be a culture-shifting strategy that truly focuses on empathy. Instead of a shame, blame, and retrain approach, Total Worker Health focuses on the human element of safety. Work and health are inextricably linked, and when workers are safe, healthy, and supported, they are more productive and better able to contribute to the company's vision.

Tags:

[burnout](#)

[employee stress](#)

[physical and mental health](#)

[public entities](#)

[total worker health](#)



INTELLIGENCE

INTELLIGENCE

ASSOCIATION OF GOVERNMENTAL RISK POOLS

Managing Use of AI by Service Providers

Ann Gergen

Pools have long relied on robust networks of service providers, from actuaries and investment consultants to financial and claims auditors, third-party administrators, reinsurance brokers, benefits enrollment services and many more. Each business partner introduces new capabilities, recalibrates your pool's operations and improves the member experience you offer.

No matter your pool's current structure and strength, the truth is you could not have reached this point without the dedicated work of service providers — past and present. As we look to the future of AI, we'll once again work closely with service providers making early investments and experimenting in ways that will benefit pooling.



But according to a survey we conducted earlier this year, only one percent of pools has inventoried the ways their service providers use AI. As a result, potential risks and valuable opportunities are being missed — a situation that helps no pool.

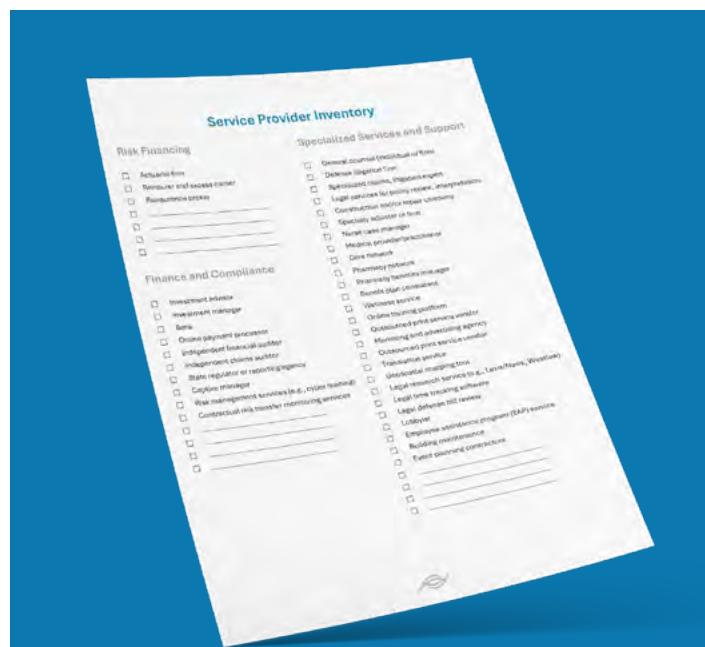


Protect Pool Data

Data protection must be a top priority for every pool. Reliance on third-party providers brings complex responsibility for pool-sourced data in AI-enabled systems.

Your pool's most sensitive and mission-critical data flows through service provider systems — for example, enrollment lists, medical and pharmacy claims, member contact information, financial transactions, property valuations and litigation files. Such systems extend beyond your direct oversight yet continuously collect, analyze and store sensitive details.

Given the long and sustained membership in many pools, data isn't just sensitive; it's also incredibly valuable. Data considerations were lower stakes when generating insights was a labor-intensive process and machine learning



Service Provider AI Checklist

[Download our Service Provider AI Checklist](#) as an internal reference to evaluate AI-related risks and requirements for every service provider your pool uses. Consult the checklist during selection, contracting, compliance reviews and ongoing management.

AI affects every function of pooling, so assess service provider relationships such as:

- Reinsurance brokers
- Investment advisors and managers
- Legal services for policy reviews
- Third-party claims administrators
- Pool management services
- Policy, underwriting, claims and enrollment systems

By collaborating with service providers to understand AI's impact and shape our shared future, we ensure pooling's continued success.



