

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES  
BOARD OF DIRECTORS**

**AGENDA**

**Bickmore  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, California 95833  
(800) 541-4591**

**Wednesday, April 15, 2014  
10:00 a.m.  
Lunch will be provided**

*In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Ms. Jaesa McCulligan at (916) 244-1130 or (916) 244-1199 (fax). Requests must be made as early as possible, and at least one full business day before the start of the meeting.*

*Documents and materials relating to an open session agenda item that are provided to the CARMA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at: 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833. The documents are also available on CARMA's website, [www.carmajpa.org](http://www.carmajpa.org).*

	<b><u>Page</u></b>
<b>1. CALL TO ORDER</b>	
<b>2. INTRODUCTIONS</b>	
<b>3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)</b>	
<b>4. PUBLIC COMMENTS</b> – This time is reserved for members of the public to address the Board relative to matters of the California Affiliated Risk Management Authorities not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.	
<b>5. CONSENT CALENDAR</b>	
*A. Minutes of the January 9, 2015, Board of Directors' Meeting	<b>4</b>
*B. Warrant Listing from January 31, 2015, through March 31, 2015	<b>11</b>
*C. Treasurer's Report as of December 31, 2014	<b>12</b>
*D. Internal Financial Statements for the Quarter Ended December 31, 2014	<b>32</b>
*E. CARMA Records for Disposal - 2014	<b>40</b>
<i>Recommendation: Approval of the Consent Calendar.</i>	
<b>6. ADMINISTRATIVE MATTERS</b>	
*A. Confirmation of Engagement of Sampson, Sampson & Patterson, LLP for Financial Auditing Services	<b>41</b>
<i>Recommendation: Approval of confirmation of engagement of Sampson, Sampson, &amp; Patterson, LLP, for Financial Auditing Services.</i>	

\* = Material on agenda item enclosed

\*\* = Material on agenda item enclosed for Board members only

- \*B. Consideration of the Liability Claims Audit Prepared by Farley Consulting Services, LLC **47**  
*Recommendation: Staff recommends Mr. Farley's findings be accepted and approved.*
  
- 7. **COVERAGE MATTERS**
  - \*A. Report from Alliant Insurance Services on the Status of the Excess Insurance Renewal for CARMA **73**  
*Recommendation: Staff recommends approval to bind the coverage as outlined by Alliant.*
  - \*B. CARMA Memorandum of Coverage (MOC) for the 2015/16 Program Year **75**  
*Recommendation: Staff recommends acceptance of the revisions to the Memorandum of Coverage, as presented.*
  
- 8. **FINANCIAL MATTERS**
  - \*A. Review of Actuarial Study Provided by Mr. Jack Joyce of Bay Actuarial Consultants **97**  
*Recommendation: Staff recommends the Board accept and file the actuarial study as presented.*
  - \*B. Consideration of the Proposed Annual Budget for the 2015/16 Fiscal Year **134**  
*Recommendation: Staff recommends approval of the 2015/16 Proposed Annual Operating Budget at the 75% confidence level, using a discount factor of 2.0%.*
  
- 9. **CLAIMS MATTERS**
  - \*\*A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims **158**  
  
Pursuant to Government Code Section 54956.95(a), the Board will hold a closed session to discuss any claims for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority:  
  
Beatty v. City of San Ramon (MPA)  
Skoumbas v. City of Orinda
  
- 10. **CLOSING COMMENTS**

This time is reserved for comments by the Board members and staff and to identify matters for future Board business.

  - A. Board
  - B. Staff
  
- 11. **ADJOURNMENT**
  - ❖ The next Board of Directors' meeting is scheduled for Wednesday, June 17, 2015, at 10:00 a.m. at the offices of Bickmore, 1750 Creekside Oaks Drive, Suite 200, in Sacramento.

\* = Material on agenda item enclosed

\*\* = Material on agenda item enclosed for Board members only

**CONSENT CALENDAR**

**SUBJECT: Consent Calendar**

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**BACKGROUND AND STATUS:**

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If the Board would like to discuss any item listed, it may be pulled from the Consent Calendar.

**RECOMMENDATION:**

*Approval of the Consent Calendar.*

**REFERENCE MATERIALS ATTACHED:**

- \*A. Minutes of the January 9, 2015, Board of Directors' Meeting
- \*B. Warrant Listing from January 31, 2015, through March 31, 2015
- \*C. Treasurer's Report as of December 31, 2014
- \*D. Internal Financial Statements for the Quarter Ended December 31, 2014
- \*E. CARMA Records for Disposal - 2014

**Agenda Item 5.A.-E.**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES  
(CARMA)**

**DRAFT MINUTES OF THE BOARD OF DIRECTORS'  
MEETING OF JANUARY 9, 2015**

A regular meeting of the Board of Directors of CARMA was held on January 9, 2015, at the Dream Inn in Santa Cruz, California.

**BOARD MEMBERS PRESENT:** Tim Przybyla, CSJVRMA, President  
Dan Schwarz, BCJPIA, Vice President  
Jake O'Malley, MPA, Treasurer  
Rene Mendez, MBASIA  
Gary Goodman, VCJPA

**ALTERNATE MEMBERS PRESENT:** Jonathan Lowell, BCJPIA  
Robert Ewing, MPA

**OTHERS PRESENT:** Rob Kramer, Executive Director  
Jaesa McCulligan, Board Secretary  
Nancy Broadhurst, Finance Manager  
Michael Groff, Litigation Manager  
Craig Farmer, Board Counsel  
Jeanette Workman, CSJVRMA Administrator  
Chrissy Mack, CSJVRMA Assistant Administrator  
Seth Cole, Alliant Insurance Services  
Lauren Brant, Public Financial Management, Inc.

