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**PAST PRESIDENTS:**  
Greg Baatrup  
2018-2020  
Paul Bushee  
2014-2018

## POOLED LIABILITY PROGRAM COMMITTEE AGENDA

**Date/Time:** Monday, November 18, 2024  
11:00 AM

**LOCATION:** Alliant Offices  
2185 N. California Blvd., Suite 400  
Walnut Creek, CA 94596

A. CALL TO ORDER		A = Action	
B. PUBLIC AND COMMITTEE MEMBER COMMENTS		I = Information	
C. GENERAL ADMINISTRATION		V = Verbal	
		S = Separate	
		H = Handout	
1.	<b>Meeting Minutes: September 9, 2024</b> <i>Recommendation: Review and approve minutes from their last meeting.</i>	A	p. 5
2.	<b>Proposed 2025 Meeting Calendar</b> <i>Recommendation: Review and adopt the proposed 2025 Meeting Calendar.</i>	A	p. 12
D. CLOSED SESSION TO DISCUSS PENDING CLAIMS			
Action may be taken per Government Code Section 54956.95. See Reverse for Full Listing of Claims to be Discussed		A	
E. CLAIMS ADMINISTRATION			
1.	<b>Reporting and Ratification of Claims Settlements</b> <i>Recommendation: Receive report and ratify claims settlements approved in closed session.</i>	A/V	
2.	<b>Quarterly Claims Report as of September 30, 2024</b> <i>Recommendation: Review the quarterly claims report.</i>	I	p. 14
F. UNDERWRITING ISSUES			
1.	<b>Actuarial Study</b> <i>Recommendation: Receive the actuarial study results.</i>	I	p. 15
2.	<b>Program Year 39 (2024-25) Renewal</b> <i>Recommendation: Review and approve the estimated renewal costs.</i>	A	p. 43
3.	<b>Deductible Selection Policy and Procedure</b> <i>Recommendation: Receive an update on the Deductible Selection Policy and Procedure results.</i>	I	p. 45
4.	<b>DRAFT Retrospective Rating Calculation at 6/30/24</b> <i>Recommendation: Review and approve the draft retrospective rating calculation.</i>	A/H	p. 50
5.	<b>Dividend Calculation as of 6/30/24</b> <i>Recommendation: Receive an update on the draft dividend calculation.</i>	I	p. 51
6.	<b>Retrospective Rating Calculation Policy &amp; Procedure Amendments</b> <i>Recommendation: Approve proposed amendments to the Retrospective Rating Calculation P&amp;P.</i>	A	p. 54
G. LOSS CONTROL			
1.	<b>2- Year Risk Control Work Plan</b> <i>Recommendation: Provide input and direction for the FY 25/27 Risk Control Work Plan.</i>	I	p. 63
H. PROPERTY PROGRAM			
None.			

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**I. INFORMATION ITEMS**

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1.	Poem of the Day	I	p. 64
2.	Article - <i>Is That QR Code an Entry Point to Stealing Your Data</i> - Alliant.com	I	p. 66
3.	Article - <i>Copper Theft</i> - PRISM	I	p. 71
4.	Article - <i>Fraud And Favoritism: A Harmful Combo</i> - Travelers RMplusonline	I	p. 74
5.	CSRMA 2024 Meeting Calendar	I	p. 76
6.	CSRMA Organizational Chart	I	p. 77
7.	CSRMA Service Team	I	p. 78

*Recommendation: Review the presented Information Items.*

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**J. ADJOURNMENT**

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*The next meeting is tentatively scheduled for February 18, 2025 (Teleconference)*

*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.*



Report Criteria: Feature Status <> C And Tier 1 = CAL SANITATION RMA And As-Of Transaction Begin Date = And As-Of Transaction End Date = And Loss Run? = Yes | Row Count: 102 | Report Run: 11/11/2024 04:32 AM

Member District	Claim Number	Claimant Name	Coverage	Claimant Number	Date Of Loss	Claim Date Reported
CARPINTERIA SANITARY DISTRICT	3064382	English, Vanessa	PROPERTY DAMAGE	1	08/12/2022	12/20/2023
DUBLIN SAN RAMON SERVICES DISTRICT	3064369	Ring, Kevin	PROPERTY DAMAGE	1	08/01/2023	12/20/2023
ENCINA WASTEWATER AUTHORITY	3035218	[REDACTED]	EMPLOYMENT PRACTICES	1	11/08/2021	07/29/2022
ENCINA WASTEWATER AUTHORITY	3072543	[REDACTED]	EMPLOYMENT PRACTICES	1	05/06/2024	05/31/2024
ENCINA WASTEWATER AUTHORITY	3074475	Salinas, Dario	BODILY INJURY	1	07/01/2024	08/12/2024
FAIRFIELD/SUISUN SEWER DISTRICT	3063039	Karchesky, Wayne	BODILY INJURY	1	02/12/2022	10/30/2023
FAIRFIELD/SUISUN SEWER DISTRICT	3075465	Davis, Akil	PROPERTY DAMAGE	1	09/16/2024	09/17/2024
IRONHOUSE SANITARY DISTRICT	3071581	[REDACTED]	EMPLOYMENT PRACTICES	1	05/26/2023	04/26/2024
LAS GALLINAS VALLEY SANITARY DISTRICT	3006388	MENON, RAJU	PROPERTY DAMAGE	1	11/04/2020	11/04/2020
LAS GALLINAS VALLEY SANITARY DISTRICT	3056762	California River Watch	PROPERTY DAMAGE	1	01/14/2022	08/22/2023
MID-COASTSIDE	3042504	Sorfleet, Bill	PROPERTY DAMAGE	1	01/02/2023	01/17/2023
MID-COASTSIDE	3042504	Love, Bobbie Sue	PROPERTY DAMAGE	2	01/02/2023	01/17/2023
MID-COASTSIDE	3042504	Reiken, Chris & Beth	PROPERTY DAMAGE	3	01/02/2023	01/17/2023
MONTARA	3028986	Blum, Gonul & Mitch	PROPERTY DAMAGE	1	12/24/2021	01/11/2022
MONTARA	3028986	Kaplan/Pettigrew-Kap, Jerry/Michelle	PROPERTY DAMAGE	2	12/24/2021	01/11/2022
MONTARA	3028986	Moehring/Trieseilmann, Jane/Erich	PROPERTY DAMAGE	3	12/24/2021	01/11/2022
MONTARA WATER AND SANITARY DISTRICT	3072779	Carroll, Susan	BODILY INJURY	1	12/15/2023	06/10/2024
MONTECITO SANITARY DISTRICT	3066345	Withers, Cynthia	PROPERTY DAMAGE	1	02/19/2024	03/06/2024
NEVADA COUNTY WASTEWATER	3062589	[REDACTED]	EMPLOYMENT PRACTICES	1	11/16/2022	10/11/2023
NORTH OF RIVER SANITARY DISTRICT	3049847	Munoz, Salvador	PROPERTY DAMAGE	1	04/10/2023	08/03/2023
NORTH OF RIVER SANITARY DISTRICT	3049847	Munoz, Salvador	BODILY INJURY	1	04/10/2023	08/03/2023
NORTH OF RIVER SANITARY DISTRICT	3049847	Arismendiz, Nancy	BODILY INJURY	2	04/10/2023	08/03/2023
NOVATO SANITARY DISTRICT	3065528	Gallardo, Len	PROPERTY DAMAGE	1	01/30/2024	02/06/2024
NOVATO SANITARY DISTRICT	3066603	Waters, Chris	PROPERTY DAMAGE	1	02/04/2024	03/14/2024
ORO LOMA SANITARY DISTRICT	3049147	Burns, Marilyn	PROPERTY DAMAGE	1	11/01/2021	07/04/2023
ORO LOMA SANITARY DISTRICT	3049970	Cooper, Melody	BODILY INJURY	1	02/21/2019	08/11/2023
ORO LOMA SANITARY DISTRICT	3049970	Nand, Ajish	BODILY INJURY	2	02/21/2019	08/11/2023
ORO LOMA SANITARY DISTRICT	3049970	Nand, Lalita	BODILY INJURY	3	02/21/2019	08/11/2023
ORO LOMA SANITARY DISTRICT	3065955	Daniels, Deidra	BODILY INJURY	1	11/16/2023	02/20/2024
ORO LOMA SANITARY DISTRICT	3065955	Daniels, Deidra	PROPERTY DAMAGE	1	11/16/2023	02/20/2024
ORO LOMA SANITARY DISTRICT	3074368	Corral, Domingo	BODILY INJURY	1	05/14/2024	08/07/2024
ROSS VALLEY SANITARY DISTRICT	3028517	Reyes, Carol	PROPERTY DAMAGE	1	12/27/2021	12/29/2021
ROSS VALLEY SANITARY DISTRICT	3032249	Parkin, Leah	PROPERTY DAMAGE	1	10/24/2021	11/02/2021
ROSS VALLEY SANITARY DISTRICT	3061908	Rice, Sheri	PROPERTY DAMAGE	1	09/08/2023	09/15/2023
ROSS VALLEY SANITARY DISTRICT	3062811	Shaw, Sara	PROPERTY DAMAGE	1	10/04/2023	10/19/2023
ROSS VALLEY SANITARY DISTRICT	3065354	O'Dwyer, Wendie	PROPERTY DAMAGE	1	01/12/2024	01/31/2024
ROSS VALLEY SANITARY DISTRICT	3065766	Ferris, Brian	PROPERTY DAMAGE	1	01/31/2024	02/14/2024
S A S M	3074783	Watson, Gemma Suzanne	PROPERTY DAMAGE	1	08/19/2024	08/21/2024
SAN ELIJO JOINT POWERS AUTHORITY	3066442	Cordato, Tom	PROPERTY DAMAGE	1	12/01/2023	03/08/2024
SAN ELIJO JOINT POWERS AUTHORITY	3068999	Sandberg, Curtis	PROPERTY DAMAGE	1	04/15/2024	04/22/2024
SANITARY DISTRICT NO. 5 OF MARIN COUNTY	3066146	Boboc, Mihael	PROPERTY DAMAGE	1	02/27/2024	02/27/2024
SANTA MARGARITA WATER DISTRICT	3032924	Osorio, Mauricio	PROPERTY DAMAGE	1	11/10/2021	05/12/2022
SANTA MARGARITA WATER DISTRICT	3032924	[REDACTED]	EMPLOYMENT PRACTICES	1	11/10/2021	05/12/2022
SANTA MARGARITA WATER DISTRICT	3032924	[REDACTED]	EMPLOYMENT PRACTICES	2	11/10/2021	05/12/2022
SANTA MARGARITA WATER DISTRICT	3038480	Browning, Dan	PROPERTY DAMAGE	1	08/04/2021	09/23/2022
SANTA MARGARITA WATER DISTRICT	3038480	Collins, Rachelle (Ricki)	PROPERTY DAMAGE	2	08/04/2022	09/23/2022
SANTA MARGARITA WATER DISTRICT	3041926	Mobasherifar, Najmeh	PROPERTY DAMAGE	1	12/13/2022	01/12/2023
SANTA MARGARITA WATER DISTRICT	3041926	Mobasherifar, Najmeh	BODILY INJURY	1	12/13/2022	01/12/2023
SANTA MARGARITA WATER DISTRICT	3041926	State Farm ASO Linda Perreira	PROPERTY DAMAGE	2	12/13/2022	01/12/2023
SANTA MARGARITA WATER DISTRICT	3042107	Khan, Samrah	PROPERTY DAMAGE	1	01/16/2023	01/17/2023
SANTA MARGARITA WATER DISTRICT	3042107	Davis, Danny	PROPERTY DAMAGE	2	01/16/2023	01/17/2023
SANTA MARGARITA WATER DISTRICT	3063490	Lopez Jr., David	BODILY INJURY	1	12/22/2022	11/15/2023
SANTA MARGARITA WATER DISTRICT	3068531	Progressive Ins a/s/o, Gruszczynski	PROPERTY DAMAGE	1	03/13/2024	04/05/2024
SANTA MARGARITA WATER DISTRICT	3069123	GUYOT, CAESAR & IRENE	PROPERTY DAMAGE	1	04/20/2021	04/24/2024
SANTA MARGARITA WATER DISTRICT	3075790	Sweeney, Kevin	PROPERTY DAMAGE	1	09/28/2024	09/30/2024
SANTA MARGARITA WATER DISTRICT	3076326	Fidel and Amber Malfavon	PROPERTY DAMAGE	1	10/18/2024	10/18/2024
SEWER AUTHORITY MID-COASTSIDE (SBU)	3061621	Ball, Emma	PROPERTY DAMAGE	1	09/01/2023	09/06/2023
SEWER AUTHORITY MID-COASTSIDE (SBU)	3061621	Kitz, Madison	PROPERTY DAMAGE	2	09/01/2023	09/06/2023
SEWER AUTHORITY MID-COASTSIDE (SBU)	3061621	Whiting, Shane	PROPERTY DAMAGE	3	09/01/2023	09/06/2023
STEGE SANITARY DISTRICT	3061761	Guzman De Leon, Manuel I.	PROPERTY DAMAGE	1	08/04/2023	09/11/2023
STEGE SANITARY DISTRICT	3062453	Ivry, Richard	BODILY INJURY	1	03/01/2023	10/06/2023
STEGE SANITARY DISTRICT	3066967	Wolter, Jonathon and Lynn	PROPERTY DAMAGE	1	02/25/2024	03/25/2024
STEGE SANITARY DISTRICT	3068849	Wong, Jacob	PROPERTY DAMAGE	1	04/16/2024	04/17/2024
STEGE SANITARY DISTRICT	3075601	Barrett, Bebe	PROPERTY DAMAGE	1	11/02/2021	09/20/2024
UNION SANITARY DISTRICT	3049241	Johnson, Davina	BODILY INJURY	1	01/10/2023	07/10/2023
UNION SANITARY DISTRICT	3056915	Chen, Chung-Ho	BODILY INJURY	1	02/07/2023	08/28/2023
UNION SANITARY DISTRICT	3074072	Nationwide Ins. ASO, Rochelle Pierce	PROPERTY DAMAGE	1	02/08/2024	07/29/2024
VALLEJO FLOOD AND WASTE WATER DISTRICT	3045772	Cabrera, Trever-James F.	BODILY INJURY	1	08/03/2022	04/14/2023
VALLEJO FLOOD AND WASTE WATER DISTRICT	3064127	Stewart, Brian	PROPERTY DAMAGE	1	12/06/2023	12/11/2023
VALLEJO FLOOD AND WASTE WATER DISTRICT	3064127	Ni, Wen	PROPERTY DAMAGE	2	12/06/2023	12/11/2023
VALLEJO FLOOD AND WASTE WATER DISTRICT	3064128	Ricafrente, Epifania D.	PROPERTY DAMAGE	2	12/06/2023	12/11/2023
VALLEJO FLOOD AND WASTE WATER DISTRICT	3073566	Vincenty, Clifford	BODILY INJURY	1	03/27/2023	07/09/2024
VICTOR VALLEY WASTEWATER RECLAMATION AUT	1980783	[REDACTED]	EMPLOYMENT PRACTICES	1	05/21/2018	05/21/2018
VICTOR VALLEY WASTEWATER RECLAMATION AUT	2005386	[REDACTED]	EMPLOYMENT PRACTICES	1	01/01/2014	12/17/2019
VICTOR VALLEY WASTEWATER RECLAMATION AUT	3009200	[REDACTED]	EMPLOYMENT PRACTICES	1	08/19/2020	02/17/2021



Report Criteria: Feature Status <-> C And Tier 1 = CAL SANITATION RMA And As-Of Transaction Begin Date = And As-Of Transaction End Date = And Loss Run? = Yes | Row Count: 102 | Report Run: 11/1/2024 04:32 AM