Can pool data be used to train a service provider's AI model for the benefit of its other clients or customers?

was less prevalent. In today's AI environment, pools must consider and protect data ownership, control and privacy.

For example:

- Who owns and can use insights generated from pool data sources within contracted AI systems?
- Can your service provider blend pool data with other data sources under its control (and does your answer change if no data can be traced back to your pool or any of its members)?
- Can pool data be used to train a service provider's AI model for the benefit of its other clients or customers?

These questions become even more challenging when pool data includes personal, proprietary or confidential information. Whether the pool or its service provider is legally obligated to protect such information is a baseline question, but consider too the pool's reputational risk if protected

information it holds is accessed or misappropriated.

As data dynamics grow more complex, the next step is clear: pools must understand how each service provider uses AI.

A proactive review process helps identify risks before they surface, clarify accountabilities and ensure your pool's data remain protected across every partnership.

Assess Service Provider AI Use

A systematic approach to talking with service providers helps pools ask the right questions and evaluate risks and benefits. Don't wait until a service provider introduces specific AI initiatives. This is a risk mitigation effort to undertake right now.

Use the following eight areas when reviewing existing and new service provider relationships and agreements.





⚙️ General AI Use and Transparency

Begin by seeking clarity on definitions and practices. Some service providers refer to machine learning or advanced automation without distinctly labeling it “AI.”

ASK:

- How do you distinguish AI from conventional automation in your services?
- Where does machine learning, predictive modeling or automated decision-making influence your service delivery?
- Do third-party platforms or subcontractors embedded in your work employ AI?

Request a full inventory of all AI systems deployed across internal and external platforms. Ask about specific future plans for AI enablement.

💻 Data Handling and Privacy

AI makes use of robust datasets. Your pool’s data deserves careful stewardship.

ASK:

- Which categories of our pool’s data do your AI systems use?
- Do you use pool-originated data to train models? If so, how is it protected or anonymized?
- How do you guard against unauthorized sharing, reuse or resale of our data?
- What protocols guide data deletion, return or transfer if our contract ends?

Request data flow diagrams, anonymization processes and retention policies. Clear procedures for data security, access and lifecycle bolster your pool’s privacy expectations.

🔒 Security

AI systems can introduce vulnerabilities distinct from traditional IT systems.

ASK:

- How is access to your AI systems controlled, monitored and audited?
- What security assessments focus specifically on AI models and data?
- What procedures exist for responding to unauthorized system changes or breaches?
- Who manages system backups and restores functions after an incident?

Accountability should include incident response, AI-focused testing and team training. Service providers that treat AI as indistinguishable from regular IT systems warrant closer review.

✚ Fairness, Bias and Ethical Considerations

Pools create equitable coverage and pricing for diverse memberships. AI can inadvertently reinforce biases or incorrect assumptions.

ASK:

- How do you test and monitor AI systems for biases, assumptions or unfair outcomes?
- What error types and frequencies occur in AI-driven processes?
- What procedures exist for identifying and correcting discriminatory decisions?

Seek evidence of monitoring, human oversight and adaptation processes when potentially biased results are detected.



Regulatory Compliance and Legal Considerations

AI and data privacy laws are rapidly evolving.

ASK:

- Which regulatory frameworks guide your AI work for pools like ours?
- How do you maintain compliance as requirements change?
- What notifications or reports will you provide if new mandates affect the services you provide?
- How would you respond if regulations prohibited current or planned AI uses?

Review sector-specific requirements in your jurisdiction. Request documentation of compliance programs, audits and certifications.

Ongoing Monitoring and Communication

AI evolves continuously. Maintaining alignment requires open and ongoing communication at every level of a service provider relationship.

ASK:

- How will you notify us about AI changes or new features impacting our relationship?
- What reporting cycles support oversight (monthly, quarterly, annually)?
- Who is our contact for urgent AI questions or disputes?
- Will you commit to transparency in audits, assessments and change management?