**1. CALL TO ORDER**

The January 9, 2015, Board of Directors' meeting was called to order at 9:02 a.m. by President Tim Przybyla.

**2. INTRODUCTIONS**

Introductions were made and it was determined a quorum was established.

**3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

Mr. Rob Kramer, Executive Director, suggested moving item 7.A., Establishment of Goals and Objectives, to follow items 9.A.-9.E., Financial Matters.

**Gary Goodman moved to approve the agenda as amended. Seconded by Dan Schwarz. Motion passed unanimously.**

4. **PUBLIC COMMENTS**

None.

5. **CONSENT CALENDAR**

**Gary Goodman moved to approve/accept the following items: A) Minutes of the September 19, 2014, Board of Directors' Meeting; B) Warrant Listings from September 1, 2014, through December 31, 2014; C) Treasurer's Report as of September 30, 2014; and D) Financial Statements as of September 30, 2014. Seconded by Rene Mendez. Motion passed unanimously.**

6. **PRESENTATIONS**

A. CAJPA Re-Accreditation with Excellence

Mr. Kramer advised that CARMA recently participated in the re-accreditation process with the California Association of Joint Powers Authorities (CAJPA). Mr. Jake O'Malley, MPA, is also a member of the CAJPA Accreditation Committee and was in attendance to present the final CAJPA Accreditation Report and plaque to the Board.

Mr. O'Malley provided some history of CAJPA and the accreditation process. Mr. O'Malley advised that the Accreditation Committee met on September 23, 2014, and granted CARMA Accreditation with Excellence, effective August 23, 2014. Mr. O'Malley briefly reviewed the final Accreditation Report, noting that there were no requirements indicated for the Excellence designation. There were two suggestions provided: 1) the JPA Agreement specify the member which restricts the manner of exercising the power of the JPA; and 2) CARMA formally establishes an underwriting policy that follows the standard policy adopted by the CAJPA Board.

Mr. O'Malley presented President Przybyla with a plaque and congratulated the Board on this achievement.

7. **ANNUAL WORKSHOP RECAP**

A. Establishment of Goals and Objectives

*This item was discussed after item 9.E.*

Mr. Kramer reviewed the goals and objectives that were determined at the Annual Workshop the prior day and requested feedback from the Board. The discussed goals and objectives were as follows:

- Investigation of Terrorism Risk Insurance Act (TRIA);
- Further investigation of cyber liability with respect to third party actions;
- Continuing implementation of the Mid-Layer Pool, with focus on the governing documents; and

- Internal marketing.

There was general consensus among the Board regarding the goals and objectives. Mr. Kramer advised that staff would prepare this in a more formal document that would be considered at the April Board meeting.

## 8. ADMINISTRATIVE MATTERS

### A. Commercial Marketing Strategies

Mr. Seth Cole, Alliant Insurance Services, Inc. (Alliant), was present to provide an update on the status of the current excess market and a plan for the upcoming renewal of CARMA's reinsurance and excess policies. Mr. Cole advised that the Property & Casualty commercial insurance market is stable and the outlook continues to be favorable. Mr. Cole further advised that he recommends CARMA renew coverage with AmTrust, unless a significant change occurs with market conditions. Mr. Cole noted that Alliant is ready to market coverage if AmTrust were to offer a renewal that did not meet expectations.

Mr. Cole reminded the Board that at the September meeting, the Board requested that AmTrust provide premium indications at a higher attachment point, so that CARMA can evaluate a mid-layer pool going forward. AmTrust provided non-bindable premium indications for both \$10M excess of \$5M with a premium range of \$970,000-\$1M, and \$9M excess of \$5M with a premium range of \$925,000-\$955,000, respectively.

Mr. Cole advised that the Second Layer Excess (\$15M excess AmTrust) has been the carrier for CARMA for the past 11 years and that the layer is marketed annually.

Mr. Kramer noted that if the market continues to soften over the upcoming year, CARMA may want to consider broadening their marketing effort for the 2016 renewal. Mr. Cole agreed and suggested that CARMA should do this in coordination with the mid-layer pool going into effect.

### B. Sampson, Sampson and Patterson, LLP Contract Expiring

Mr. Kramer advised that the current contract for financial auditing services with Sampson, Sampson and Patterson, LLP has expired with the completion of the financial audit as of June 30, 2014. Mr. Kramer noted that since 2006, Mr. Bill Patterson of Sampson, Sampson and Patterson, LLP has completed the financial audit for CARMA. The Board received a proposal from Mr. Patterson in the agenda packet for years 2015 through 2017.

It was inquired if the Board is required to switch auditors every three years and Ms. Nancy Broadhurst, Finance Manager, advised that the proposed statute did not pass; therefore, it is not required that CARMA switch auditors every three years. After a brief discussion, the Board came to a general consensus to retain Mr. Patterson for another three-year contract but requested that staff confirm the requirements that the auditor does not have to be switched every three years.

*Gary Goodman moved to approve Sampson, Sampson and Patterson, LLP to conduct Independent Financial Audits for CARMA for Fiscal Years Ended June 30, 2015, June 30, 2016, and June 30, 2017, respectively, pending confirmation of the statutes. Seconded by Dan Schwarz. Motion passed unanimously.*

C. Resolution of Appreciation for Honorable Service of Jake O'Malley to CARMA

As the Board had been previously advised, Mr. O'Malley is retiring from MPA and therefore from his position as CARMA Treasurer on April 15, 2015. Mr. Kramer expressed appreciation to Mr. O'Malley for not only his years of service to CARMA, but also his contributions to the many other pools I which he is involved in and to the industry in general. Mr. Kramer presented Mr. O'Malley with a plaque of appreciation.

Mr. O'Malley thanked the Board and CARMA staff for this recognition.