Member District	Claim Number	Claimant Name	Coverage	Claimant Number	Date Of Loss	Claim Date Reported
WEST BAY SANITARY DISTRICT	1973920	CHAN, TONY.	PROPERTY DAMAGE	1	07/01/2016	12/07/2017
WEST BAY SANITARY DISTRICT	1973920	ODEN, PEBBLES	PROPERTY DAMAGE	2	07/01/2016	12/07/2017
WEST BAY SANITARY DISTRICT	1973920	VESTRYS, CHRISTOPHER	PROPERTY DAMAGE	3	07/01/2016	12/07/2017
WEST BAY SANITARY DISTRICT	1973920	MORENO, JULIO	PROPERTY DAMAGE	4	07/01/2016	12/07/2017
WEST BAY SANITARY DISTRICT	3065754	Trinity Church	PROPERTY DAMAGE	1	12/22/2023	02/14/2024
WEST BAY SANITARY DISTRICT	3066314	Ricci, Nicole	PROPERTY DAMAGE	1	10/25/2023	03/06/2024
WEST BAY SANITARY DISTRICT	3066947	Toaiva , Fanaufou - A Minor Faamalele.	BODILY INJURY	1	03/22/2024	03/25/2024
WEST COUNTY WASTEWATER DISTRICT	3039920	[REDACTED]	EMPLOYMENT PRACTICES	1	11/09/2022	11/09/2022
WEST COUNTY WASTEWATER DISTRICT	3045201	Williams, Maurice & Mohania	PROPERTY DAMAGE	1	03/28/2023	03/30/2023
WEST COUNTY WASTEWATER DISTRICT	3045201	McKneely , Wilford & Gwendolyn	PROPERTY DAMAGE	2	03/28/2023	03/30/2023
WEST COUNTY WASTEWATER DISTRICT	3045328	[REDACTED]	EMPLOYMENT PRACTICES	1	04/22/2022	08/15/2022
WEST COUNTY WASTEWATER DISTRICT	3056801	[REDACTED]	EMPLOYMENT PRACTICES	1	07/25/2023	08/21/2023
WEST COUNTY WASTEWATER DISTRICT	3061610	Cummings, Veronica	LIABILITY PERSONAL INJURY	1	09/01/2023	09/05/2023
WEST COUNTY WASTEWATER DISTRICT	3061610	[REDACTED]	EMPLOYMENT PRACTICES	1	09/01/2023	09/05/2023
WEST COUNTY WASTEWATER DISTRICT	3063620	Stowell, Samuel	PROPERTY DAMAGE	1	12/01/2022	11/17/2023
WEST COUNTY WASTEWATER DISTRICT	3065343	Angelita	PROPERTY DAMAGE	1	11/22/2023	01/30/2024
WEST COUNTY WASTEWATER DISTRICT	3071849	Ashley Rollins C/O AAA Insurance	PROPERTY DAMAGE	1	04/10/2024	05/08/2024
WEST COUNTY WASTEWATER DISTRICT	3071849	Rollins, Ashley	BODILY INJURY	2	04/10/2024	05/08/2024
WEST VALLEY SANITATION DISTRICT	1992584	YOUNGBLOOD, FRANKIE & DORIS	PROPERTY DAMAGE	1	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	1992584	RAMACCIOTTI, MARIA	BODILY INJURY	2	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	1992584	RAMACCIOTTI, MARIA	PROPERTY DAMAGE	2	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	1992584	RAMACCIOTTI, SOPHIA	BODILY INJURY	4	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	1992584	RAMACCIOTTI, GIULIANA	BODILY INJURY	5	03/17/2019	03/19/2019
WEST VALLEY SANITATION DISTRICT	3047315	Rhodes, Paul	PROPERTY DAMAGE	2	05/29/2023	05/30/2023
WEST VALLEY SANITATION DISTRICT	3064952	Fawcett, John	PROPERTY DAMAGE	1	12/21/2023	01/12/2024
WEST VALLEY SANITATION DISTRICT	3075320	Stoffer , Katie	PROPERTY DAMAGE	1	09/09/2024	09/11/2024
WEST VALLEY SANITATION DISTRICT	3075653	Carrico Tools and Provisions	PROPERTY DAMAGE	1	09/20/2024	09/23/2024

**CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY  
MINUTES OF THE  
POOLED LIABILITY COMMITTEE MEETING  
SEPTEMBER 9, 2024  
TELECONFERENCE**

**MEMBERS PRESENT**

Mx. Teresa Herrera, Chair, Silicon Valley Clean Water  
Ms. Veronica Cazares, Selma-Kingsburg-Fowler County Sanitation District  
Mr. Jordan Damerel, Fairfield-Suisun Sewer District  
Mr. Sergio Ramirez, West Bay Sanitary District  
Mr. Jimmy Dang, Oro Loma Sanitary District (via teleconference)  
Mr. Mark Carlson, Union Sanitary District

**GUESTS AND CONSULTANTS PRESENT**

Mr. Seth Cole, Alliant Insurance Services, Inc.  
Mr. Dennis Mulqueeny, Alliant Insurance Services, Inc. (via teleconference)  
Mr. P.J. Skarlanic, Alliant Insurance Services, Inc.  
Mr. Myron Leavell, Alliant Insurance Services, Inc.  
Mr. Steve Davidson, Alliant Insurance Services, Inc.  
Mr. David Patzer, Risk Management Solutions  
Mr. Byrne Conley, Gibbons & Conley  
Mr. Alan Dialon, Carl Warren & Company  
Ms. Beth Tavarez, Carl Warren & Company

**A. CALL TO ORDER**

Teresa Herrera called the meeting to order at 11:04 AM.

**B. PUBLIC AND COMMITTEE MEMBER COMMENTS**

None.

**C. GENERAL ADMINISTRATION**

**C.1. Meeting Minutes of May 6, 2024**

The Meeting Minutes of May 6, 2024 were reviewed.

A motion was made to approve the meeting minutes as presented.

**MOTION:** Mark Carlson                      **SECOND:** Jordan Damerel                      **MOTION CARRIED**

**AYES:** Carlson, Cazares, Damerel, Dang, Herrera, Ramirez

**NAYS:** None

**ABSTAIN:** None

**ABSENT:** None

## **C.2. Preliminary 2025 Meeting Calendar**

Seth Cole reviewed the preliminary 2025 meeting calendar with the Committee. Historically, the February meeting has been held via teleconference with the balance of meetings being held in person at the Alliant Walnut Creek offices. Teresa Herrera noted some Commission meetings scheduled for Mondays at 8:00 AM which may conflict if those meetings should run over. A suggestion was made to move the scheduled meeting start time to 11:00 AM to allow committee members greater flexibility. No other conflicts were noted.

The Program Administrators will bring back the meeting calendar to the Committee at their November meeting for approval.

## **D. CLOSED SESSION**

The Committee entered Closed Session at 11:09 a.m. pursuant to Government Code Section 54956.95. The Committee left Closed Session at 11:31 a.m., at which time it was announced that the Claims Administrator was provided with direction concerning the disposition of certain claims; however, no final settlements were approved, nor was any action taken.

## **E. CLAIMS ADMINISTRATION**

### **E.1. Reporting and Ratification of Claims Settlements**

None.

### **E.2. Quarterly Claims Report as of June 30, 2024**

P.J. Skarlanic reviewed the Quarterly Claims Report with the Committee. This report reflects the claims activity as of June 30, 2024. P.J. explained that the loss ratio represents incurred claims as a percentage of pooled deposits collected.

The loss ratio for Program Year 37 through June 30, 2024 is 10.08%, well below the 5-year program average of 47.02%, and lower than the 37-year program average of 42.30%. P.J. noted that effective December 31, 2023, the Pooled Layer has been reinsured by Clean Water Insurance Captive (CWIC).

Seth Cole added that the Program overall is performing well. Loss frequency is continuing a downward trend in recent years; however, severity has increased, most notably in the more recent program years, due to a number of factors, including inflation and increased loss costs.

### **E.3. Carl Warren & Company Succession Plan**

Seth Cole reported that as a result of discussion at its March Long Range Planning Session, CSRMA's Executive Board directed the Program Administrators with updating the succession plans for CSRMA's key service providers in order to help ensure continuity of service to CSRMA in the event of personnel changes. Alan Dialon of Carl Warren & Company introduced Beth Tavares, who will be handling the employment practices claims and manage the program. Alan

will continue to be the lead adjuster. Carl Warren's succession was handed out at the meeting. Alan reviewed their succession plan identifying Diana Wheeler and Wesley Larsen as the backups to step in as needed. The Committee was content with Carl Warren's succession plan as presented.

## **F. UNDERWRITING ISSUES**

### **F.1. PY 39 (2024-2025) Renewal Update**

Seth Cole reviewed the item with the Committee, providing an update on the renewal effective December 31, 2024 in a couple of key areas. The Pooled Deposit/CWIC Gross Premium actuarial studies are in progress. Claims frequency has been trending downwards for the Pooled Liability Program, however, claim severity has increased considerably and it is expected this will have an impact on the renewal costs.

Seth advised that Clean Water Insurance Captive, Inc (CWIC) has been reinsuring the Pooled Liability Program's pooled layer since December 31, 2023. We will evaluate doing the same for the PY 39 renewal.

Lastly, Seth provided an update on the reinsurance/excess insurance. He noted that we continue to be in a challenging insurance environment, with many carriers further reducing their capacity and increasing 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 and continue at the \$750K self-insured retention. They will also be providing an option at a \$1M self-insured retention for consideration. Berkley provides the second layer of coverage and has indicated they are looking for a minimum rate increase of 15% at renewal. AWAC provides the top layer of coverage and may look to reduce their capacity from \$10M to \$5M, necessitating the need to potentially introduce new capacity to the program.

The Program Administrators are estimating a 10-20% increase in total cost for the renewal, largely due to the challenging insurance market conditions and claims activity in the Program.

### **F.2. Deductible Selection Policy and Procedure**

Seth Cole reviewed the item with the Committee and explained that each year prior to the renewal of the Program, the Program Administrators perform a review of the members loss history to determine appropriate deductible levels. If a member agency's loss history constitutes "Adverse Loss Experience" as defined in the Deductible Selection Policy & Procedure, a risk management audit is triggered and the member agency's General Liability and/or Employment Practices Liability deductible will be established as provided in the Policy and Procedure.

Seth reviewed the General Liability deductible selection worksheet with the Committee. Based on loss data as of June 30, 2024, four members (Oro Loma Sanitary District, Santa Margarita Water District, Sewer Authority Mid-Coastside, and West County Wastewater Authority) qualify as having adverse General Liability loss experience. The Program Administrators did not recommend any action on Oro Loma Sanitary District or Sewer Authority Mid-Coastside. Based on the claims activity for the other two members, the Committee directed the Program Administrators to schedule meetings with Santa Margarita Water District and West County Wastewater District to discuss claims activity at the respective agencies and risk control efforts to address the root causes of those claims. The Program Administrators will report back at the November meeting.

Seth then reviewed the Employment Practices Liability deductible selection worksheet with the Committee. Per the definition in the Policy and Procedure, three members (Encina Wastewater Authority, Santa Margarita Water District, and West County Wastewater District) qualify as having adverse Employment Practices Liability loss experience with two or more claims in the five most recent program years. Both Santa Margarita Water District and West County Wastewater Authority have previously provided training to their employees and West County additionally provided training to their board members at the direction of CSRMA. The Program Administrators will discuss the recent EPL claims activity with both agencies when they meet with them and report back to the Committee. It was determined that no action was necessary for Encina Wastewater Authority at this time.

**G. LOSS CONTROL**

**G.1. Fall/Winter 2024 Area Training Update**

David Patzer briefly reviewed the Spring/Summer/Fall 2024 area training schedule with the Committee and explained that training seminars are provided on topics of interest to the CSRMA membership throughout the year. The Area Training Schedule is as follows:

Topic	Tentative Date	Tentative Locations
<b>Sewer Summit</b>	October 12	Virtual conference
<b>Webinars:</b> <ul style="list-style-type: none"> <li>• Underground Utility Locator</li> <li>• Navigating FEMA Assistance: An Insider’s Guide to Effectively Obtaining FEMA Assistance Following a Declared Disaster</li> <li>• Understanding Your Agency’s CalOSHA Training Requirements</li> <li>• Staying Cool and Stay Indoors: Navigating CalOSHA’s New Heat Illness Regulation</li> <li>• Jarvis: Your Virtual Claims Assistant</li> <li>• From Ground to Sky: Scaffolding Safety for Public Works Professionals</li> <li>• Sewer Backups: Does your SERP Address This? Best Practices and Risk Management for 1<sup>st</sup> Responders</li> <li>• Are You Prepared for Bypass Pumping</li> <li>• The Art of Risk Management, How to Implement an Effective Risk Management Program</li> <li>• Cybersecurity Basics for Employees</li> <li>• Knowledge Vine-Leveraging Technology to Create a Sustainable Safety Culture</li> <li>• Returning a Waterline to Service</li> <li>• SOPs: Cornerstone of Safety and Reliable Operations</li> </ul>	Sep 2024 - Feb 2025	Webinars



<ul style="list-style-type: none"> <li>• CalOSHA Inspections: Survival Planning and Tips</li> <li>• Understanding your JPA Insurance Pool]</li> <li>• Effective Tailgate Safety Meetings/Trainings</li> <li>• NFPA 70E Electrical Safety for Water and Wastewater Workers</li> <li>• Lift Station Inspection &amp; Condition Assessment</li> <li>• Claims Management, the Key to Effectively Managing Claims from Cradle to Grave</li> <li>• Contracts, Contracts, Contracts, How to Effectively Manage a Program!</li> <li>• Is Your Sewer Spill Emergency Response Plan in Compliance?</li> <li>• Insurance Requirements in Contracts</li> <li>• Pump Station Emergency Response Plans: A Commonly Overlooked SSMP Requirement</li> <li>• Unlocking the Training Power of Your Treatment Plant O/M Manual</li> </ul>		
<p><b>January 2025 CASA:</b></p> <ul style="list-style-type: none"> <li>• Verbal Judo</li> <li>• Fireline Wildfire Risk Assessment Service</li> <li>• Turning O/M Manuals Into Training Tools For the Next Generation Operator</li> </ul>	January 2025	CASA Conference

**G.2. Enhanced/Expanded Employment Practices Liability Training Offerings**

Seth Cole reported that as part of the Executive Board’s Long Range Session in March, the Pooled Liability Committee has been tasked with evaluating enhanced and/or expanded membership training offerings to reduce the impact of employment related claims. David Patzer reviewed the current training offerings including the Liebert Cassidy Whitmore (LCW) training series (10 2-hour sessions), soft skills/interpersonal skills training offered and the upcoming Verbal Judo training to be provided at the January CSRMA/CASA seminar.

The Pooled Liability Committee discussed opportunities to provide enhanced/expanded EPL trainings to the membership. The Committee, the Program Administrator, and the Risk Control Advisor discussed the possibility of reengaging the Pollack Peacebuilding Institute to regain access to a suite of online courses on soft skills in the workplace. The Risk Control Work Plan subcommittee will review these ideas at their next meeting and advise the Pooled Liability Committee of their recommendations.

The Committee also discussed Employment Practices Coverage and related Policies & Procedures (i.e. Deductible Selection) provided in the Pooled Liability Program at their meeting and concluded that EPL coverage in the Memorandum of Coverage is in keeping with coverage provided by other JPAs.

### **G.3. Annual Liability Loss Analysis Reports**

David Patzer presented loss trends for the CSRMA Pooled Liability Program to the Committee. This analysis will help focus CSRMA's loss control efforts and target areas of greatest loss. David advised the Committee that the top 3 liability claims, as reported to Carl Warren are:

1. Sewer backups
  - SBU claims count is continuing a downward trend, however the average cost per claim is trending upwards.
2. Auto
  - CSRMA auto claims count has decreased, but the average claim cost is on the rise, increasing the severity of these losses.
  - It is recommended that defensive driver training be required for new employees if operating district vehicles, as well as refresher courses be offered to all employees.
3. Employment Practices Liability
  - Not many claims, but they tend to be more expensive.

Take aways from the analysis included:

- Continue to focus risk control efforts on sewer backups
  - Training
    - Sewer Summit
    - Webinars (~30% of CSRMA webinars focus on sewer collections issues)
    - Online Training
    - Job Competencies – Moving member culture from tribal knowledge form of training to strategic, systematic and measurable standards-based training
      - SOPs
      - Just in Time Training Tools
      - Competency evaluations (initial and periodic)
- Auto claims
  - One of most frequent, but average cost is relatively low except for a few outliers
  - Defensive driver training every 2 years and DMV PULL Program
  - Added to CSRMA Webinar Lineup for FY24/25
- EPL
  - Education on EPL Hotline
  - Training by LCW via 10 seminars/year
  - CSRMA incentive/recognition program for EPL-prevention efforts

## **H. PROPERTY PROGRAM**

### **H.2. Program Year 35 (2024/25) Post Renewal Report**

P.J. Skarlanic provided a recap of the Pooled Property Insurance Program renewal effective July 1, 2024. P.J. advised that the total renewal was approximately 11.52% over the previous renewal. This increase was based on an 8% increase in Total Insured Values (TIV) and a 2% rate increase.

At the May 2024 meeting, the Pooled Liability Committee approved estimated renewal costs, while the Executive Board reviewed and approved firm renewal numbers at their June meeting. P.J. noted that a Property Post Renewal Report was also provided to the Board of Directors at their August 2024 meeting.

P.J. reported that the Program was able to secure a new Dedicated Excess Cyber Liability coverage for the 2024/25 program year. After the Executive Board's June meeting, a further premium reduction for the excess property insurance was negotiated, which resulted in the Officers Committee approving the purchase of additional Cyber coverage with the premium savings.