Assess whether partners provide timelines for AI notifications, reporting and escalation pathways.

Explainability and Accountability

Pools must understand why AI systems make decisions — and who is accountable. Your members will hold you accountable to these standards, no matter your service provider relationships.

ASK:

- What metrics and historical performance data guide AI oversight?
- Do service level agreements capture AI reliability?
- Who is responsible for addressing AI-generated mistakes or disputes?

Providers should demonstrate the ability to monitor, explain and intervene in AI-driven decisions.

Documentation and Evidence

Thorough documentation supports oversight, compliance and quality improvement over time.

ASK:

- Do you maintain AI governance policies and regular updates?
- Do you conduct privacy impact assessments specific to AI operations?
- Can you share security and bias testing reports?
- Do you provide audit records, performance metrics and change histories?

Request current documentation at contract renewal or major relationship changes. Limited or outdated records suggest unaddressed risk.



Build Relationships with AI Accountability and Innovation

In the near term, AI is going to pulse through pool operations — shaping claims workflows, influencing member services, driving analytics and revealing patterns unreachable at human speed. Actively managing the use of AI by service providers goes beyond compliance and risk management to empower your pool to continuously improve, adapt and serve with confidence in a changing world.

By forging collaborative, inquisitive relationships with your service providers, your pool builds resilience, nurtures innovation and strengthens trust. Lean into the opportunity to ask questions, thoroughly document answers and revisit these issues as AI technologies, privacy rules and expectations evolve.

Take These Practical Steps Today

- Schedule AI reviews with core business partners, using [our checklist](#) as a guide.
- Involve legal counsel to ensure contracts specify transparency, risk management and deliverables.
- Add AI-related questions to compliance reviews and procurement cycles.
- Create a calendar for regular check-ins to assess new technologies being implemented, regulations and best practices.