*Dan Schwarz moved to approve Resolution No. 1-2014/2015 honoring Mr. Jake O'Malley for his years of service to the CARMA Board. Seconded by Gary Goodman. Motion passed unanimously.*

9. FINANCIAL MATTERS

A. Review of CARMA Investment Policy

Ms. Lauren Brant, Public Financial Management, Inc. (PFM), was in attendance to review the proposed changes to the CARMA Investment Policy with the Board. Ms. Brant noted that there were no changes to the California Government Code (Code) that regulates the investment of public funds. PFM did however, provide some recommended changes to reflect current industry standards for the prudent management of public funds.

The first recommended change is that CARMA consider including supranational investments to the list of permitted investments. Bonds issued by supranational entities are securities that have been recently permitted by Code for investment by California local governments. A supranational is formed by two or more central governments with the purpose of promoting economic development for the member countries.

The second recommendation is that CARMA consider pass-through securities, specifically asset-backed securities (ABS), to the list of permitted investments. An ABS is a security whose income payments and hence value is derived from and collateralized by a specified pool of underlying assets.

The final recommendation is the inclusion of the definitions of supranational investments and ABS to the glossary.

*Jake O'Malley moved to approve the CARMA Investment Policy, as presented. Seconded by Dan Schwarz. Motion passed unanimously.*

B. California Asset Management Program Portfolio Review

Ms. Brant reviewed the CARMA investment portfolio with the Board, noting the following:

- Since January 2014, interest rates have almost doubled and yields rose to their highest levels since 2011.
- Over the prior year, PFM has continued to achieve CARMA's investment goals of safety and liquidity, while generating a competitive return. In June, PFM transitioned to a longer-term duration strategy, which emphasizes securities with maturities between 0 and 5 years. At the same time, PFM maintained a conservatively short-duration position relative to the benchmark to mitigate impact of rising rates. PFM also increased holdings in credit sectors and treasuries.
- The portfolio is in compliance with California Government Code and CARMA's Investment Policy.
- The portfolio outperformed the benchmark by 0.12% in 2014 and by over 30 basis points over the past three years. The yield to maturity climbed in the past 12 months to 0.94% from 0.58%.

The Board thanked Ms. Brant for her presentation.

C. Return of Equity

At the Annual Workshop held the prior day, staff presented the annual retrospective adjustment calculation and the resulting options for a return of equity to the CARMA members.

Ms. Broadhurst referenced the Retrospective Adjustment Calculation that was reviewed by the Board the prior day and noted that the 2009/10 program year, which will roll into the calculation next year, currently has equity of \$2M at the 80% confidence level and no case reserves. If there are no significant changes within the upcoming year, the Board can likely expect to receive approximately that amount as a dividend next year.

***Dan Schwarz moved to approve a return of equity in the amount of \$2,628,477. Seconded by Rene Mendez. Motion passed unanimously.***

D. Mid-Layer Pool Discussion

Ms. Broadhurst provided an updated chart to the Board, illustrating the amount that each JPA would contribute to a mid-layer pool (MLP) if the MLP were funded between the \$4M to \$5M and total funding was \$2M. The chart demonstrated that if the Board approved funding the first \$1M of the MLP this year with the dividend release, all but MBASIA would receive enough monies back to cover the initial investment. MBASIA's difference would then be booked as a receivable to be released at a later date, i.e. at the next dividend release. If a dividend is released next year, the second half of the MLP could be funded at that point should the Board choose to continue with the implementation of the MLP.



It was noted that a written policy regarding the MLP would be drafted and presented to the Board prior to the MLP being activated. The Board directed staff to issue the return of equity in the form of a check, minus each member's contribution to the MLP.

*Dan Schwarz moved to approve the initial investment of \$1M for the future implementation of a mid-layer pool for the \$4M to \$5M layer of coverage. Seconded by Rene Mendez. Motion passed unanimously.*

E. Discussion Regarding Ex-modification Factors

At the Annual Workshop the prior day, staff presented an overview of the historic and current experience modification formulas utilized by CARMA over the years. Staff inquired if the Board would like to see additional analysis prior to the April meeting. The Board expressed that they believe the current process is effective and they would like to keep the process consistent.

10. CLAIMS MATTERS

A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims

Pursuant to Government Code Section 54956.95(a), the Board recessed to closed session at 10:00 a.m. to discuss the following claims for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority:

- Gonzales v. City of Atwater
- Skoumbas v. City of Orinda

B. Report from Closed Session

The Board of Directors reconvened to open session at 11:04 a.m., and it was reported no action was taken.

9. CLOSING COMMENTS

A. Board

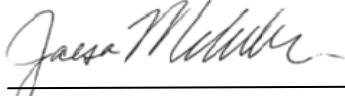
None.

B. Staff

None.

**10. ADJOURNMENT**

The January 9, 2015, Board of Directors' meeting adjourned at 11:04 a.m. by general consensus of the Board.