## **I. INFORMATION ITEMS**

**I.1. *"Poem of the Day"***

**I.2. *Article – Partier trapped 20 feet underground – sfstandard.com***

**I.3. *Article – Teens invent incredible device while searching for war to tackle one of the worlds most challenging sources of pollution – Yahoo.com***

**I.4. *Article – Taylor Swift cancellations deal blow to insurers – Business Insurance***

**I.5. *CSRMA 2024 Meeting Calendar.***

**I.6. *CSRMA Organizational Chart***

**I.7. *CSRMA Service Team***

The Committee reviewed the presented information items.

## **J. ADJOURNMENT**

The meeting was adjourned at 1:24 p.m. The next meeting is scheduled for November 18, 2024, at the Alliant Walnut Creek Office.

## **2025 Meeting Calendar**

**ISSUE:** Every year the Executive Board adopts a meeting calendar. The Pooled Liability Committee meetings are included in that calendar. The Pooled Liability Committee reviewed the proposed meetings dates at their last meeting and there were no known conflicts at that time.

Historically, the February meeting has been a light agenda and held as a teleconference. The remainder of the calendar year meetings are slated to be held in-person at the Alliant Walnut Creek offices.

**RECOMMENDATION:** The Program Administrator recommends that the Pooled Liability Committee approve their dates on the 2025 meeting calendar.

**FISCAL IMPACT:** None.

**BACKGROUND:** None.

**ATTACHMENTS:** Proposed 2025 Meeting Calendar – PL Version

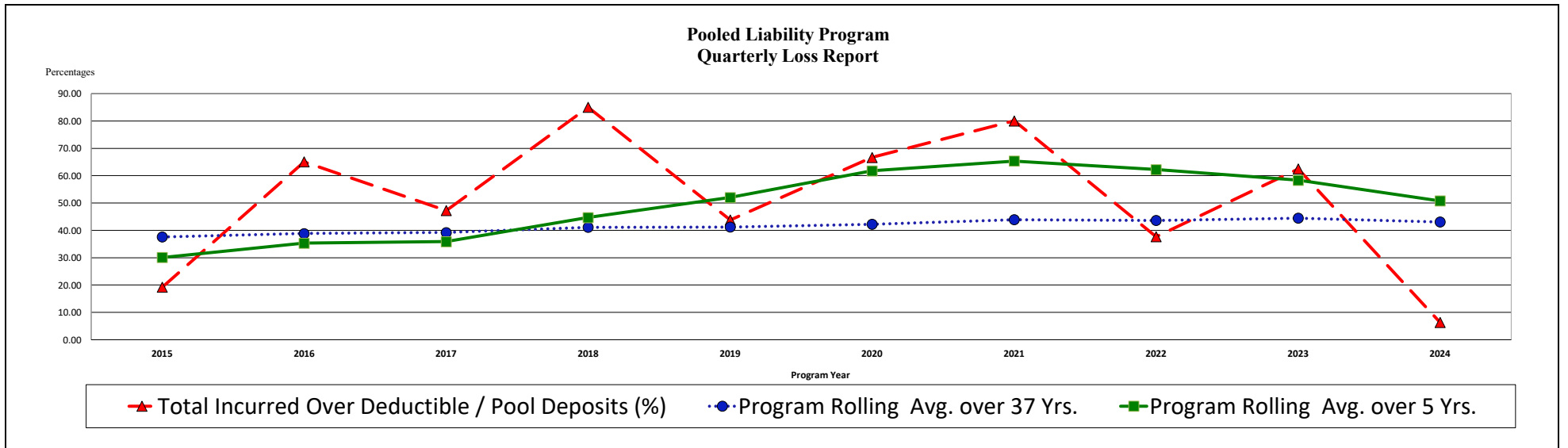
## CSRMA MEETING CALENDAR 2025

JANUARY	FEBRUARY	MARCH	APRIL
<b>CSRMA EB - TUE - 28</b>	CSRMA LIAB (TC) - TUE - 18	<b>CSRMA LRP - SUN - TUE - 16, 17, 18</b>	<b>CSRMA FIN - TUE - 15 (SFO)</b>
<b>CSRMA BD - WED - 29</b>	<b>CSRMA WC - THUR - 20 (SFO)</b>		
<i>CASA January 29 - 31 Palm Springs</i>	<i>PARMA February 23 - 26 Anaheim</i>		
MAY	JUNE	JULY	AUGUST
<b>CSRMA LIAB - MON - 5 (WC OFFICE)</b>	CSRMA EB (TC) - MON - 9		<b>CSRMA EB - TUE - 12</b>
CSRMA OC (TC) - TUES - 6	CSRMA BOD (TC) - WED - 18		<b>CSRMA BD - WED - 13</b>
CSRMA WC (TC) - THUR - 15	CSRMA OC (TC) - WED - 25		
			<i>CASA August 13 - 15 San Diego</i>
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<b>CSRMA LIAB - MON - 8 (WC OFFICE)</b>	<b>CSRMA EB - MON - 6 (SFO)</b>	CSRMA FIN (TC) - MON - 3	CSRMA EB (TC) - MON - 8
CSRMA OC (TC) - FRI - 12	CSRMA WC (TC) - WED - 15	<b>CSRMA LIAB - MON - 17 (WC OFFICE)</b>	CSRMA OC (TC) - THUR - 11
	CSRMA OC (TC) - FRI - 31		
<i>CAJPA September 16 - 19 Monterey</i>			

**Meetings in RED are IN-PERSON**

POOLED LIABILITY PROGRAM													
Quarterly Claims Report													
As of September 30, 2024													
Program Year	PY 1-28	PY 29	PY 30	PY 31	PY 32	PY 33	PY 34	PY 35	PY 36	PY 37	PY 38*	Program Avg	Program Avg
	1987-2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Over 5 yrs	Over 38 yrs
Number of Members	N/A	40	40	40	40	40	40	40	41	41	41	N/A	N/A
Total Number of Claims	3,161	139	146	99	65	109	55	89	55	58	26	73	105
Initial Pool Deposits	53,302,491	2,756,403	2,715,342	2,718,212	2,682,244	2,496,726	2,641,494	3,206,015	3,436,283	3,679,709	3,015,044	3,195,709	2,174,999
Total Paid To Date	33,485,759	1,151,109	2,597,876	1,979,513	2,798,754	1,674,874	1,999,413	3,387,166	1,004,535	2,019,419	146,496	1,711,406	1,374,866
Total Reserved	129,226	0	3,424	0	143,759	235,993	120,514	333,993	909,759	1,007,265	419,204	558,147	86,925
Total Incurred	33,614,984	1,151,109	2,601,300	1,979,513	2,942,514	1,910,866	2,119,927	3,721,159	1,914,295	3,026,684	565,699	2,269,553	1,461,791
POOL PENETRATION													
No. of Occurrences Over Deductible	327	10	13	12	12	6	8	10	6	7	3	7	11
Total Paid Over Deductible (per occurrence)	20,412,848	530,098	1,763,028	1,284,123	2,138,062	929,168	1,640,999	2,237,751	535,841	1,535,308	52,742	1,200,528	869,999
Total Reserves Over Deductible (per occurrence)	129,226	0	3,424	0	143,759	165,586	120,514	328,859	759,922	764,058	137,397	422,150	67,177
Total Incurred Over Deductible	20,542,074	530,098	1,766,452	1,284,123	2,281,822	1,094,754	1,761,513	2,566,610	1,295,763	2,299,366	190,139	1,622,678	937,177
Total Incurred Over Deductible / Pool Deposits (%)	38.54	19.23	65.05	47.24	85.07	43.85	66.69	80.06	37.71	62.49	6.31	50.78	43.09

\* - The pooled layer has been transferred to CWIC for the 12/31/23-24 program year.



## **Actuarial Study**

**ISSUE:** An Actuarial Study for the Pooled Liability Program was performed to re-evaluate past General Liability, Auto Liability and Employment Practices Liability projections using current loss data and to project future payment patterns. CSRMA's actuary prepared a summary presentation highlighting the results of the study, included as an attachment to this item.

**RECOMMENDATION:** None at this time. Information only.

**FISCAL IMPACT:** The cost of the annual review is \$13,500. This amount is budgeted for FY 2024/25.

**BACKGROUND:** Aon performed the Actuarial study last year.

Effective December 31, 2023, CSRMA began transferring the risk for the Pooled Layer (Member Deductible to \$750,000) to the Clean Water Insurance Captive (CWIC). CWIC uses an actuary to develop the go forward gross premium to reinsure the Pooled Layer. CSRMA's actuary re-evaluates past General Liability, Auto Liability and Employment Practices Liability projections using current loss data for the Program Years prior to CWIC, which is separate from the actuarial study performed for CWIC to develop the gross premium for the Program renewal.

**ATTACHMENTS:** Aon Presentation

# Pooled Liability Program Summary of Actuarial Study as of June 30, 2024



**Tracy Fleck, ACAS, MAAA**

Senior Consultant and Actuary

**AON**

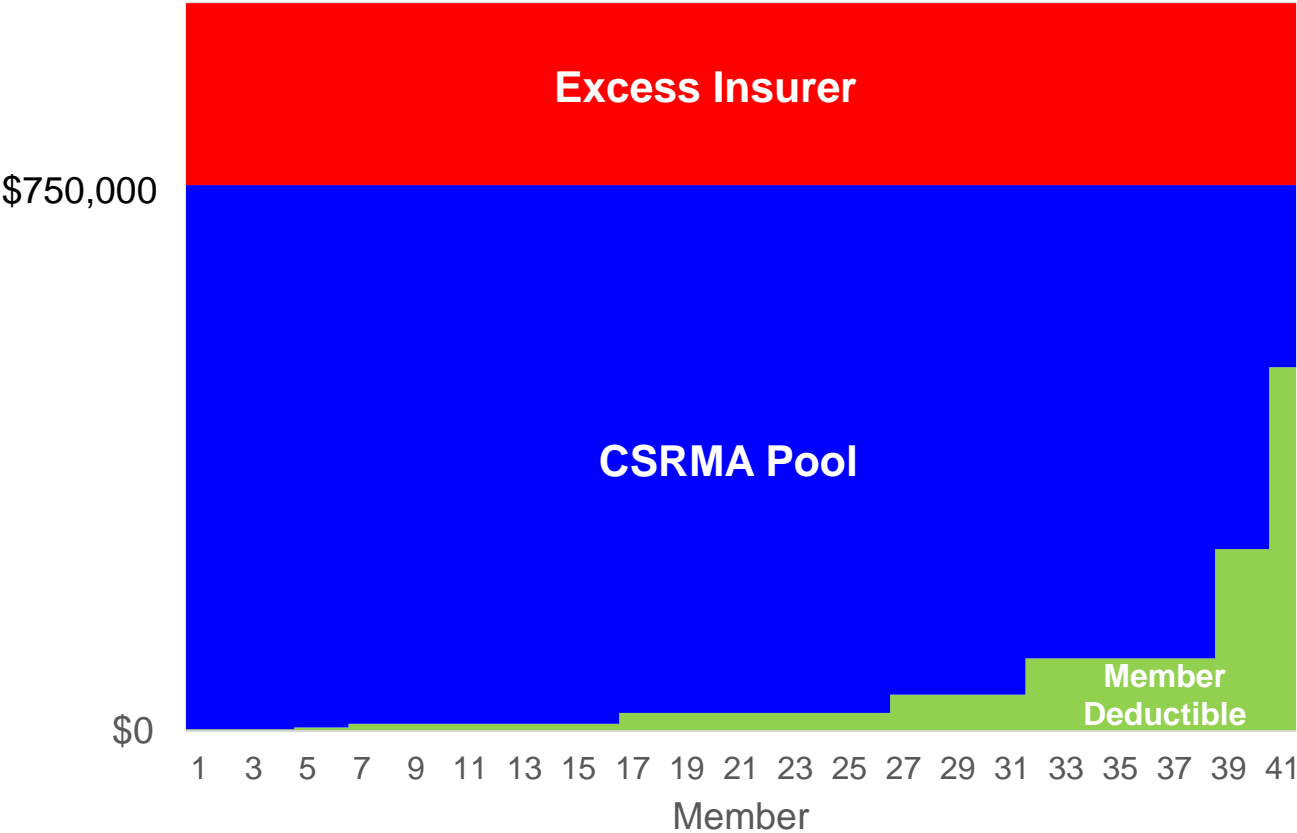


# Discussion Points

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- Estimated outstanding losses & LAE
- Projected future ultimate losses and rates
  - Deductible credits
- Historical perspective

# 2024 Program Structure

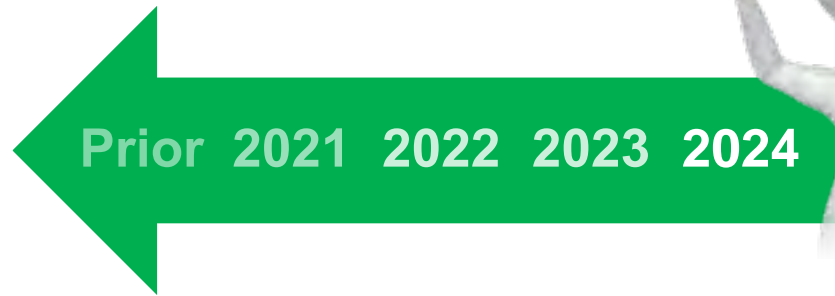


EPL deductible options of \$25,000 and \$50,000  
Minimum sewer backup deductible = \$25,000  
CWIC responsible for claims incurred 1/1/24 and subsequent

# Actuarial Study Conclusions

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Outstanding losses



June 30, 2024



Projected funding

# GASB 10: Determination of Liability

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- Accrue liability for **unpaid** claim costs, including **IBNR**
- Liability is based on the estimated ultimate cost, including **LAE**
- Discounting is “neither mandated nor prohibited”

# Outstanding Pooled Loss & LAE

## As of June 30, 2024

	Undiscounted	Present Value (2%)
Loss & ALAE		
General Liability	\$2,055,884	\$1,997,060
Automobile Liability	36,457	36,316
Employment Practices Liability	2,739,538	2,663,103
<b>Subtotal</b>	<b>\$4,831,879</b>	<b>\$4,696,479</b>
ULAE*	\$217,435	\$211,342
<b>Total Loss &amp; LAE</b>	<b>\$5,049,314</b>	<b>\$4,907,821</b>
JPIA		3,623,217
CWIC		1,284,604

Note: \*4.5% of loss & ALAE subtotal.

# Change in Outstanding Pooled Loss & LAE

	As of 6/30/23	As of 6/30/24	Change
Loss & ALAE			
General Liability	\$2,374,412	\$2,055,884	-\$318,527
Automobile Liability	11,504	36,457	24,953
Employment Practices Liability	1,925,410	2,739,538	814,127
<b>Subtotal</b>	<b>\$4,311,326</b>	<b>\$4,831,879</b>	<b>\$520,554</b>
ULAE*	\$194,010	\$217,435	23,425
<b>Total Loss &amp; LAE</b>	<b>\$4,505,336</b>	<b>\$5,049,314</b>	<b>\$543,979</b>

- Notes:
1. Amounts are undiscounted.
  2. \* 4.5% of loss & ALAE subtotal.

# Funding Components

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- Expected losses can be offset by investment income
- $Funding\ rate = \frac{Funding}{Exposure\ unit}$

# Projected Loss Rate

*\$0 Deductible; \$750,000 SIR*

---

	<b>2024 (Prior)</b>	<b>2025 (Current)</b>	<b>Change</b>	<b>% Change</b>
<b>General Liability</b> <i>(per \$100 payroll)</i>	\$1.18	\$1.18	+\$0.00	+0%
<b>Automobile Liability</b> <i>(per vehicle)</i>	103.81	111.67	+7.86	+8%
<b>Employment Practices</b> <i>(per \$100 payroll)</i>	0.41	0.42	+0.01	+2%

Notes: Loss rates are undiscounted, at expected level, and exclude ULAE, general administration, and excess insurance.



# Projected Loss Rate - General Liability

*per \$100 Payroll*

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<b>Member Deductible</b>	<b>2024 (Prior)</b>	<b>2025 (Current)</b>	<b>Change</b>	<b>% Change</b>
None	\$1.18	\$1.18	+\$0.00	+0%
2,500	0.95	0.96	+0.01	+1%
5,000	0.92	0.93	+0.01	+1%
10,000	0.89	0.91	+0.02	+2%
25,000	0.85	0.86	+0.01	+1%
50,000	0.70	0.72	+0.02	+3%
100,000	0.54	0.56	+0.02	+4%
250,000	0.30	0.32	+0.02	+7%
500,000	0.08	0.09	+0.01	+13%
750,000	0.00	0.00		

Note: Loss rates are undiscounted, at expected level, and exclude ULAE, general administration, and excess insurance.