About the Author

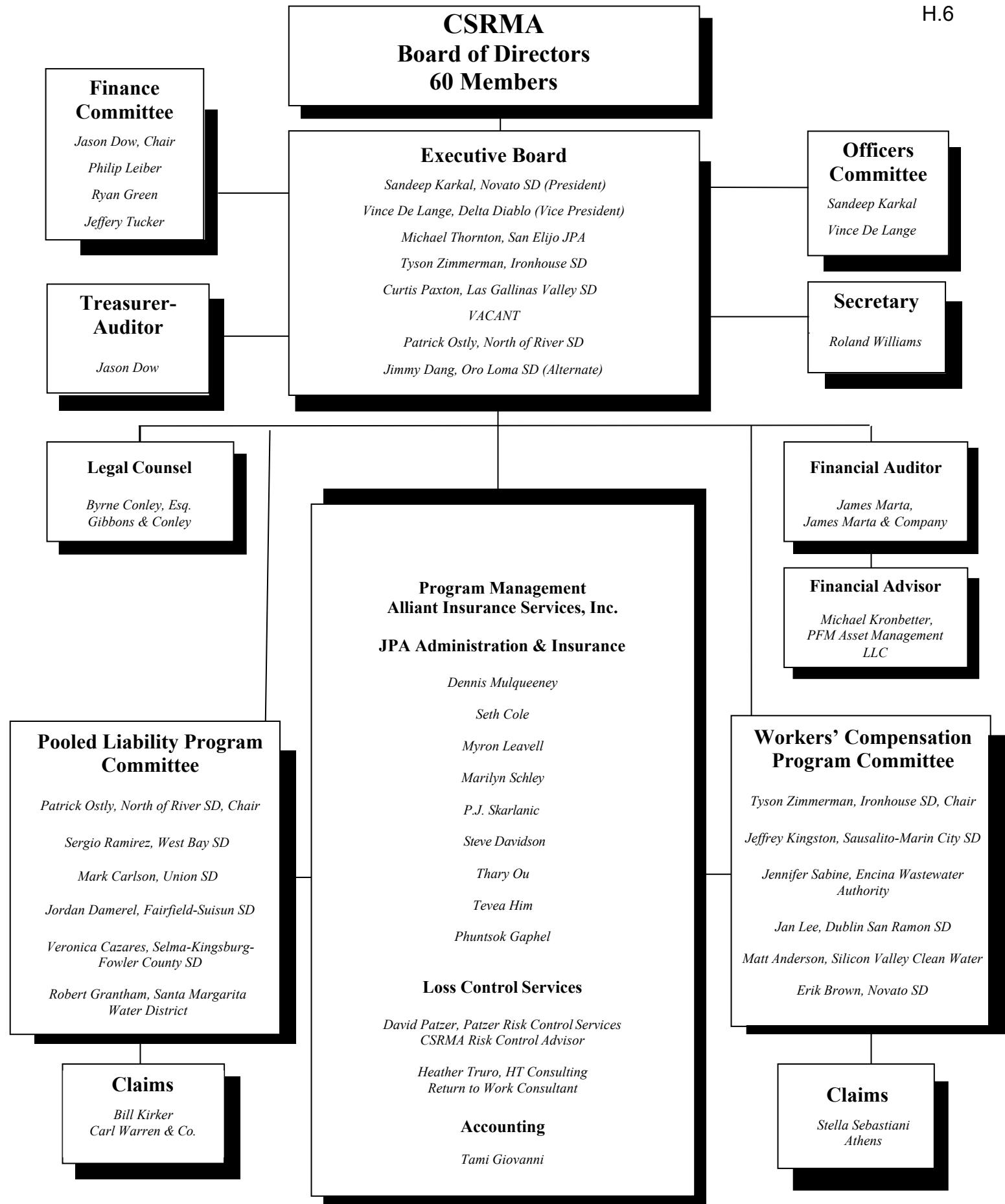


Ann Gergen oversees operations, governance functions and member service delivery for the Association of Governmental Risk Pools. She routinely communicates and collaborates with the more than 200 pools that participate in AGRiP and their service providers. Ann has more than 30 years of direct public sector experience in local government management, emergency services, risk management, primary and reinsurance claims and pooled insurance services. She is a recognized resource in strategic management and operations of public entity pools.

CSRMA MEETING CALENDAR 2026

JANUARY		FEBRUARY		MARCH		APRIL	
CSRMA EB - TUE - 13		CSRMA LIAB (TC) - TUE - 17		CSRMA LRP - SUN - TUE - 1, 2, 3		CSRMA FIN - MON - 27 (SFO)	
CSRMA BD - WED - 14		CSRMA WC - THUR - 19 (SFO)					
<i>CASA January 13 - 16</i>		<i>PARMA February 24 - 27</i>					
<i>Indian Wells</i>		<i>Monterey</i>					
MAY		JUNE		JULY		AUGUST	
CSRMA LIAB (TC) - MON - 4		CSRMA EB (TC) - MON - 8				CSRMA EB - TUE - 4	
CSRMA OC (TC) - TUES - 5		CSRMA BOD (TC) - WED - 17				CSRMA BD - WED - 5	
CSRMA WC (TC) - THUR - 14		CSRMA OC (TC) - WED - 24					
						<i>CASA August 4 - 7</i>	
						<i>Napa</i>	
SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER	
CSRMA LIAB - TUE - 8 (WC OFFICE)		CSRMA EB - MON - 5 (SFO)		CSRMA FIN (TC) - MON - 9		CSRMA EB (TC) - MON - 7	
CSRMA OC (TC) - FRI - 11		CSRMA WC (TC) - WED - 14		CSRMA LIAB - MON - 16 (WC OFFICE)		CSRMA OC (TC) - THUR - 10	
		CSRMA OC (TC) - FRI - 30					
<i>CAJPA September 15 - 18</i>							
<i>South Lake Tahoe</i>							

Meetings in RED are IN-PERSON



Service Team