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Jaesa McCulligan, Board Secretary

Ranges: From: To: From: To:  
 Check Number First Last Check Date 1/31/2015 3/31/2015  
 Vendor ID First Last Checkbook ID CBT GENERAL CBT GENERAL  
 Vendor Name First Last

Sorted By: Check Number

\* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
2019	BC100	BCJPIA	2/4/2015	CBT GENERAL	PMCHK00000144	\$2,872.00
2020	BC100	BCJPIA	2/4/2015	CBT GENERAL	PMCHK00000144	\$10,349.90
2021	BI100	Bickmore	2/4/2015	CBT GENERAL	PMCHK00000144	\$26,753.41
2022	DR105	SC Beach Hotel Partners, LLC	2/4/2015	CBT GENERAL	PMCHK00000144	\$1,930.04
2023	ED105	Edrington, Schirmer and Murphy	2/4/2015	CBT GENERAL	PMCHK00000144	\$141.25
2024	FA100	Farley Consulting Services LLC	2/4/2015	CBT GENERAL	PMCHK00000144	\$14,700.00
2025	FA115	Farmer Smith and Lane, LLP	2/4/2015	CBT GENERAL	PMCHK00000144	\$227.50
2026	MP100	Municipal Pooling Authority	2/4/2015	CBT GENERAL	PMCHK00000144	\$349,594.00
2027	PA105	PARSAC	2/4/2015	CBT GENERAL	PMCHK00000144	\$482,189.00
2028	BI100	Bickmore	3/17/2015	CBT GENERAL	PMCHK00000145	\$29,071.96
2029	CS100	CSJVRMA	3/17/2015	CBT GENERAL	PMCHK00000145	\$329,720.00
2030	CS100	CSJVRMA	3/17/2015	CBT GENERAL	PMCHK00000145	\$262,575.63
2031	CS100	CSJVRMA	3/17/2015	CBT GENERAL	PMCHK00000145	\$222,707.81
2032	ED105	Edrington, Schirmer and Murphy	3/17/2015	CBT GENERAL	PMCHK00000145	\$38.00
2033	FA115	Farmer Smith and Lane, LLP	3/17/2015	CBT GENERAL	PMCHK00000145	\$3,027.50

Total Checks: 15 Total Amount of Checks: \$1,735,898.00  
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**California Affiliated Risk Management Authorities**  
**Treasurer's Report**  
**As of December 31, 2014**

	<b>Book Value</b>	<b>Market Value</b>	<b>% of Total</b>	<b>Effective Yield</b>
California Bank & Trust – General Operating	2,286	2,286	0.01%	0.00%
State of California Local Agency Investment Fund	6,906,984	6,906,848	20.57%	0.27%
CAMP - Money Market	84,858	84,858	0.25%	0.05%
CAMP - Investments managed by PFM	26,606,352	26,584,338	79.17%	0.93%
<b>Total Cash and Investments</b>	<b>\$ 33,600,480</b>	<b>\$ 33,578,330</b>	<b>100.00%</b>	<b>0.79%</b>

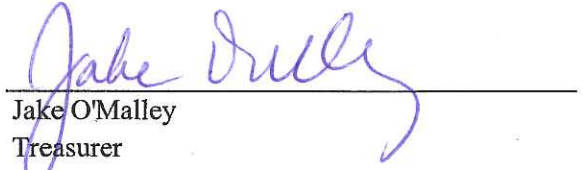
Attached are the Public Financial Management, Inc. (PFM) and Local Agency Investment Fund (LAIF) statements detailing all investment transactions. Market prices are derived from closing bid prices as of the last business day of the month from either Bloomberg or Telerate.

I certify that this report reflects all cash and investments and is in conformance with the Agency's Investment Policy. The investment program herein shown provides sufficient cash flow liquidity to meet the Agency's expenditures for the next six months.

Respectfully submitted,

  
 Nancy Broadhurst  
 Assistant Treasurer

Accepted,

  
 Jake O'Malley  
 Treasurer



## Account Statement - Transaction Summary

For the Month Ending **December 31, 2014**

### CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00

#### CAMP Pool

Opening Market Value	70,326.84
Purchases	1,421,091.60
Redemptions	(1,406,560.81)
Unsettled Trades	0.00
Change in Value	0.00

**Closing Market Value** **\$84,857.63**

Cash Dividends and Income 2.98

#### CAMP Managed Account

Opening Market Value	26,635,983.55
Purchases	1,373,597.10
Redemptions	(1,339,515.81)
Unsettled Trades	0.00
Change in Value	(85,726.60)

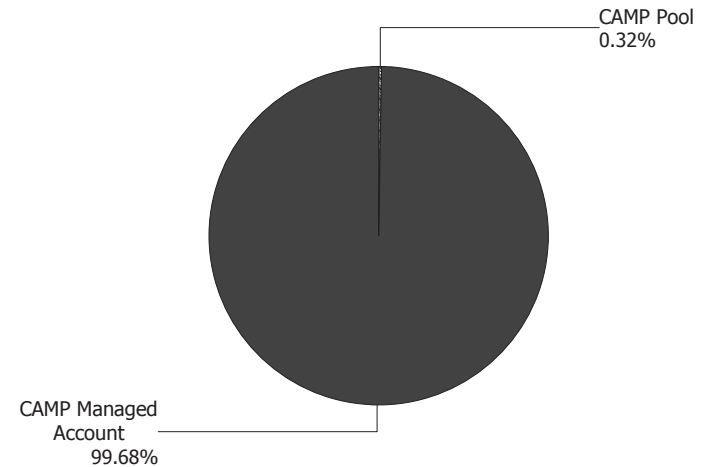
**Closing Market Value** **\$26,584,338.24**

Cash Dividends and Income (2,305.67)

#### Asset Summary

	December 31, 2014	November 30, 2014
<b>CAMP Pool</b>	84,857.63	70,326.84
<b>CAMP Managed Account</b>	26,584,338.24	26,635,983.55
<b>Total</b>	<b>\$26,669,195.87</b>	<b>\$26,706,310.39</b>