# Projected Loss Rate - Automobile Liability

*per Vehicle*

<b>Member Deductible</b>	<b>2024 (Prior)</b>	<b>2025 (Current)</b>	<b>Change</b>	<b>% Change</b>
None	\$103.81	\$111.67	+\$7.86	+8%
2,500	72.67	82.63	+9.96	+14%
5,000	58.13	67.00	+8.87	+15%
10,000	46.71	54.72	+8.01	+17%
25,000	29.07	34.62	+5.55	+19%
50,000	16.61	20.10	+3.49	+21%
100,000	9.34	11.17	+1.83	+20%
250,000	2.08	2.23	+0.15	+7%
500,000	0.52	0.56	+0.04	+8%
750,000	0.00	0.00		

Note: Loss rates are undiscounted, at expected level, and exclude ULAE, general administration, and excess insurance.

# Projected Loss Rate – Employment Practices Liability

*per \$100 Payroll*

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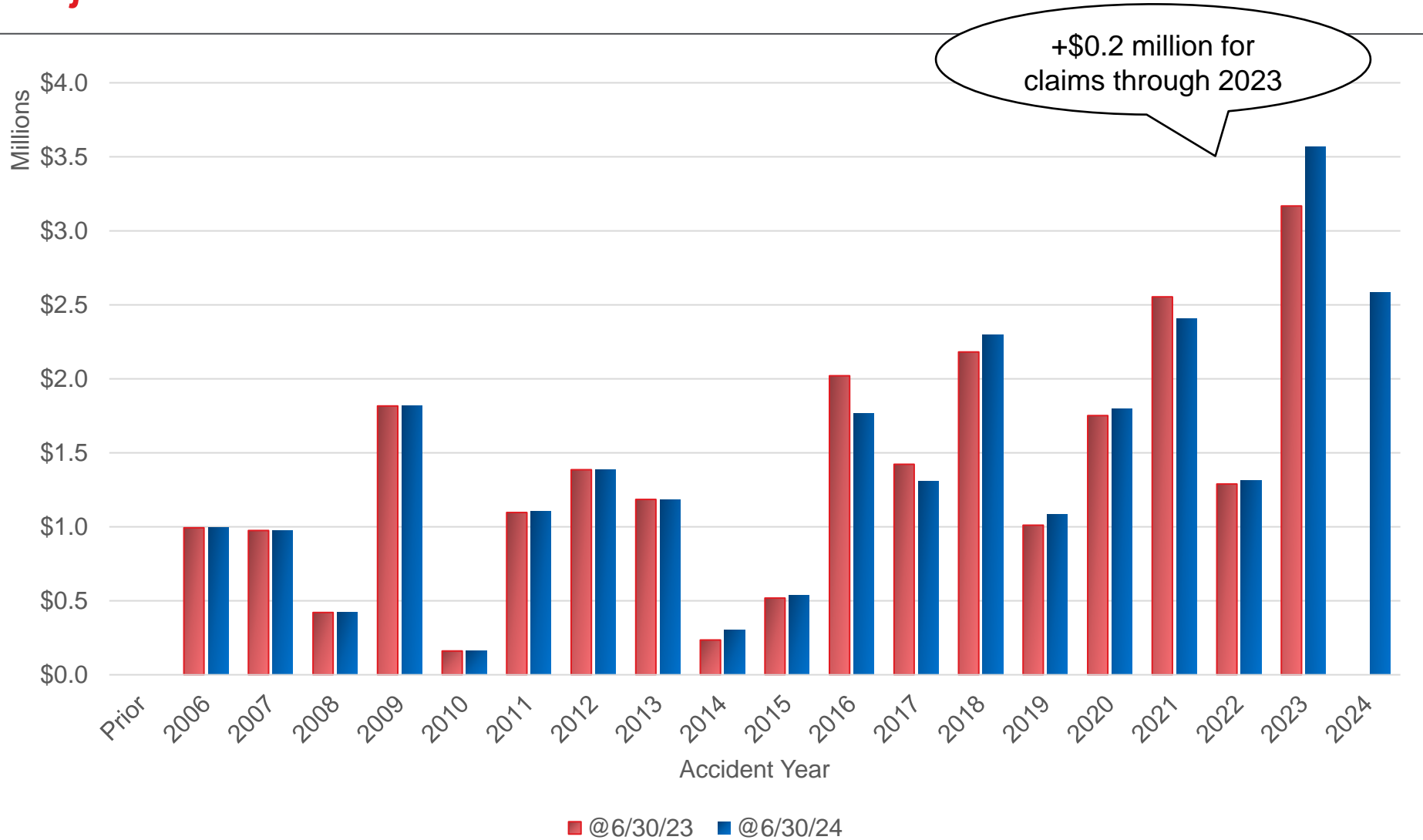
<b>Member Deductible</b>	<b>2024 (Prior)</b>	<b>2025 (Current)</b>	<b>Change</b>	<b>% Change</b>
None	\$0.41	\$0.42	+\$0.01	+2%
2,500				
5,000				
10,000				
25,000	0.38	0.39	0.01	3%
50,000	0.34	0.36	0.02	6%
100,000	0.30	0.31	0.01	3%
250,000				
500,000				
750,000				

Note: Loss rates are undiscounted, at expected level, and exclude ULAE, general administration, and excess insurance.

# Reported Incurred Pooled Losses



# Projected Ultimate Pooled Losses



# Claims with Change in Pooled Incurred > \$100,000 General Liability

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<b>File Code</b>	<b>Accident Year</b>	<b>Pooled Incurred as of 6/30/23</b>	<b>Pooled Incurred as of 6/30/24</b>	<b>Change</b>
1973920	2016	\$334,420	\$103,887	-\$230,534
3038480	2022	349,391	450,000	+100,609
3042504	2023	78,897	322,461	+243,564
3049147	2023	N/A	500,000	+500,000
3045201	2023	306,760	650,000	+343,240
<b>Total</b>		<b>\$1,069,468</b>	<b>\$2,026,348</b>	<b>+\$956,880</b>

Note: "N/A" indicates claim was not reported as of 6/30/23.

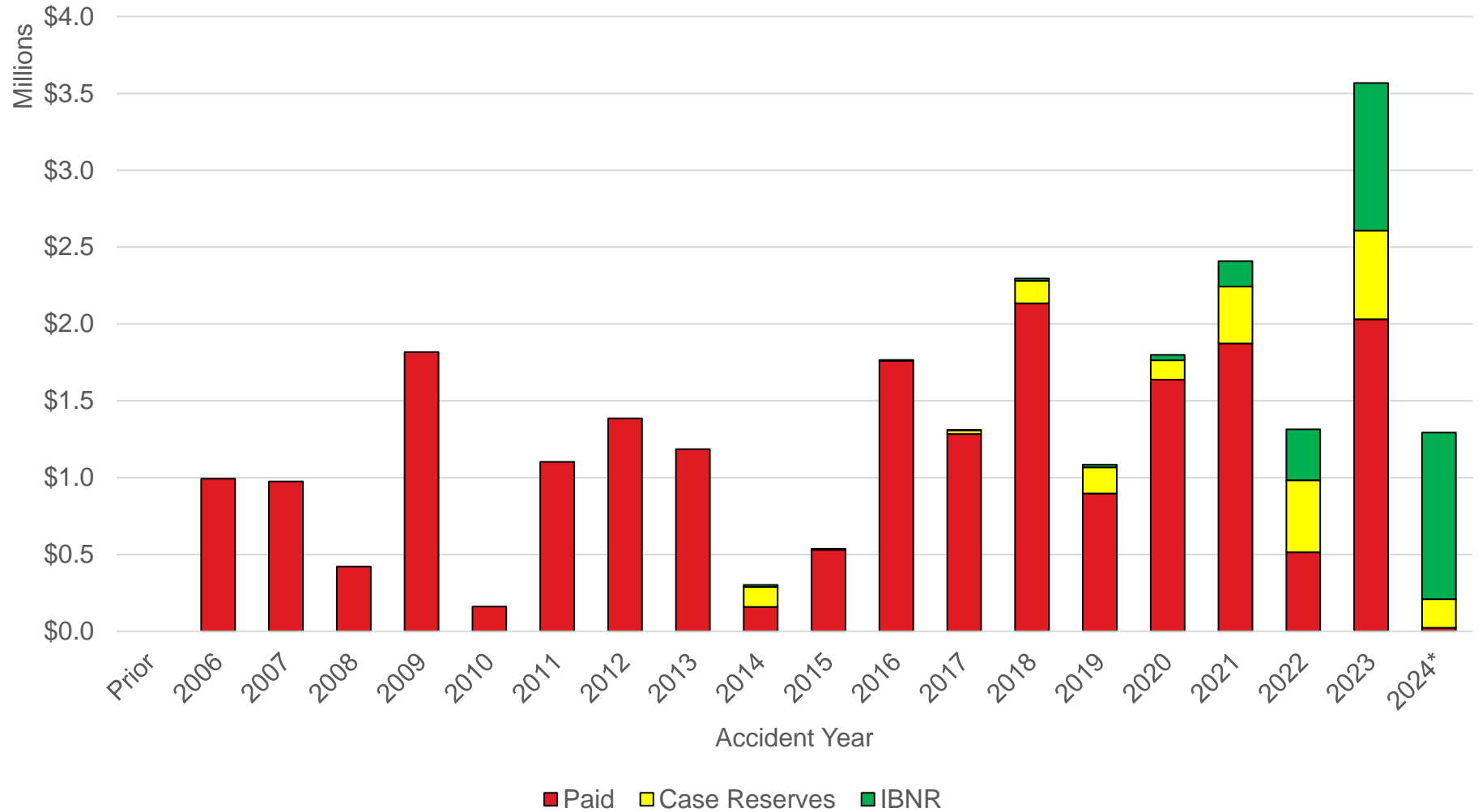
# Claims with Change in Pooled Incurred > \$100,000 Employment Practices Liability

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<b>File Code</b>	<b>Accident Year</b>	<b>Pooled Incurred as of 6/30/23</b>	<b>Pooled Incurred as of 6/30/24</b>	<b>Change</b>
1980783	2018	\$355,527	\$475,000	+\$119,473
3039920	2022	100,696	209,289	+108,594
3071581	2023	N/A	103,423	+103,423
<b>Total</b>		<b>\$456,222</b>	<b>\$787,712</b>	<b>+\$331,490</b>

Note: "N/A" indicates claim was not reported as of 6/30/23.

# Components of Projected Ultimate Pooled Losses

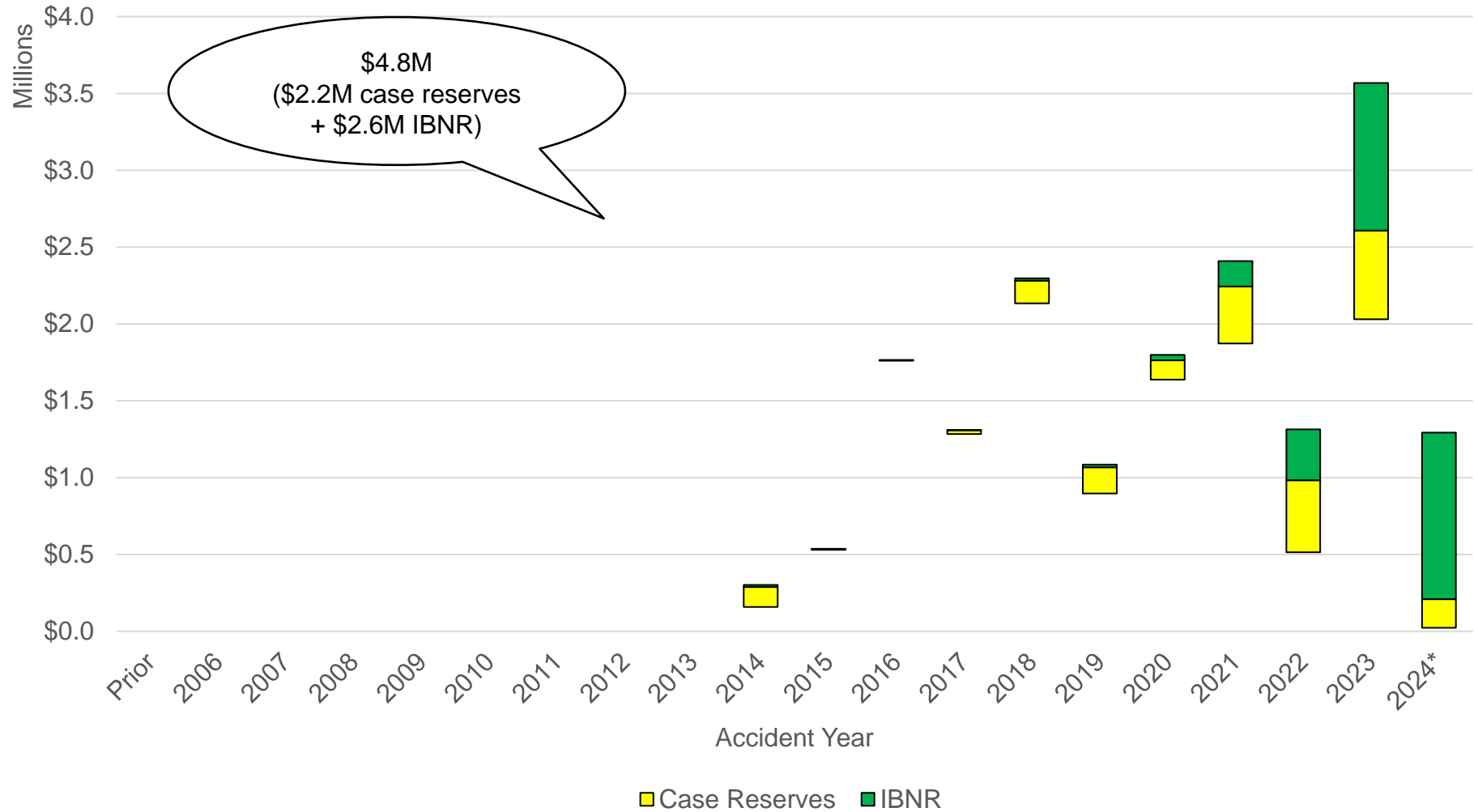


\* Includes 6 months (through 6/30/24)