#### Asset Allocation





**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

<b>Security Type/Description</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015	912828PE4	1,175,000.00	AA+	Aaa	09/25/13	09/26/13	1,196,664.06	0.37	2,515.54	1,183,588.49	1,184,455.08
US TREASURY NOTES DTD 06/02/2014 0.375% 05/31/2016	912828WM8	1,075,000.00	AA+	Aaa	06/02/14	06/03/14	1,074,832.03	0.38	354.40	1,074,880.81	1,074,328.13
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,500,000.00	AA+	Aaa	10/31/13	11/01/13	1,511,601.56	0.62	1,153.85	1,507,230.60	1,506,562.50
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,800,000.00	AA+	Aaa	11/27/13	12/03/13	1,815,468.75	0.58	1,384.62	1,809,917.08	1,807,875.00
US TREASURY NOTES DTD 12/31/2009 3.250% 12/31/2016	912828MD9	525,000.00	AA+	Aaa	10/30/14	11/03/14	555,064.45	0.58	47.13	552,845.01	551,455.28
US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	1,300,000.00	AA+	Aaa	06/02/14	06/03/14	1,292,789.06	0.81	714.29	1,294,173.13	1,292,585.94
US TREASURY NOTES DTD 06/30/2010 2.500% 06/30/2017	912828NK2	500,000.00	AA+	Aaa	12/05/14	12/09/14	519,980.47	0.92	34.53	519,499.25	519,687.50
US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	250,000.00	AA+	Aaa	07/29/14	07/31/14	245,400.39	1.19	137.36	245,972.42	246,797.00
US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	1,000,000.00	AA+	Aaa	07/02/14	07/07/14	982,695.31	1.15	549.45	985,135.07	987,188.00
US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	450,000.00	AA+	Aaa	10/02/14	10/06/14	442,072.27	1.27	862.29	442,606.02	443,074.05
US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	250,000.00	AA+	Aaa	07/29/14	07/31/14	243,271.48	1.36	267.61	244,011.64	244,922.00
US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	525,000.00	AA+	Aaa	07/02/14	07/07/14	511,300.78	1.33	561.98	513,011.77	514,336.20
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	70,000.00	AA+	Aaa	07/29/14	07/31/14	69,111.33	1.55	76.92	69,195.52	69,507.83
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	525,000.00	AA+	Aaa	07/02/14	07/07/14	518,622.07	1.54	576.92	519,309.16	521,308.73



**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	400,000.00	AA+	Aaa	12/29/14	12/31/14	399,609.38	1.53	16.57	399,609.64	400,531.20
US TREASURY NOTES DTD 01/31/2014 1.500% 01/31/2019	912828B33	675,000.00	AA+	Aaa	07/29/14	07/31/14	671,862.30	1.61	4,237.09	672,144.84	675,263.93
US TREASURY NOTES DTD 03/31/2014 1.625% 03/31/2019	912828C65	250,000.00	AA+	Aaa	09/02/14	09/04/14	250,273.44	1.60	1,037.95	250,255.45	251,113.25
<b>Security Type Sub-Total</b>		<b>12,270,000.00</b>					<b>12,300,619.13</b>	<b>0.87</b>	<b>14,528.50</b>	<b>12,283,385.90</b>	<b>12,290,991.62</b>
<b>Municipal Bond / Note</b>											
UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.528% 05/15/2015	91412GSW6	85,000.00	AA	Aa2	09/26/13	10/02/13	85,000.00	0.53	57.35	85,000.00	85,008.50
CA ST DEPT OF WATER TXBL REV BONDS DTD 09/27/2012 0.650% 12/01/2015	13066KX87	165,000.00	AAA	Aa1	09/19/12	09/27/12	165,000.00	0.65	89.38	165,000.00	165,372.90
UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.907% 05/15/2016	91412GSX4	45,000.00	AA	Aa2	09/26/13	10/02/13	45,000.00	0.91	52.15	45,000.00	45,052.65
UNIV OF CAL TXBL REV BONDS DTD 03/14/2013 0.659% 05/15/2016	91412GPX7	100,000.00	AA	Aa2	02/28/13	03/14/13	100,000.00	0.66	84.21	100,000.00	99,783.00
<b>Security Type Sub-Total</b>		<b>395,000.00</b>					<b>395,000.00</b>	<b>0.66</b>	<b>283.09</b>	<b>395,000.00</b>	<b>395,217.05</b>
<b>Federal Agency Bond / Note</b>											
FHLB (EX-CALLABLE) GLOBAL NOTES DTD 12/30/2013 0.375% 12/30/2015	3130A0GK0	625,000.00	AA+	Aaa	12/12/13	12/30/13	624,812.50	0.39	6.51	624,906.33	625,136.88
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	340,000.00	AA+	Aaa	02/14/13	02/15/13	339,612.40	0.54	429.72	339,844.46	340,340.00
FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	710,000.00	AA+	Aaa	08/06/14	08/07/14	708,402.50	0.61	917.08	708,699.00	708,117.79
FEDERAL HOME LOAN BANKS (CALLABLE) DTD 03/27/2014 1.625% 03/27/2017	3130A1CR7	520,000.00	AA+	Aaa	04/02/14	04/04/14	525,714.80	1.25	2,206.39	521,394.00	521,619.80



**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Federal Agency Bond / Note</b>											
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	450,000.00	AA+	Aaa	08/12/14	08/14/14	449,944.20	1.00	1,912.50	449,951.62	449,831.25
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	725,000.00	AA+	Aaa	08/12/14	08/14/14	724,951.43	1.00	3,081.25	724,958.12	724,728.13
FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	665,000.00	AA+	Aaa	10/22/14	10/23/14	671,317.50	1.39	1,020.59	671,036.18	668,201.98
FREDDIE MAC NOTES DTD 04/16/2012 1.750% 05/30/2019	3137EADG1	225,000.00	AA+	Aaa	12/01/14	12/03/14	227,556.00	1.49	339.06	227,513.06	226,247.40
FNMA BENCHMARK NOTE DTD 11/07/2014 1.750% 11/26/2019	3135G0ZY2	225,000.00	AA+	Aaa	12/01/14	12/03/14	226,451.25	1.61	382.81	226,429.44	225,135.00
<b>Security Type Sub-Total</b>		<b>4,485,000.00</b>					<b>4,498,762.58</b>	<b>0.96</b>	<b>10,295.91</b>	<b>4,494,732.21</b>	<b>4,489,358.23</b>
<b>Corporate Note</b>											
JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EJR1	150,000.00	A	A3	10/15/12	10/18/12	149,938.50	1.11	348.33	149,983.58	150,269.70
BANK OF NEW YORK MELLON (CALLABLE) DTD 10/25/2012 0.700% 10/23/2015	06406HCD9	125,000.00	A+	A1	10/18/12	10/25/12	124,871.25	0.73	165.28	124,964.85	125,281.38
PEPSICO INC GLOBAL NOTES DTD 02/28/2013 0.700% 02/26/2016	713448CE6	170,000.00	A-	A1	02/25/13	02/28/13	169,940.50	0.71	413.19	169,976.90	170,088.74
BANK OF NEW YORK MELLON (CALLABLE) DTD 03/06/2013 0.700% 03/04/2016	06406HCG2	150,000.00	A+	A1	03/05/13	03/06/13	149,911.50	0.72	341.25	149,965.05	149,854.20
BANK OF NEW YORK MELLON (CALLABLE) DTD 03/06/2013 0.700% 03/04/2016	06406HCG2	200,000.00	A+	A1	03/04/13	03/06/13	199,882.00	0.72	455.00	199,953.40	199,805.60
GLAXOSMITHKLINE CAP INC GLOBAL NOTES DTD 03/18/2013 0.700% 03/18/2016	377372AG2	345,000.00	A+	A2	09/27/13	10/02/13	344,755.05	0.73	690.96	344,878.74	344,983.44
WELLS FARGO & COMPANY DTD 07/29/2013 1.250% 07/20/2016	94974BFL9	330,000.00	A+	A2	07/22/13	07/29/13	329,683.20	1.28	1,844.79	329,833.00	331,094.28
BERKSHIRE HATHAWAY FIN GLOBAL NOTES DTD 08/15/2013 0.950% 08/15/2016	084664BX8	300,000.00	AA	Aa2	08/06/13	08/15/13	299,841.00	0.97	1,076.67	299,913.46	300,987.90





**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Corporate Note</b>											
JPMORGAN CHASE & CO DTD 02/18/2014 1.350% 02/15/2017	46623EJY6	400,000.00	A	A3	02/12/14	02/18/14	399,800.00	1.37	2,040.00	399,857.20	399,991.20
PEPSICO CORP NOTES DTD 02/28/2014 0.950% 02/22/2017	713448CL0	500,000.00	A-	A1	02/25/14	02/28/14	499,430.00	0.99	1,702.08	499,588.23	498,310.00
CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 1.100% 03/03/2017	17275RAT9	335,000.00	AA-	A1	02/24/14	03/03/14	334,979.90	1.10	1,207.86	334,985.38	335,141.71
APPLE INC CORP NOTE DTD 05/06/2014 1.050% 05/05/2017	037833AM2	675,000.00	AA+	Aa1	04/29/14	05/06/14	674,642.25	1.07	1,082.81	674,719.24	676,502.55
JOHN DEERE CAPITAL CORP NOTES DTD 06/12/2014 1.125% 06/12/2017	24422ESN0	425,000.00	A	A2	06/09/14	06/12/14	424,800.25	1.14	252.34	424,836.55	423,358.23
HSBC USA INC DTD 06/23/2014 1.300% 06/23/2017	40434CAA3	225,000.00	A+	A2	06/16/14	06/23/14	224,658.00	1.35	65.00	224,716.55	224,614.58
CATERPILLAR FINANCIAL SE DTD 08/20/2014 1.250% 08/18/2017	14912L6D8	295,000.00	A	A2	08/13/14	08/20/14	294,852.50	1.27	1,341.84	294,870.10	293,783.72
AMERICAN EXPRESS CREDIT CORP NOTES DTD 09/23/2014 1.550% 09/22/2017	0258M0DR7	145,000.00	A-	A2	09/18/14	09/23/14	144,805.70	1.60	611.82	144,822.99	145,283.62
CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 2.125% 03/01/2019	17275RAR3	245,000.00	AA-	A1	08/29/14	09/04/14	247,327.50	1.90	1,735.42	247,165.52	246,152.73
AMERICAN HONDA FINANCE GLOBAL NOTES DTD 09/09/2014 2.250% 08/15/2019	02665WAH4	525,000.00	A+	A1	09/04/14	09/09/14	524,028.75	2.29	3,675.00	524,084.37	526,688.93
<b>Security Type Sub-Total</b>		<b>5,540,000.00</b>					<b>5,538,147.85</b>	<b>1.23</b>	<b>19,049.64</b>	<b>5,539,115.11</b>	<b>5,542,192.51</b>
<b>Certificate of Deposit</b>											
CREDIT SUISSE NEW YORK CERT DEPOS (FLOAT) DTD 07/15/2013 0.631% 01/15/2015	22549TDK1	550,000.00	A-1	P-1	07/11/13	07/15/13	550,000.00	0.68	751.47	550,000.00	550,031.35
SKANDINAVISKA ENSKILDA BY NY FLOAT CD DTD 01/10/2014 0.551% 01/04/2016	83051HUD6	625,000.00	A-1	P-1	01/07/14	01/10/14	625,000.00	0.56	842.13	625,000.00	625,433.13