# Outstanding Losses = Case Reserves + IBNR

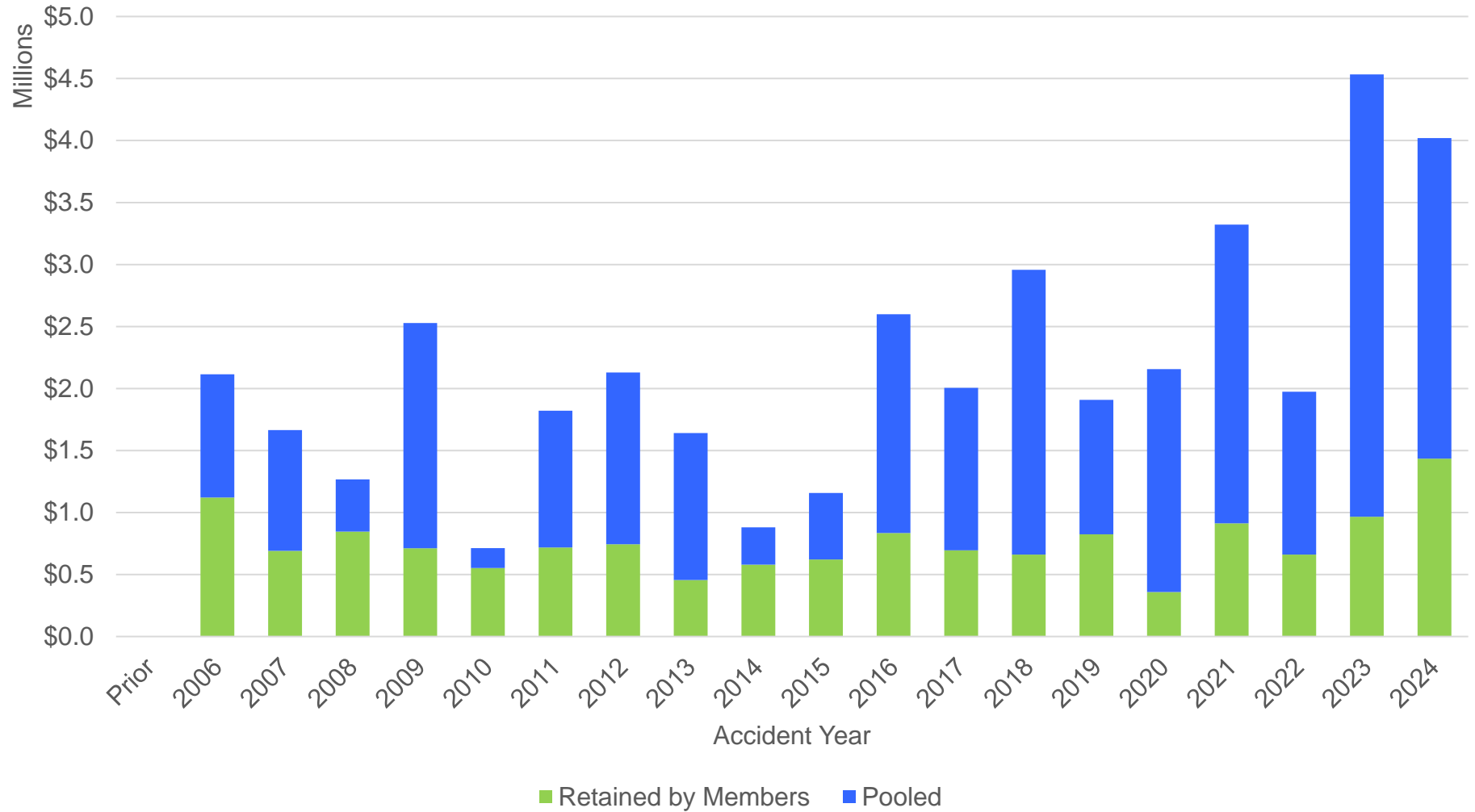
## As of June 30, 2024



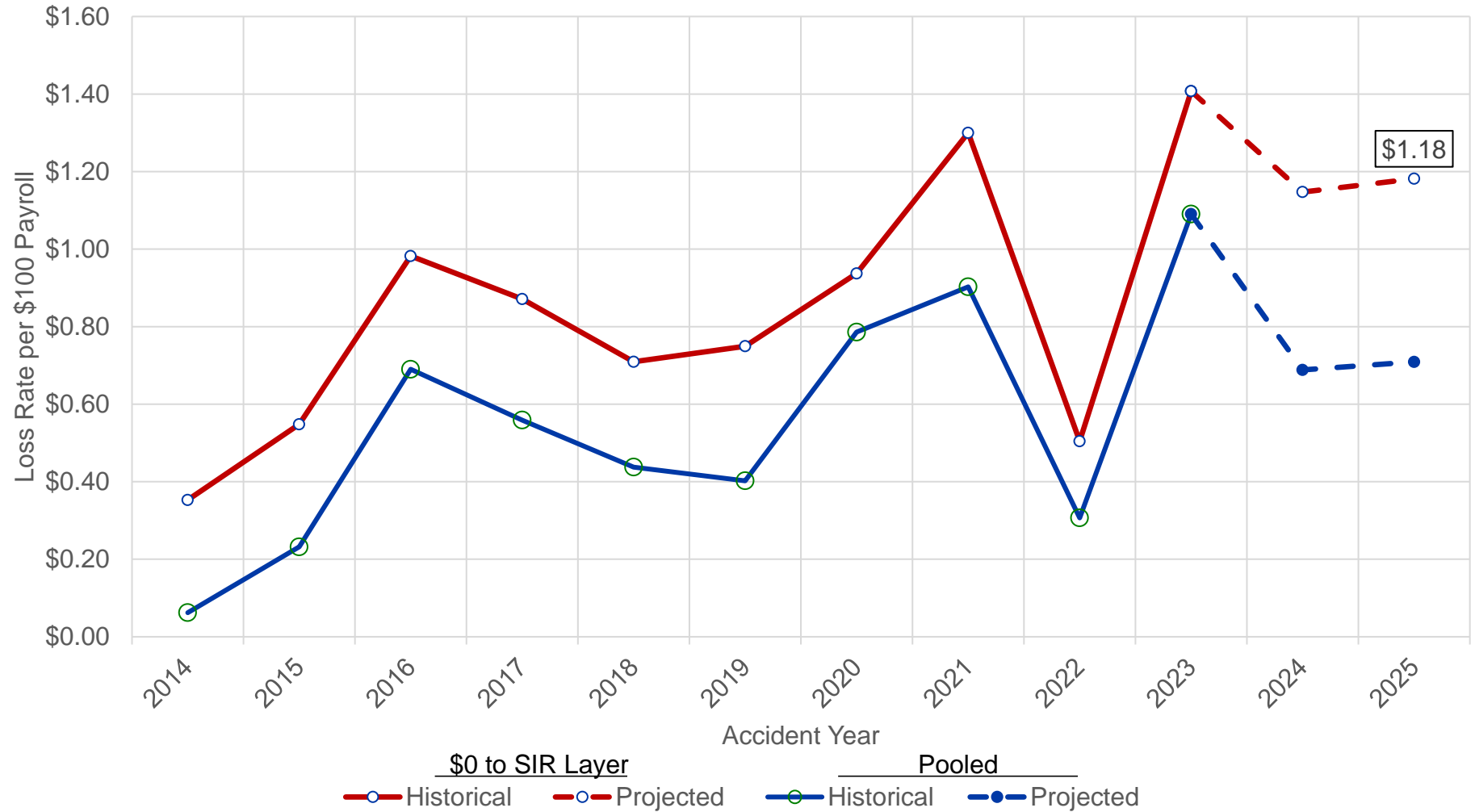
\$4.8M  
(\$2.2M case reserves  
+ \$2.6M IBNR)

\* Includes 6 months (through 6/30/24)

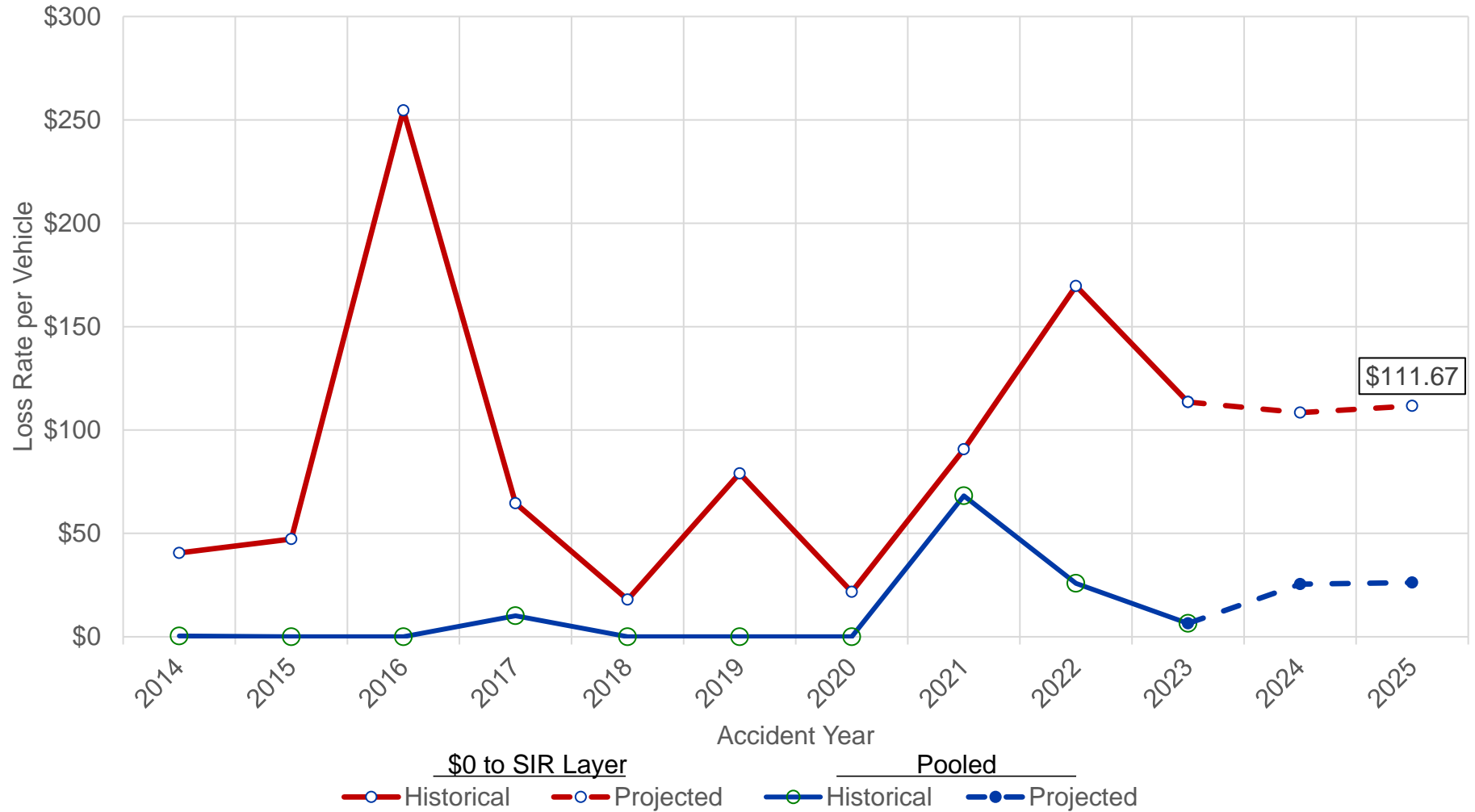
# Projected Ultimate Losses by Layer



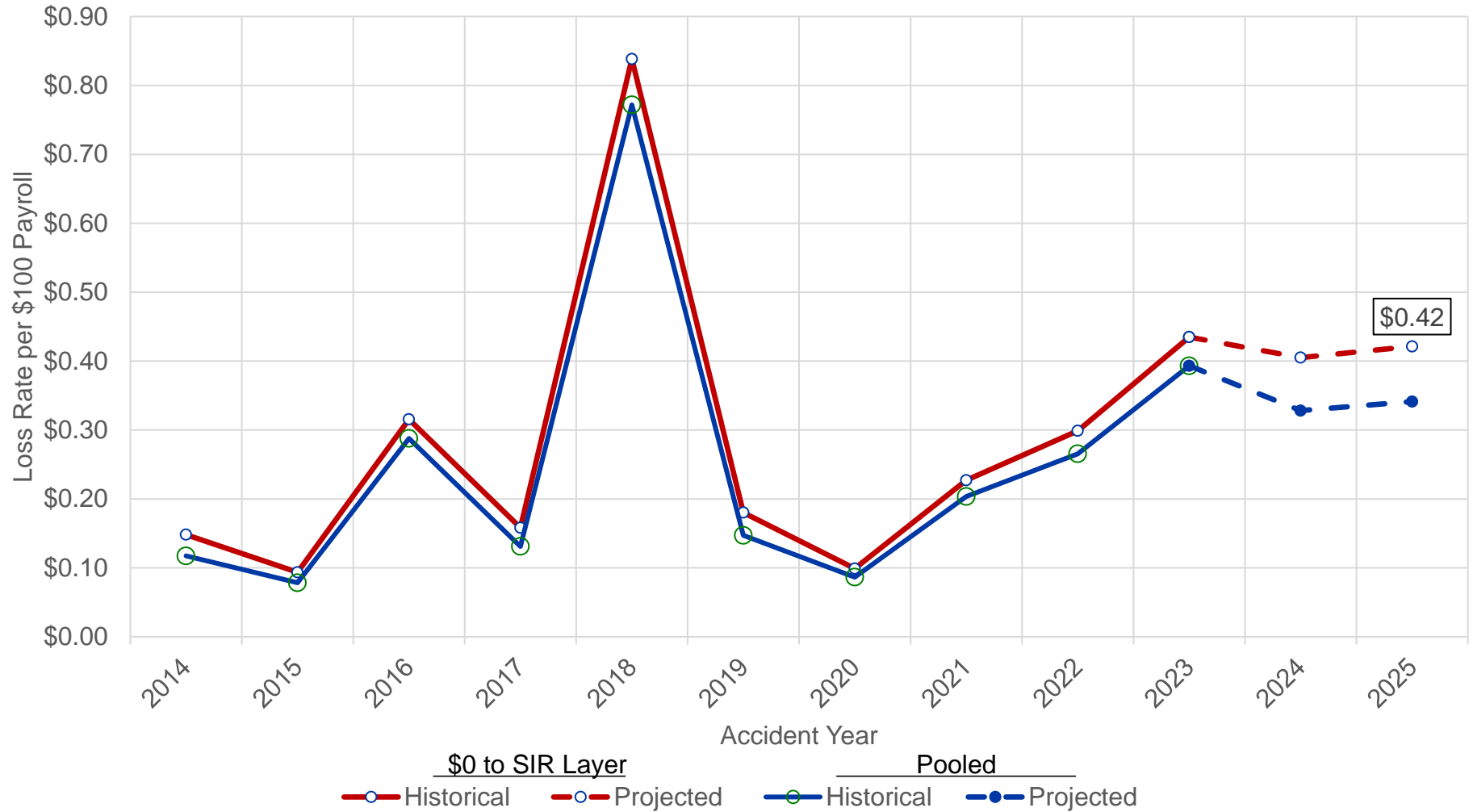
# Projected Ultimate Loss Rate General Liability



# Projected Ultimate Loss Rate Automobile Liability

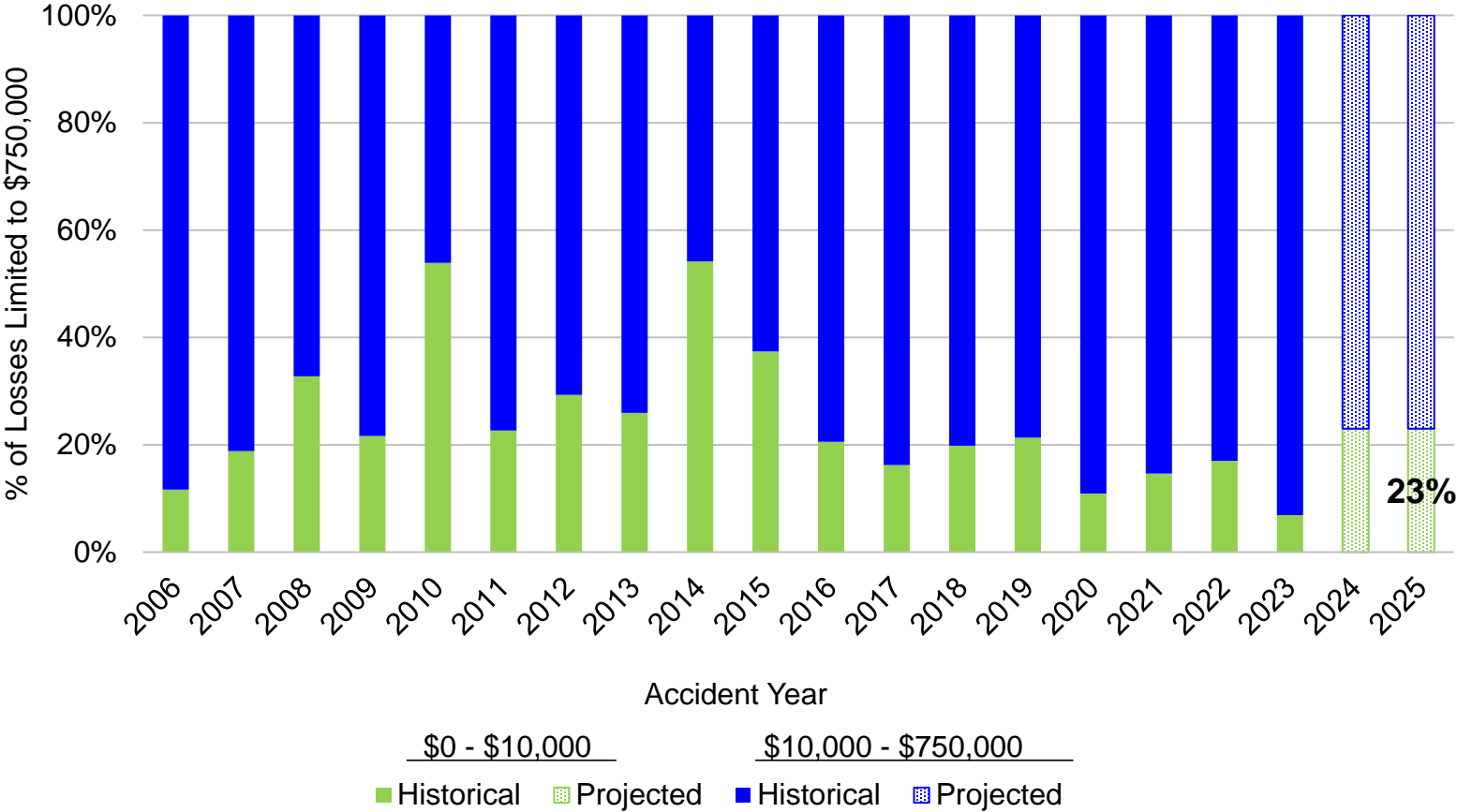


# Projected Ultimate Loss Rate Employment Practices Liability



# Estimated Deductible Credit

## General Liability; \$10,000 Deductible



Note: Losses were developed to ultimate and trended to 2025 level. Estimates reflect minimum sewer backup deductible of \$25,000 and \$750,000 SIR.