**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Certificate of Deposit</b>											
WESTPAC BANKING CORP NY LT FLOAT CD DTD 04/17/2014 0.411% 04/15/2016	96121TWF1	550,000.00	A-1+	P-1	04/16/14	04/17/14	550,000.00	0.41	489.30	550,000.00	550,556.05
RABOBANK NEDERLAND NV NY CD DTD 05/13/2014 0.716% 05/06/2016	21684BPV0	550,000.00	A+	Aa2	05/09/14	05/13/14	550,000.00	0.71	601.85	550,000.00	548,345.05
BANK OF NOVA SCOTIA HOUS CD FLOAT DTD 06/13/2014 0.418% 06/10/2016	06417HMU7	550,000.00	A+	Aa2	06/11/14	06/13/14	549,667.80	0.28	140.36	549,759.97	549,054.00
GOLDMAN SACHS BANK USA CD DTD 08/19/2014 0.900% 08/12/2016	38147J2L5	525,000.00	A-1	P-1	08/14/14	08/19/14	525,000.00	0.90	1,747.60	525,000.00	523,677.00
US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017	90333VPF1	525,000.00	AA-	Aa3	09/09/14	09/11/14	524,154.75	1.41	2,205.73	524,241.13	519,482.25
<b>Security Type Sub-Total</b>		<b>3,875,000.00</b>					<b>3,873,822.55</b>	<b>0.70</b>	<b>6,778.44</b>	<b>3,874,001.10</b>	<b>3,866,578.83</b>
<b>Managed Account Sub-Total</b>		<b>26,565,000.00</b>					<b>26,606,352.11</b>	<b>0.93</b>	<b>50,935.58</b>	<b>26,586,234.32</b>	<b>26,584,338.24</b>
<b>Money Market Fund</b>											
CAMP Pool		84,857.63	AAA	NR			84,857.63		0.00	84,857.63	84,857.63
<b>Money Market Sub-Total</b>		<b>84,857.63</b>					<b>84,857.63</b>		<b>0.00</b>	<b>84,857.63</b>	<b>84,857.63</b>
<b>Securities Sub-Total</b>		<b>\$26,649,857.63</b>					<b>\$26,691,209.74</b>	<b>0.93%</b>	<b>\$50,935.58</b>	<b>\$26,671,091.95</b>	<b>\$26,669,195.87</b>
<b>Accrued Interest</b>											<b>\$50,935.58</b>
<b>Total Investments</b>											<b>\$26,720,131.45</b>



**Managed Account Security Transactions & Interest**

For the Month Ending **December 31, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
<b>BUY</b>										
12/01/14	12/03/14	FNMA BENCHMARK NOTE DTD 11/07/2014 1.750% 11/26/2019	3135G0ZY2	225,000.00	(226,451.25)	(76.56)	(226,527.81)			
12/01/14	12/03/14	FREDDIE MAC NOTES DTD 04/16/2012 1.750% 05/30/2019	3137EADG1	225,000.00	(227,556.00)	(32.81)	(227,588.81)			
12/05/14	12/09/14	US TREASURY NOTES DTD 06/30/2010 2.500% 06/30/2017	912828NK2	500,000.00	(519,980.47)	(5,502.72)	(525,483.19)			
12/29/14	12/31/14	US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	400,000.00	(399,609.38)	0.00	(399,609.38)			

**Transaction Type Sub-Total** **1,350,000.00** **(1,373,597.10)** **(5,612.09)** **(1,379,209.19)**

<b>INTEREST</b>										
12/01/14	12/01/14	CA ST DEPT OF WATER TXBL REV BONDS DTD 09/27/2012 0.650% 12/01/2015	13066KX87	165,000.00	0.00	536.25	536.25			
12/10/14	12/10/14	BANK OF NOVA SCOTIA HOUS CD FLOAT DTD 06/13/2014 0.418% 06/10/2016	06417HMU7	550,000.00	0.00	575.02	575.02			
12/12/14	12/12/14	JOHN DEERE CAPITAL CORP NOTES DTD 06/12/2014 1.125% 06/12/2017	24422ESN0	425,000.00	0.00	2,390.63	2,390.63			
12/23/14	12/23/14	HSBC USA INC DTD 06/23/2014 1.300% 06/23/2017	40434CAA3	225,000.00	0.00	1,462.50	1,462.50			
12/30/14	12/30/14	FHLB (EX-CALLABLE) GLOBAL NOTES DTD 12/30/2013 0.375% 12/30/2015	3130A0GK0	625,000.00	0.00	1,171.88	1,171.88			
12/31/14	12/31/14	US TREASURY NOTES DTD 06/30/2010 2.500% 06/30/2017	912828NK2	500,000.00	0.00	6,250.00	6,250.00			
12/31/14	12/31/14	US TREASURY NOTES DTD 12/31/2009 3.250% 12/31/2016	912828MD9	525,000.00	0.00	8,531.25	8,531.25			

**Transaction Type Sub-Total** **3,015,000.00** **0.00** **20,917.53** **20,917.53**

<b>SELL</b>										
12/01/14	12/03/14	TOYOTA MOTOR CREDIT CORP DTD 06/17/2010 3.200% 06/17/2015	89233P4B9	400,000.00	406,216.00	5,902.22	412,118.22	(16,308.00)	697.50	SPEC LOT



**Managed Account Security Transactions & Interest**

For the Month Ending **December 31, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
<b>SELL</b>										
12/05/14	12/09/14	US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015	912828PE4	525,000.00	530,065.43	707.01	530,772.44	(4,614.26)	934.14	SPEC LOT
12/29/14	12/31/14	US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015	912828PE4	400,000.00	403,234.38	842.54	404,076.92	(4,140.62)	300.90	SPEC LOT
<b>Transaction Type Sub-Total</b>				<b>1,325,000.00</b>	<b>1,339,515.81</b>	<b>7,451.77</b>	<b>1,346,967.58</b>	<b>(25,062.88)</b>	<b>1,932.54</b>	
<b>Managed Account Sub-Total</b>					<b>(34,081.29)</b>	<b>22,757.21</b>	<b>(11,324.08)</b>	<b>(25,062.88)</b>	<b>1,932.54</b>	
<b>Total Security Transactions</b>					<b>(\$34,081.29)</b>	<b>\$22,757.21</b>	<b>(\$11,324.08)</b>	<b>(\$25,062.88)</b>	<b>\$1,932.54</b>	