# 2025 Deductible Credits

\$750,000 SIR

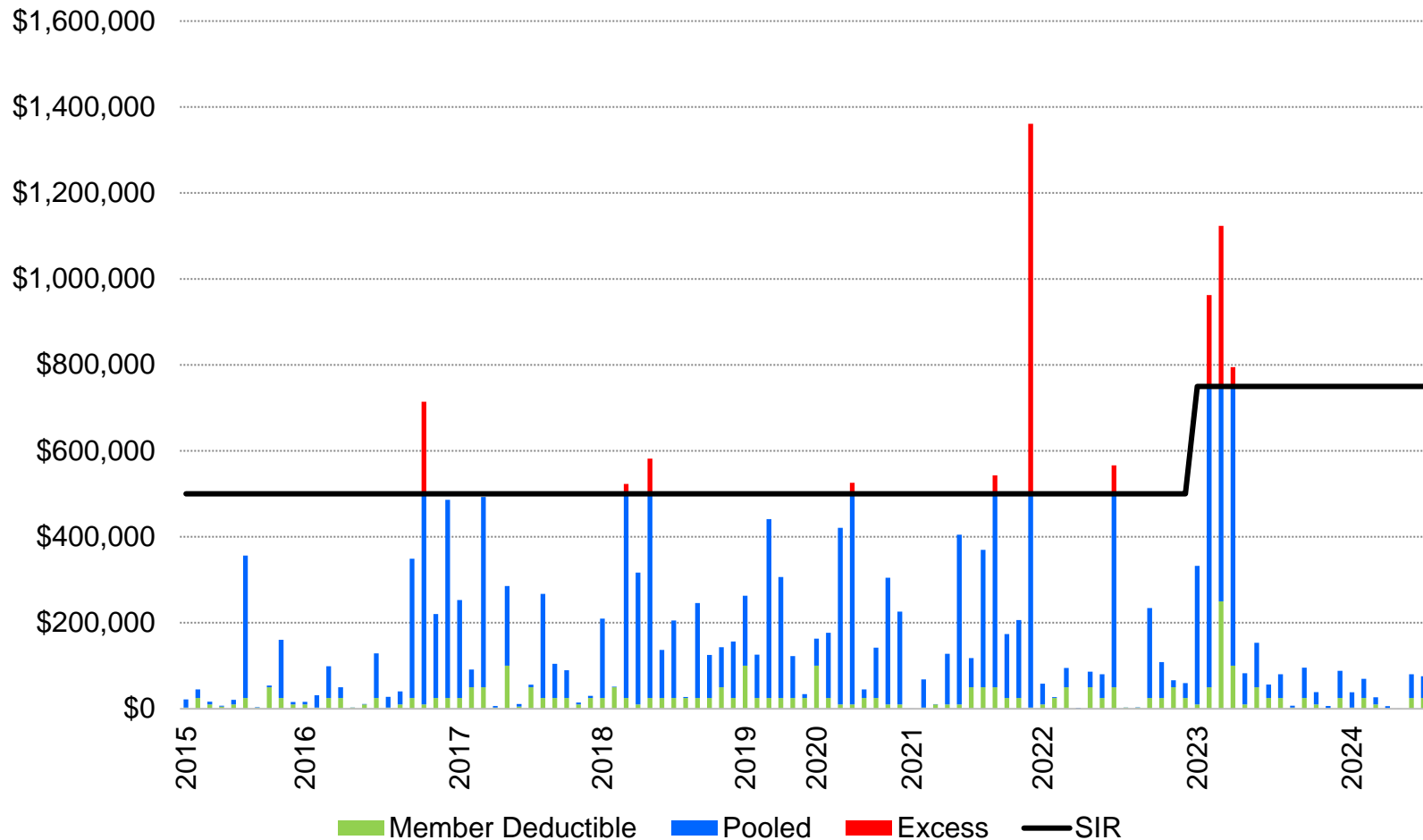
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<b>Member Deductible</b>	<b>General Liability</b>	<b>Automobile Liability</b>	<b>Employment Practices Liability</b>
\$2,500	19.0%	26.0%	
\$5,000	21.0%	40.0%	
\$10,000	23.0%	51.0%	
\$25,000	27.0%	69.0%	7.0%
\$50,000	39.0%	82.0%	15.0%
\$100,000	53.0%	90.0%	26.0%
\$250,000	73.0%	98.0%	
\$500,000	92.0%	99.5%	
\$750,000	100.0%	100.0%	
Limited Loss Rate	\$1.18	\$111.67	\$0.42

GL and EPL loss rates are per \$100 payroll.  
AL loss rate is per vehicle.

# 10-Year History of Incurred Losses

Accident years 2015-2024; as of June 30, 2024





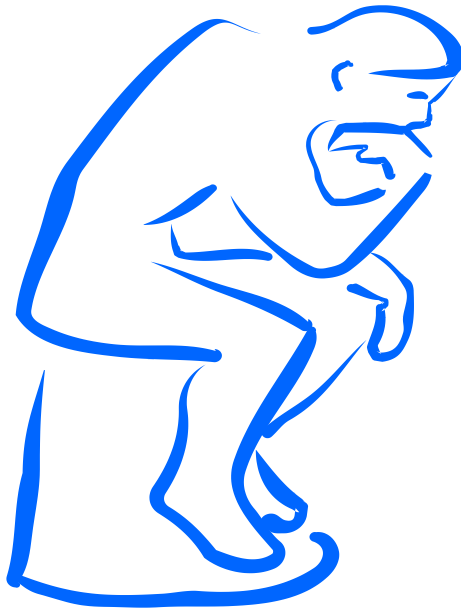
# Summary

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- Outstanding liabilities:
  - Increased by \$0.5M from June 30, 2023 to June 30, 2024
    - Favorable development on GL claims in 2021 and prior, but increase in EPL case reserves
- Funding loss rate:
  - 8% increase in AL “base” loss rate, due to higher claims in recent years, similar to insurance industry and other self-insured entities
- Excess layers subject to greater variation and uncertainty

---

**Questions?**



**Tracy Fleck, ACAS, MAAA**

Senior Consultant and Actuary  
Aon

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[tracy.fleck@aon.com](mailto:tracy.fleck@aon.com)

### Program Year 39 (2024-25) Renewal

**ISSUE:** The Pooled Liability Program will be renewing December 31, 2024. The Committee should consider a recommendation for the renewal.

We are nearly 50 days out from the renewal and are currently negotiating the reinsurance and excess insurance with the incumbent markets and having conversations with potential alternative markets. Munich Re, the incumbent on the lead layer (\$10M x \$750K) provided a renewal quote at a 12.62% increase. The Program Administrators will provide an update at the meeting.

**RECOMMENDATION:** The Program Administrators recommend that the Committee recommend to the Executive Board approval of the renewal at the expiring program structure transferring the Pooled Layer risk (Member Deductible - \$750,000) to the Clean Water Insurance Captive (CWIC).

**FISCAL IMPACT:** The chart below depicts the Program Administrators' expectation of the Program's renewal costs at the expiring program structure with *estimated* reinsurance / excess costs.

Expense Item	PY 38 2023/24 \$25.75 mil- lion limit	PY 39 2024/25 \$25.75 mil- lion limit	Change	
Pool Deposits / CWIC Gross Premium	2,947,225	3,764,684	817,459	27.74%
<b>Est. Reinsurance/Excess Costs (Net)</b>	3,419,637	3,932,583	512,946	15.00%
Est. Fixed Expense (JPA Charge)	386,833	438,287	51,454	13.30%
Pool Deposit Fees	<u>686,000</u>	<u>686,000</u>	<u>0</u>	<u>0.00%</u>
<b>Total Expected Costs</b>	<b>7,439,695</b>	<b>8,821,554</b>	<b>1,381,859</b>	<b>18.57%</b>

**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 is CWIC's actuary's suggested "Gross Premium" to fund losses in the pooled layer (member deductible – \$750K) + 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.

There are three components of this year's renewal that merit further discussion. They are Pool Deposits / CWIC Gross Premium, Reinsurance / Excess Insurance Costs, and Fixed Expense (JPA Charge).

Alliant's actuarial team performed the actuarial analysis to develop the "CWIC gross premium". The analysis includes the costs to fund losses in the Member - \$750K layer, underwriting margin and CWIC's administrative expenses. The actuary is projecting a substantial year-over-year increase in funding as a result of unfavorable loss development.

The Program Administrators are currently negotiating reinsurance and excess insurance renewals with underwriters, as discussed in the Issue section. Munich Re is the reinsurer currently providing coverage excess of the pooled layer (\$10M x \$750K). Berkley Public Entity provides the next layer of reinsurance (\$5M x \$10M). AWAC provides the top layer of coverage (\$10M x \$15M) for a total of \$25M in limits excess of the pooled layer. The Program Administrators have conservatively estimated the reinsurance and excess insurances cost to increase 15%.

The Fixed Expense (JPA Charge) is expected to increase by approximately 13.30% (\$51,454), largely due to an increase in the approved Risk Control Work Plan.

### **Other Factors to Consider**

#### 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 - \$750K) 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.

**Pooled Liability Program**  
**Deductible Selection Policy and Procedure**

**ISSUE:** Based on a review of the deductible selection worksheet as of 6/30/24, the Pooled Liability Committee directed the Program Administrators to schedule meetings with two member agencies who meet the threshold of having adverse loss experience. The Program Administrators met with Santa Margarita Water District and West County Wastewater District to discuss claims activity at the respective agencies and risk control efforts to address the root causes of those claims. The Program Administrators will discuss their findings at the meeting.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** Unknown.

**BACKGROUND:** Each year prior to the renewal of the Pooled Liability Program, the Program Administrators perform a review of member agency loss history to determine appropriate deductible levels. If a member agency's loss history constitutes "Adverse Loss Experience" as defined in the Deductible Selection Policy and Procedure, a risk management audit is triggered and the member agency's General Liability and or Employment Practices Liability deductible will be established as provided for in Procedure Sections 3 and 5 of the Policy and Procedure.

The Board of Directors approved the attached Deductible Selection Policy and Procedure. The Policy and Procedure incorporates a member agency's loss experience into the deductible selection process. General Liability deductible levels range from \$2,500 to \$500,000 with a minimum deductible for sewer overflows set at \$25,000. Effective December 31, 2023, CSRMA will increase the EPL deductible to \$50,000 from the current level of \$25,000 for all members and hold 10 virtual management level training courses annually on topics recommended by Liebert Cassidy Whitmore (LCW). Members who meet the criteria annually will have their EPL deductible reduced to \$25,000.

General Liability "adverse loss experience" is defined as a) Three of more losses incurred by the members in any one of the two most recent program years where each loss exceeds the member's General Liability deductible for that year; or b) Total incurred losses by the member in any one of the two most recent program years equal to \$100,000 or more in excess of the member's General Liability deductible for that year.

Employment Practices Liability "adverse loss experience" is defined as "Two or more losses incurred by the member in five of the most recent program years".

**ATTACHMENTS:** Deductible Selection Policy & Procedure #8-L

## CSRMA - Pooled Liability Program Manual

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### CSRMA POLICY & PROCEDURE MEMORANDUM # 8-L

**EFFECTIVE:**       **May 2, 2003**  
                          **Revised August 6, 2004**  
                          **Revised January 18, 2017**

**SUBJECT:**         **Deductible Selection**

#### **PURPOSE**

This Policy & Procedure Memorandum (P&P) governs the manner in which a member's annual deductible will be selected for purposes of the coverage provided by CSRMA's Pooled Liability Program (PLP).

#### **APPLICATION; EXCEPTIONS**

This P&P applies to the selection of annual deductibles for all CSRMA members participating in the PLP. However, if the PLP Memorandum of Coverage (MOC) specifies a minimum deductible for any coverage, the amount of which is greater than the deductible selected pursuant to this P&P, then in that case the minimum deductible established by the MOC controls. Nothing in this P&P is intended to, nor does it, preclude CSRMA from exercising other available remedies for a members' unsatisfactory claims history, such as removal of a member from participation in a program or removal from membership in CSRMA.

#### **POLICIES**

The following are policies of CSRMA:

1. Subject to the provisions of this P&P, each member participating in the PLP may select a General Liability deductible that will be applicable to the member during each annual coverage period. The Employment Practices Liability deductible for all members is \$25,000.
2. A member may not select a General Liability deductible that is less than the Recommended Minimum General Liability Deductible set forth in the Table below, unless the smaller deductible amount is approved by CSRMA.

Participant' s Pool Deposit Amount*		Recommended Minimum General Liability Deductible
From	To	
\$20,000 or Less		\$2,500
\$20,001	\$30,000	\$5,000
\$30,001	\$50,000	\$10,000
\$50,001	\$70,000	\$25,000
\$70,001	90,000	\$50,000
\$90,001	\$110,000	\$100,000
\$110,001	\$135,000	\$250,000
\$135,000 or More		\$500,000

3. A member may select a General Liability deductible that is greater than the Recommended Minimum General Liability Deductible amount, except that the maximum deductible amount may not exceed \$500,000.

4. Unless precluded by Adverse Loss Experience, a member may select a General Liability deductible that is less than the recommended minimum General Liability deductible shown in the Table if the member' s selection is approved as provided in this P&P.

5. If a member' s General Liability loss history constitutes Adverse Loss Experience, the member' s General Liability deductible will be established as provided in Procedure Section 3, below, of this P&P.

6. General Liability Adverse Loss Experience is defined as follows:

- (a) Three or more losses incurred by the member in any one of the two most recent program years where each loss exceeds the member' s General Liability deductible for that year; or
- (b) Total incurred losses by the member in any one of the two most recent program years equal to \$100,000 or more in excess of

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\*For the purposes of this Table, a member' s Pool Deposit Amount is the premium deposit payable by the member exclusive of the deposit required for Public Officials Errors and Omissions Coverage and before allowance is made for any deductible credits.

the member's General Liability deductible for that year.

For these purposes, the phrase two most recent program years means the PLP program year then in effect and the program year preceding it.

7. If a member's Employment Practices Liability loss history constitutes Adverse Loss Experience, the member's Employment Practices Liability deductible will be established as provided in Procedure Section 5, below, of this P&P.

8. Employment Practices Liability Adverse Loss Experience is defined as follows:

(a) Two or more losses incurred by the member in the five most recent program years.

## **PROCEDURES**

1. Unless (a) the member selects another General Liability deductible amount, or (b) other provisions of this P&P allow or require a different selection, a member is deemed to have selected the Recommended Minimum General Liability Deductible indicated in the Table above.

2. If a member wishes to select a General Liability deductible other than the Recommended Minimum General Liability Deductible, the member must notify CSRMA's Program Administrators of the member's selection not later than 90 days before the commencement of the program year.

(a) Subject to the provisions of this P&P concerning Adverse Loss Experience, selection of a deductible greater than the Recommended Minimum General Liability Deductible will be approved without further action.

(b) In the case of any PLP Participant that, as of the effective date of this P&P, has a General Liability deductible which is less than the Recommended Minimum General Liability Deductible, the participant is entitled to select and retain that lesser deductible amount so long as the PLP participant's loss history does not reflect Adverse Loss Experience, as defined in Policy Section 6 above.

(c) In cases not covered by Subsection (b) above, if the member wishes to select a deductible that is lower than the Recommended Minimum General Liability Deductible, the selection shall be referred to the PLP Committee for determination. The PLP Committee shall review the member's selection in relation to relevant underwriting considerations including, especially, the member's loss experience. The requested General Liability deductible selection may be approved by the Committee if the Committee believes:



- i. It is more probable than not that the member will not experience more than one loss during the next coverage period that would exceed the member's selected General Liability deductible amount, and
- ii. Other pertinent underwriting considerations do not favor selection of a larger amount.

3. During any interval that a PLP participant's General Liability loss history reflects Adverse Loss Experience, as defined in Policy Section 6 above, the member's minimum General Liability deductible shall be established by CSRMA as follows:

(a) A Risk Management Audit will be triggered. The Risk Management Audit will be performed by CSRMA's Risk Control Advisor.

(b) CSRMA's Program Administrators will make a recommendation to the PLP Committee on an appropriate General Liability deductible level for the member, based on the results of the risk management audit and an analysis of the member's loss history.

4. At such time as a PLP participant's loss history no longer reflects Adverse Loss Experience, as defined in Policy Section 6 above, the provisions of Procedure Section 3, above, shall no longer apply.

5. During any interval that a PLP participant's Employment Practices Liability loss history reflects Adverse Loss Experience, as defined in Policy Section 8 above, the member's Employment Practices Liability deductible shall be established by CSRMA as follows:

(a) A Risk Management Audit will be triggered to determine the root cause of the adverse loss experience. The Risk Management Audit will be performed by CSRMA's Risk Control Advisor.

(b) CSRMA's Program Administrators will make a recommendation to the PLP Committee on an appropriate CSRMA provided training program targeted at the root cause of the adverse loss experience and an appropriate Employment Practices Liability deductible level for the member based on an analysis of the member's loss history. The training program will be mandatory.

6. Any decision or determination by the PLP Committee may be appealed by the affected member or any other member of the PLP to CSRMA's Executive Board, who shall hear and determine the appeal as promptly as possible. The decision of the Executive Board is final.

### **Draft Retrospective Rating Calculation at 6/30/24**

**ISSUE:** The Retrospective Rating Calculation based on updated loss information and financial data as of June 30, 2024 is in process and is expected to be completed prior to the meeting.

**RECOMMENDATION:** A recommendation will be made at the meeting.

**FISCAL IMPACT:** The calculation results will be distributed at the meeting.

The draft audited financials as of 6/30/24 indicate retained funds in the Pooled Liability Program in the amount of \$4,578,402.

**BACKGROUND:** The Retro plan was adopted to spread losses amongst members. Implementing the recommended changes outlined in Item F.6. and consistent with last year's retro calculation, each program year will be evaluated beginning three and a half years (42) months after expiration and annually thereafter. The retro calculation is performed based on financial data as of June 30.

Major components of the retrospective rating plan include:

- Paid Losses
- Claims Reserves
- Incurred but not reported (IBNR) losses
- Administrative Costs
- Investment Income

The retro adjustments appear as a debit or credit on member's renewal invoices. The calculation is performed by a computer program, which applies a formula adopted by the Board of Directors.

**ATTACHMENTS:** Draft Retrospective Rating Results as of June 30, 2024 for Program Years Twenty-Eight through Thirty-Four. (HANDOUT)

### **Dividend Calculation as of 6/30/24**

**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.

As of June 30, 2024, the Pooled Liability Program retained funds were \$4,578,402, and therefore dividends are not eligible for declaration.

**RECOMMENDATION:** The Program Administrators are not recommending the declaration of a dividend at this time.

**FISCAL IMPACT:** As of June 30, 2024, the retained funds in the program were \$4,578,402.

**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.

The dividend is calculated using the liability program matrix as of June 30, and the retrospective rating plan calculation as of June 30.

**ATTACHMENTS:** 1) CSRMA PLP Program Manual P & P 5L

**Pooled Liability Program Manual**

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**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.

**Pooled Liability Program Manual**

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**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

## **Retrospective Rating Calculation Policy & Procedure Amendments**

**ISSUE:** The Pooled Liability Committee directed the Program Administrators to amend the Retrospective Rating Plan Policy & Procedure based on recommendations made in the Bickmore Actuarial report and bring back to the Committee at a future meeting for consideration. The changes are summarized below and incorporated into the proposed redline strikeout version of the Retrospective Rating Plan Policy & Procedure attached to this item.

- The Retro calculation should be performed three and a half years following the expiration date of a program year.
- Discontinue the retro for program years prior to 2013-14.

**RECOMMENDATION:** The Program Administrators recommend that the Committee recommend that the Executive Board recommend to the Board of Directors approval of the proposed amendments to the Retrospective Rating Plan Policy & Procedure.

**FISCAL IMPACT:** The Program can avoid trading dollars with the membership in the near term stabilizing the distribution of the retrospective premiums over time by delaying the first retro calculation.

**BACKGROUND:** The Program Administrators had engaged Bickmore Actuarial to rebuild the Pooled Liability Program Retrospective Rating Plan and Matrix databases with technology more suited to handling large amounts of data requiring significant calculative power. This project presented opportunities to create efficiencies and improve the administrative components of the Program. Bickmore Actuarial's observations are summarized below.

1. Continue to perform calculations of retrospective premiums based on data valued at June 30 of each year. The data for retro calculation should be reconciled to financial statements at the same valuation.
2. Include outstanding liabilities for claims administration fees in the retro formula.
3. Stabilize the distribution of retrospective premiums by delaying eligibility for the first retro distribution or contribution. For liability program, we recommend a three and a half year gap between policy expiration date and retro eligibility.
4. Produce summary exhibits that display equity balances by member and equity balances by policy year. The total equity balance should be reconciled to financial statements.
5. Add exhibits that display ultimate loss and LAE rates and/or ratios by policy year. Such addition will allow Alliant's staff to better monitor overall profitability and loss trends.
6. Consider closing any policy year with no loss and LAE liability.

Recommendations considered by the Committee to improve the operation of the Retrospective Rating Plan are summarized below.

- Timing of the calculation. Currently the retro calculation is performed 6 months after expiration of the program year. This generally results in an immediate retro *return* to the membership as recent program years have not developed, making the program year look healthier than it actually is, and often, losses develop, the retro will later need to recollect monies that it had earlier returned. The Program Administrators recommend a three-and-a-half-year gap between policy expiration date and retro eligibility.
- Discontinue the retro for program years prior to 2013-14. These older program years are mature and generally, there is little to no claims activity that moves the financial position in any meaningful way. Bickmore had 27 years with an annual balance of less than \$50 (years 2012-13 and prior) and recommended that these years to be closed for any subsequent calculation of retrospective premium. The Program Administrators envision continuing to track equity balances for these years but no longer run the retro calculation, thus saving time and complexity for both the Program Administrators and the membership.

**ATTACHMENTS:** Redline Strikeout Version of the Retrospective Rating Plan Policy & Procedure.

**CSRMA  
POLICY & PROCEDURE  
#6-L**

**SUBJECT: Retrospective Rating Plan**

**EFFECTIVE: January 19, 2001**  
**Revised TBD**

**Purpose:**

This policy and procedure is written to describe the process by which the Pooled Liability Program's (PLP) retrospective rating calculations are performed for Program Years 2013-14 and beyond. Prior Program Years are deemed closed for any subsequent calculation of retrospective premium. Terms and phrases with special meaning are defined in the "Definitions" section of this policy and procedure.

**Policy:**

In order to provide an incentive for members to control losses and to maintain a prudently funded pool, the Board of Directors adopted a "Retrospective Rating Plan" ("the retro") in 1988 for calculating final member deposit amounts into the pool for each Program Year. While the plan has operated according to the wishes of the Board, the Board desires this policy and procedure to be written to more clearly describe the detailed operation of the plan. This document therefore supercedes the original document adopted by the Board.

In principle, retrospective rating works to adjust a member's initial deposit subsequent to the expiration of a rating period (Program Year) on the basis of actual losses during that period. Such a rating program allows a member to more directly determine risk transfer costs through control of its own loss experience. This concept of individual cost determination on the basis of a member's actual incurred losses is significant in that:

- A member that controls losses is allowed the opportunity to generate a final deposit lower than premium developed by a typical insurance program;
- A member who has historically not controlled losses, is provided with incentive to do so; and
- Each member has the opportunity to earn a reasonable final deposit based upon its own actual loss experience. Retrospective rating provides more immediate recognition of favorable (or unfavorable) loss experience.

To accomplish these objectives, the basic plan design was formulated to include a retrospective rating feature.



The retrospective rating adjustment process evaluates each member's claims and expenses for each Program Year to determine:

1. If the total of member pool deposit amounts (initial and subsequent adjustments) plus investment income, is adequate to cover losses and expenses; and
2. The degree to which individual member pool deposit amounts either contributed to the financial success of a given Program Year.

Upon determination of these two issues, members are subject to a "retrospective rating adjustment" (an "adjustment") to their initial deposit, either positive or negative, subject to the formula utilized. The adjustment for each applicable Program Year appears on the member's annual Pooled Liability Program invoices. The first adjustment (credit or debit) is applied to the invoice for the following Program Year. Subsequent adjustments are applied to the invoices of subsequent Program Years.

Retrospective rating adjustments for the Pooled Liability Program are calculated three and half years (42 ~~six~~ months) after the conclusion of each Program Year, and annually thereafter until the Program Year is declared "closed" by the Board of Directors. In addition, the Board of Directors may declare special assessments, above and beyond retro adjustments, calculated at any time if in the Board's opinion, it becomes advisable to do so. The results of each retro calculation are communicated to the membership after review by the Executive Board. Any special assessment authorized by the Board shall be due as specified by the Board.

**Procedure:**

Three and a half years (42 ~~six~~ months) after the expiration of each Program Year, and annually thereafter, (currently June 30th of each year), unless otherwise directed by CSRMA, the Program Administrators are to start collection of the data needed to perform the retro calculation for that year. Data required includes:

1. Complete Pooled Liability Program Loss Runs valued as of June 30th showing paid and reserve amounts by member for the "pooled layer" (i.e. claim amounts between the members' deductibles and the excess attachment point).
2. Initial Pool Deposit amounts for each Program Year.
3. Incurred But Not Reported (IBNR) amounts for each Program Year as of June 30<sup>th</sup>.
4. Investment Income allocated to each Program Year as of June 30th.

Using the above data, the Program Administrators are to calculate the retrospective rating adjustment utilizing IBNR values representative of a “70% confidence level” for each Program Year. The results are to be presented to the Pooled Liability Program Committee and the Executive Board no later than the last regularly scheduled meeting of each in the calendar year. The Committee is to review the results and make a recommendation to the Executive Board concerning the appropriateness of implementing the results of the calculation.

With respect to initial Program Year Deposits, the Executive Board is granted authority to utilize an actuarial degree of confidence other than that noted above when it is appropriate to do so based upon evaluation of the following criteria:

1. Insurance market conditions that impact the viability of the Program;
2. Legislative issues expected to impact the workers’ compensation environment;
3. Either favorable or unfavorable program funding issues that need to be addressed; and
4. Risk exposures that impact the viability of the Program.

Upon acceptance of the results by the Executive Board, with or without modification, the Program Administrators are to credit or debit annual member invoices accordingly.

#### Calculation

The retrospective adjustment amount for each Program Year shall be calculated for each member by adding the sums of (A) and (B) below, adjusted for previously calculated and adjusted deposits, provided, however, that such amount shall not be greater than 150% of the Deposit, nor less than 75% of the Deposit:

- A. An amount equal to the individual members incurred losses, plus its pro-rata share of expenses;
- B. Each member’s proportionate share (based upon the amounts determined pursuant to (A) above) of the difference between the sum of the individual amounts calculated pursuant to (A) above, and the total of all incurred losses, reserves, expenses, and interest income for the Program as a whole.

#### **Column #1 – ~~Self Funded~~ Deposit Amounts:**

This column is the initial deposit paid to the Authority by the member.

#### **Column #2 – ~~Administrative~~ Costs:**

The retro allows for the insertion of Administrative costs.

#### **Column #3 – Pooled ~~Losses~~ Paid:**

This column includes actual losses paid in the pooled layer excess of the members’ deductible. It includes all losses up to the excess insurance attachment point.

**Column #4 – Investment Income Earned To Date:**

Commulative investment earnings for the program year to date.

**Column #5 - Average Investment Funds:**

This is an estimate of each member's funds available for investment.

**Column #6 – Interest Allocation Factor:**

This is the factor to allocate the investment earnings.

**Column #7~~5~~ – Allocated Investment Earnings:**

This is each member's "share" of the investment income available for the Program Year.

**Column #8 – Total Investment Earnings:**

This is the sum of Investment Income Earned to date and Allocated Investment Earnings.

**Column #9~~6~~ – Pooled Case Loss Reserves:**

This column indicates the loss reserves for each member in the pooled layer.

**Column #10~~7~~ – Allocated IBNR and Loss Development Reserves:**

This column allocates the Incurred But Not Reported (IBNR) claims and loss development of the Program Year.

**Column #8-11 – Net Pool Costs:**

The pool costs amount to losses, IBNR, and administrative costs, less interest.

**Column #9-12 – Maximum Deposit:**

This column is the maximum amount assessable against an individual member for poor experience. It is equal to the product of the member's initial deposit and 1.50.

**Column #10-13 – Minimum Deposit:**

This is the minimum amount the Authority will retain for a member through the retro. It is the product of the member's initial deposit and .75.

**Column #11-14 – Formula Deposit:**

The Formula Deposit determines the amount the member will pay. It is equal to Net Pool Costs as shown in Column #811, unless these are more than the maximum, or less than the minimum.

**Column #152 - Allocation of Overage:**

If the total of Formula Deposit is insufficient to cover the losses of the pool, the “overage” (the difference between funds available and funds needed) is allocated by this formula.

**Column #16 – Indicated Retro Adjustment**

This is the difference between the Formula Deposit and the Deposit Amount + Admin. Costs.

**Column #17 – Indicated Retro Adjustment for Overage**

This is the sum of the Allocation of Overage and Indicated Retro Adjustment.

**Column #18 – Retro Adjustment Paid to Date**

This column shows the previous Retro Adjustments for the program year being calculated.

**Column #19 – Prior Overage**

This column shows a member’s previous Allocation of Overage for the program year being calculated.

**Column #20 – This Year Retro Adjustment**

This is the Indicated Retro Adjustment for Overage less previous Retro Adjustments and Allocation of Overage for the program year being calculated.

**~~Initial Deposit~~**

~~The Initial Deposit is equal to the amount shown in Column #1, Self Funded Deposits.~~

**~~(Year) Retro Adjustment:~~**

~~This is the Formula Deposit plus the Allocation of Overage less the Initial Deposit.~~

**~~Final Pool to Date:~~**

~~This is the Initial Deposit less the (Year) Retro Adjustment.~~

**DEFINITIONS:**

***1. Calculation Date***

The retrospective rating calculation dates are established at three and a half years (42 ~~six~~ months) following the conclusion of each Program Year (Currently December 31<sup>st</sup>) and annually thereafter for each Program Year until closed.

## **2. *Allocated Losses***

“Allocated Losses” includes each member’s actual losses (“paid and reserved”) as depicted in the JPA’s official loss runs **and** that members’ proportionate share of IBNR for that Program Year. Loss amounts below the members’ deductible, or above the Program’s excess attachment point are not counted in the calculation.

## **3. *Pool Deposits (Deposits)***

"Deposit", or “pool deposit,” term refers to the amount charged either individually or collectively to the pool members to cover the expected losses and expenses of a given Program Year.

## **4. *Claim Reserves***

“Claim Reserves” is an estimate of the funds needed to be set aside for **known** events (reported) that have given rise to a claim against a member. Each claim made against a member is “reserved” by the Program’s claims adjusting firm in accordance with the intrinsic dollar value of that claim. The aggregate value of all claims reserved make up the Authority's total “claims reserves”.

## **5. *Loss Adjustment Expenses***

“Loss Adjustment Expenses” refers to expenses incurred in the course of investigating and settling claims. Allocated loss adjustment expenses (ALAE) include costs, or expected costs, associated directly with specific claims paid or in the process of settlement, such as legal and adjusters' fees. Unallocated loss adjustment expenses (ULAE) include other costs, or expected other costs, that cannot be associated with specific claims but are related to claims paid or in the process of settlement, such as salaries and other internal costs of the pool's claims administrator.

## **6. *Incurred But Not Reported (IBNR)***

Claims for covered events that have occurred but have not yet been reported to the member or pool as of the date of the financial statement preparation or evaluation. IBNR claims include (a) known loss events that are expected to later be presented as claims, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported.

## **7. *Ultimate Net Loss***

“Ultimate Net Loss” is the sum of claims paid to date, claim reserves and IBNR; all within the program’s pooled layer. Because it is composed of two estimates, Ultimate Net Loss is also an estimate. The term is used to capture the total value of all claims that will ultimately be made against members for which the Authority is responsible. The Authority attempts to fund its programs such that member deposits for each period (Program Year) will equal the estimated ultimate net loss for that year plus program expenses and other general and administrative costs.

#### **8. *Confidence Level***

“Confidence Level” is a statistical term used to express the degree to which an actuarial projection (usually “Ultimate Net Loss” or “IBNR”) will be an accurate prediction of what the dollars losses will eventually be for a Program Year. The higher a confidence level, the greater surety one has that losses will not exceed the dollar value determined to attain that confidence level.

#### **9. *Contingency Margin***

“Contingency margin” refers to program equity in excess of that which is needed to maintain an “expected” confidence level.

## **2-Year Risk Control Work Plan**

**ISSUE:** Each year, the chairs of the Workers' Compensation Committee and the Pooled Liability Committee meet with the Risk Control Advisor in December to develop a draft Risk Control Work Plan for the coming Program Year. The draft Work Plan is then presented to each Committee for review and input. The final draft Work Plan is then presented to the Executive Board for review at their Long-Range Planning meeting held each March.

For 2024, the Risk Control Subcommittee will update the FY24/25-25/26 Risk Control Work Plan and form the FY 25/26-26/27 Risk Control Work Plan.

**RECOMMENDATION:** None – information only.

**FISCAL IMPACT:** None

**BACKGROUND:** The CSRMA Executive Board, at its 2016 Long Range Planning meeting changed the format of the CSRMA Risk Control Work Plan from a single year to encompass two years for the following reasons:

- Reduce workload for the Committees and Executive Board
- Increase CSRMA's ability to address long term risk trends
- Plan risk control projects over a longer budgeting horizon to allow for more complex risk control activities
  - Example: The SOP App was funded over two fiscal years as this project required more work than could be completed in a single year.

The work plan is envisioned to be adjusted annually to reflect new or emerging exposures and risk control activities that will reduce exposures.

**ATTACHMENTS:** None



## **Do Not Go Gentle into That Good Night**

BY DYLAN THOMAS

Do not go gentle into that good night,  
Old age should burn and rave at close of day;  
Rage, rage against the dying of the light.

Though wise men at their end know dark is right,  
Because their words had forked no lightning they  
Do not go gentle into that good night.

Good men, the last wave by, crying how bright  
Their frail deeds might have danced in a green bay,  
Rage, rage against the dying of the light.

Wild men who caught and sang the sun in flight,  
And learn, too late, they grieved it on its way,  
Do not go gentle into that good night.

Grave men, near death, who see with blinding sight  
Blind eyes could blaze like meteors and be gay,  
Rage, rage against the dying of the light.

And you, my father, there on the sad height,  
Curse, bless, me now with your fierce tears, I pray.  
Do not go gentle into that good night.  
Rage, rage against the dying of the light.



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Source: *The Collected Poems of Dylan Thomas* (New Directions Publishing Corporation, 1957)

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# Is That QR Code an Entry Point to Stealing Your Data?

[alliant.com/news-resources/article-is-that-qr-code-an-entry-point-to-stealing-your-data](https://alliant.com/news-resources/article-is-that-qr-code-an-entry-point-to-stealing-your-data)



Insight

By Alliant Specialty

Listen to the audio version:

QR codes have become a widely embraced tool in marketing, sales, payment and customer service for numerous businesses. With their increasing prevalence, malicious actors have discovered means to exploit QR codes for phishing attacks and the dissemination of malware.

These vulnerabilities can result in considerable financial and reputational harm, underscoring the importance for businesses to recognize and proactively mitigate these risks.

## What are QR Codes?

A Quick Response (QR) code is a two-dimensional matrix barcode that stores information in black squares arranged on a white square grid. Originally developed for tracking automotive

parts, QR codes have evolved into a versatile tool widely used in various industries. These codes can store a range of data, including text, URLs, contact information or other forms of alphanumeric data. The ubiquity of smartphones equipped with QR code readers has further propelled their popularity, allowing users to easily scan and access information encoded within the matrix. QR codes find applications in marketing, product labeling, ticketing and numerous other fields, serving as a convenient bridge between physical and digital realms.

## The Risks of QR Codes

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QR codes present inherent risks due to their potential exploitation by malicious actors. As a bridge between the physical and digital realms, QR codes can become vectors for phishing attacks and malware dissemination. Cybercriminals may craft deceptive QR codes to redirect users to malicious websites, compromising sensitive information or installing malware on their devices. Since legitimate QR codes appear as a random scramble of pixels within a larger square, it can be difficult for users to differentiate between the safe and malicious ones. Additionally, the widespread use of QR codes in payment transactions and to access URLs increases the likelihood of encountering fraudulent codes. Businesses and individuals must be vigilant, as the vulnerabilities in QR codes can lead to financial losses, data breaches and reputational damage if not properly addressed and secured. Implementing robust security measures and promoting awareness are essential safeguards in mitigating the cybersecurity risks associated with QR codes.

## The Effects of Fraudulent QR Codes

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Examples of how cybercriminals can exploit QR codes include:

- Replacing or tampering with QR codes—Malicious actors may place their counterfeit QR code over a legitimate one or alter a legitimate one.
- Placing QR codes in high-traffic areas or in strategic locations—Cybercriminals may place QR codes in high-traffic areas or near places where it might seem connected to a location or object (e.g., on a parking meter). Curious passersby or those thinking the QR codes serve a safe function (e.g., paying for parking) may then scan the malicious code.
- Sending fraudulent QR codes in an email or through an app—Malicious actors may include a QR code in digital communication with language accompanying it to make the code seem legitimate.

Once the fraudulent QR code is scanned, a user may be vulnerable to various security issues, including:

- **Quishing**—This is a form of phishing where the cybercriminal seeks to steal an individual's credentials, passwords or other personal data after a user accesses the website through the malicious QR code. The cybercriminal may use social engineering techniques in order to trick a user into thinking the website is legitimate and, therefore, safe to enter their sensitive information.
- **QRLjacking**—This involves a cybercriminal spreading malware to an individual's devices after a fraudulent QR code directs the user to a malicious URL.
- **Device hacking**—Under certain circumstances, a malicious actor may be able to access a user's device if they scan a fraudulent QR code. The hacker then may be able to place a call, send a text or make a payment from the compromised device.

## **Mitigating the Risks of QR Codes**

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As cybercriminals increase their use of QR codes, it is essential for businesses to mitigate the risks associated with them. Strategies include the following:

- Provide continuous education to employees on the latest cyberthreats and dangers connected to QR codes. Carefully examine QR codes to ensure they were not tampered with or altered before scanning them.
- Be cautious when scanning QR codes and double-check the web addresses of the sites they direct to.
- Install security software with content filtering that inspects links and attachments and blocks access to suspicious items. Maintain strict access controls to limit damage from malicious actors if they obtain login credentials.

- Utilize multifactor authentication systems to add a layer of protection to business systems in case employee passwords or credentials have been compromised.
- Advise employees not to scan QR codes if they are unsure of their origin. Keep all devices updated and patched.
- Disable automatic QR code scanning on devices.
- Review default settings and permissions regarding the sharing of sensitive information.
- Train employees on how to safely use their technology in a bring-your-own-device environment.
- Reduce the use of QR codes in electronic business communications to disincentivize cybercriminals from using them to target customers.

Businesses wishing to use QR codes can also take steps to protect their customers. Techniques to consider include:

- Using a reputable QR code generator.
- Customizing the QR code to include the company's branding.
- Testing the QR code before distributing it.
- Ensuring the linked website is strongly encrypted and has visible indications of SSL protection.

## **How Can Alliant Help?**

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QR codes provide a useful function, but they can also serve as an entry point for malicious individuals to steal credentials, insert harmful software and compromise the security of an organization and its customers. This can lead to significant financial losses and reputational damage. By implementing risk reduction strategies, companies can protect their business, employees and clients.

Alliant Cyber is ready to engage with your organization today, to assist you in identifying and realizing your cyber risk management objectives. Our multi-disciplinary team accomplishes this through our accelerated model of engagement, prioritization and targeted results. Reach out today to begin your journey toward optimized insurability outcomes, enabled by Alliant Cyber.

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# RISK SIMPLIFIED

## RESOURCES

[PRISM Vacant Building Best Practices](#)

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[Email PRISM Risk Control](#)  
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## Copper Theft

by Chandler Wright

Agencies across the state of California are feeling the effects of vandalism and copper theft. Copper is a valuable metal that is often collected and stolen because of its high scrap value. California is home to over 150,000 electric vehicle chargers and has the most extensive charging network in the country. While conveniently placed and readily available for public use, these chargers are just one example of how copper is becoming more accessible to thieves. This document will go over associated best practices for how agencies can better protect this valuable asset and prevent damage to their systems.

### Where is copper located?

In order for an agency to successfully protect their copper from theft, they must first identify where it can be found. Copper is used frequently in electrical and plumbing systems due to its usefulness as an electrical and thermal conductor, as well as having high durability, malleability, and corrosion resistance.

Agencies should maintain a list of the systems and locations that contain copper, as well as list their level of vulnerability. Exterior uses such as electrical panels, heating, ventilation, and air conditioning (HVAC) units, lighting, fiber optics, and electric vehicle charging stations will likely be more susceptible to copper theft than the plumbing system located inside the building. The systems that are the most vulnerable should be given priority for protective measures. Vacant buildings should also be given a priority consideration, as



# RISK SIMPLIFIED

they are often the target of vandalism and theft. Individuals looking to obtain the copper found within the aforementioned systems will likely need an abundance of time, making vacant buildings more appealing.

## How to protect copper

One of the best ways to protect against copper theft is to make it less appealing to steal. The more difficult or risky it is for someone to steal the copper, they less likely they are to be successful. Copper theft can be made more difficult when agencies put the following in place:

- Lighting – Lighting around dimly light exterior sources of copper may cause thieves to pause, as they aren't sure who is able to see them.
- Locks – While locks can be easily cut, they might deter someone who is acting in the spur of the moment. Strong cut-resistant locks should be used when possible.
- Signage – Placing signs that indicate that the area is under surveillance may cause an individual to think twice before acting, even if no cameras are visible.
- Barriers – Physical barriers can be added as a deterrent between the individual and the copper, making it less appealing to attempt to steal. Examples of barriers may include chain-link fence, which can be made more secure by adding razor wire to the top, tamper proof covers, and cages. Agencies should decide what type of barrier will be most effective for their individual locations.
- Security Cameras – Individuals looking to steal copper do not want to be seen, and placing cameras in strategic positions will deter them from acting while also providing agencies the possibility of identifying the individual and pressing charges.
- Alarms – Alarm systems can play a role in both notifying an agency that something is amiss, while also scaring away the individual who is trespassing.
- Copper Theft Prevention Devices – Monitoring devices can be attached to HVAC units and automatically activate the building's alarm system when power is turned off to the unit, the copper is cut, or the refrigeration system is compromised.
- On-site Security – While an expensive option, on-site security personnel, especially during the night-time hours, can be a great deterrent to individuals looking to steal copper. They also have the ability of notifying the proper authorities when needed.
- Regular Inspections - While it may not deter thieves entirely, conducting regular inspections and performing routine maintenance will show that these areas are taken care of and that staff are present.





# RISK SIMPLIFIED

- Paint - Consider painting copper in an effort to either disguise it or make it less appealing. Recycling facilities are often less willing to buy copper with paint on it, as it requires extra work on their part to remove the paint before they can recycle the copper. This also lowers the price on the copper which may deter thieves.

Agencies should take the time to determine where their copper components may be vulnerable to theft and take actions to prevent against it. The amount of copper theft around the state is increasing, and agencies should not wait for an incident to damage critical systems in their buildings before acting. If you have any questions, please reach out to PRISM's [Risk Control](#) Department.



# Travelers RMplusonline

 [rmpplusonline.com/article.cfm](https://rmpplusonline.com/article.cfm)

## Fraud And Favoritism: A Harmful Combo

An audit at Utah State University Eastern uncovered an employee who was paid for two years that he did not actually work.

The university allegedly paid the employee, who oversaw the local Custom Fit and Small Business Development Center programs, \$157,470 in salary and benefits for no work performed from the summer of 2021 to the fall of 2023.

The employee allegedly did not submit a request for sick or vacation time, but simply failed to show up to work. His manager did not record the absences.

According to the information contained in the audit, the employee's absence was repeatedly reported by others, but three university administrators ignored the reports because they were friends with the employee. The administrators, including an associate department head who lived with the employee, allegedly covered for him so that he could keep getting paid.

The auditors also found "a culture of favoritism and inappropriate workplace reporting chains"; "shoddy" accounting practices; and human resources policies that had not been updated since 1999.

The auditors recommended that the university update its "nepotism and cronyism policy" using Utah's code for state employees as a model and require that the manager "accurately report employee absences" and follow up each month with human resources to make sure they are properly recorded, among other measures.

A spokesperson for the university said it has already completed some of the recommendations, including rewriting its family and relatives policy, and will address the others, including oversight of employees and enforcement of policies. Courtney Tanner "5 fixes Utah State University will make after damning audit showed employee paid for 2 years he didn't work" [www.sltrib.com](http://www.sltrib.com) (Jul. 2, 2024).

### *Commentary*

"Ghost employees" are employees on paper, but not in substance. They exist to receive a wage for no work, a form of fraud. The employee in the above matter qualifies as a "ghost".

In this matter, the motive for the fraud appears to be from favoritism – allowing a favored employee to draw two years of salary for nothing.

Favoritism led to fraud in the above matter, but can also lead to turnover, lower productivity, and litigation.

<b>CSRMA MEETING CALENDAR 2024</b>			
<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>
<b>CSRMA EB - WED - 24</b>	CSRMA LIAB (TC) - MON - 12	<b>CSRMA LRP - SUN - TUE - 3, 4, 5</b>	<b>CSRMA FIN - MON - 15 (SFO)</b>
<b>CSRMA BD - WED - 24</b>	<b>CSRMA WC - THUR - 15</b>		
<i>CASA January 24 - 26</i>	<i>PARMA February 20 - 23</i>		
<i>Palm Springs</i>	<i>Indian Wells</i>		
<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>
<b>CSRMA LIAB - MON - 6 (WC OFFICE)</b>	CSRMA EB (TC) - MON - 10	<b>CSRMA EB - TUE - 30</b>	
CSRMA OC (TC) - TUES - 7	CSRMA BOD (TC) - THUR - 20	<b>CSRMA BD - WED - 31</b>	
CSRMA WC (TC) - THUR - 16	CSRMA OC (TC) - WED - 26		
		<i>CASA July 31 - August 2</i>	
		<i>Monterey</i>	
<b>SEPTEMBER</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>
<b>CSRMA LIAB - MON - 9 (WC OFFICE)</b>	<b>CSRMA EB - MON - 7 (SFO)</b>	CSRMA OC (TC) - FRI - 1	CSRMA EB (TC) - MON - 2
CSRMA OC (TC) - FRI - 13	CSRMA WC (TC) - WED - 16	CSRMA FIN (TC) - MON - 4	CSRMA OC (TC) - THUR - 12
		<b>CSRMA LIAB - MON - 18 (WC OFFICE)</b>	
<i>CAJPA September 10 - 13</i>			
<i>South Lake Tahoe</i>			

**Meetings in RED are IN-PERSON**

**CSRMA  
Board of Directors  
60 Members**

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*Jason Dow, Chair*  
*Matt Anderson*  
*Philip Leiber*  
*Ryan Green*

**Executive Board**  
*Craig Murray, Carpinteria SD (President)*  
*Sandeep Karkal, Novato SD (Vice President)*  
*Michael Thornton, San Elijo JPA*  
*Vince De Lange, Delta Diablo*  
*Michelle Gallardo, Dublin San Ramon SD*  
*Teresa Herrera, Silicon Valley Clean Water*  
*Patrick Ostly, North of River SD*  
*Tyson Zimmerman, Ironhouse SD (Alternate)*

**Officers Committee**  
*Craig Murray*  
*Sandeep Karkal*

**Treasurer-Auditor**  
*Jason Dow*

**Secretary**  
*Roland Williams*

**Legal Counsel**  
*Byrne Conley, Esq.*  
*Gibbons & Conley*

**Financial Auditor**  
*James Marta,*  
*James Marta & Company*

**Program Management  
Alliant Insurance Services, Inc.  
JPA Administration & Insurance**  
*Dennis Mulqueeny*  
*Seth Cole*  
*Myron Leavell*  
*Marilyn Schley*  
*P.J. Skarlanic*  
*Steve Davidson*  
*Thary Ou*  
*Tevea Him*  
*Phuntsok Gaphel*  
**Loss Control Services**  
*David Patzer, Patzer Risk Control Services*  
*CSRMA Risk Control Advisor*  
*Heather Truro, HT Consulting*  
*Return to Work Consultant*  
**Accounting**  
*Tami Giovanni*

**Financial Advisor**  
*Michael Kronbeter,*  
*PFM Asset Management*  
*LLC*

**Pooled Liability Program Committee**  
*Teresa Herrera, Silicon Valley Clean Water, Chair*  
*Sergio Ramirez, West Bay SD*  
*Jimmy Dang, Oro Loma SD*  
*Mark Carlson, Union SD*  
*Jordan Damerel, Fairfield-Suisun SD*  
*Veronica Cazares, Selma-Kingsburg-Fowler County SD*

**Workers' Compensation Program Committee**  
*Vince De Lange, Delta Diablo, Chair*  
*Jeffrey Kingston, Sausalito-Marin City SD*  
*Curtis Paxton, Las Gallinas Valley SD*  
*Jennifer Sabine, Encina Wastewater Authority*  
*Jan Lee, Dublin San Ramon SD*  
**VACANT**

**Claims**  
*Alan Dialon*  
*Carl Warren & Co.*

**Claims**  
*Stella Sebastiani*  
*Athens*

***Service Team***