**Managed Account Security Transactions & Interest**

For the Month Ending **November 30, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
<b>BUY</b>										
10/30/14	11/03/14	US TREASURY NOTES DTD 12/31/2009 3.250% 12/31/2016	912828MD9	525,000.00	(555,064.45)	(5,842.05)	(560,906.50)			
<b>Transaction Type Sub-Total</b>				<b>525,000.00</b>	<b>(555,064.45)</b>	<b>(5,842.05)</b>	<b>(560,906.50)</b>			
<b>INTEREST</b>										
11/06/14	11/06/14	APPLE INC CORP NOTE DTD 05/06/2014 1.050% 05/05/2017	037833AM2	675,000.00	0.00	3,543.75	3,543.75			
11/06/14	11/06/14	RABOBANK NEDERLAND NV NY CD DTD 05/13/2014 0.716% 05/06/2016	21684BPV0	550,000.00	0.00	1,893.09	1,893.09			
11/15/14	11/15/14	UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.528% 05/15/2015	91412GSW6	85,000.00	0.00	224.40	224.40			
11/15/14	11/15/14	UNIV OF CAL TXBL REV BONDS DTD 03/14/2013 0.659% 05/15/2016	91412GPX7	100,000.00	0.00	329.50	329.50			
11/15/14	11/15/14	UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.907% 05/15/2016	91412GSX4	45,000.00	0.00	204.08	204.08			
11/27/14	11/27/14	FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	665,000.00	0.00	5,403.13	5,403.13			
11/30/14	11/30/14	US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,500,000.00	0.00	6,562.50	6,562.50			
11/30/14	11/30/14	US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,800,000.00	0.00	7,875.00	7,875.00			
11/30/14	11/30/14	US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	1,300,000.00	0.00	4,062.50	4,062.50			
11/30/14	11/30/14	US TREASURY NOTES DTD 06/02/2014 0.375% 05/31/2016	912828WM8	1,075,000.00	0.00	2,015.63	2,015.63			
11/30/14	11/30/14	US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	525,000.00	0.00	3,281.25	3,281.25			
11/30/14	11/30/14	US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	1,000,000.00	0.00	3,125.00	3,125.00			
11/30/14	11/30/14	US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	70,000.00	0.00	437.50	437.50			
11/30/14	11/30/14	US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	250,000.00	0.00	781.25	781.25			



**Managed Account Security Transactions & Interest**

For the Month Ending **November 30, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
<b>Transaction Type Sub-Total</b>				<b>9,640,000.00</b>	<b>0.00</b>	<b>39,738.58</b>	<b>39,738.58</b>			
<b>MATURITY</b>										
11/03/14	11/03/14	BNP PARIBAS NY BRANCH CERT DEPOS DTD 02/07/2014 0.450% 11/03/2014	05574RAF2	550,000.00	550,000.00	1,849.38	551,849.38	0.00	0.00	
<b>Transaction Type Sub-Total</b>				<b>550,000.00</b>	<b>550,000.00</b>	<b>1,849.38</b>	<b>551,849.38</b>	<b>0.00</b>	<b>0.00</b>	
<b>Managed Account Sub-Total</b>					<b>(5,064.45)</b>	<b>35,745.91</b>	<b>30,681.46</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total Security Transactions</b>					<b>(\$5,064.45)</b>	<b>\$35,745.91</b>	<b>\$30,681.46</b>	<b>\$0.00</b>	<b>\$0.00</b>	



**Managed Account Security Transactions & Interest**

For the Month Ending **October 31, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
<b>BUY</b>										
10/02/14	10/06/14	US TREASURY NOTES DTD 04/01/2013 0.750% 03/31/2018	912828UU2	450,000.00	(442,072.27)	(55.63)	(442,127.90)			
10/22/14	10/23/14	FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	665,000.00	(671,317.50)	(4,382.53)	(675,700.03)			
<b>10/30/14</b>	<b>11/03/14</b>	<b>US TREASURY NOTES DTD 12/31/2009 3.250% 12/31/2016</b>	<b>912828MD9</b>	<b>525,000.00</b>	<b>(555,064.45)</b>	<b>(5,842.05)</b>	<b>(560,906.50)</b>			

**Transaction Type Sub-Total** **1,640,000.00** **(1,668,454.22)** **(10,280.21)** **(1,678,734.43)**

<b>INTEREST</b>										
10/06/14	10/06/14	SKANDINAVISKA ENSKILDA BY NY FLOAT CD DTD 01/10/2014 0.551% 01/04/2016	83051HUD6	625,000.00	0.00	872.24	872.24			
10/15/14	10/15/14	JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EJR1	150,000.00	0.00	825.00	825.00			
10/15/14	10/15/14	CREDIT SUISSE NEW YORK CERT DEPOS (FLOAT DTD 07/15/2013 0.631% 01/15/2015	22549TDK1	550,000.00	0.00	890.56	890.56			
10/15/14	10/15/14	WESTPAC BANKING CORP NY LT FLOAT CD DTD 04/17/2014 0.411% 04/15/2016	96121TWF1	550,000.00	0.00	581.34	581.34			
10/23/14	10/23/14	BANK OF NEW YORK MELLON (CALLABLE) DTD 10/25/2012 0.700% 10/23/2015	06406HCD9	125,000.00	0.00	437.50	437.50			
10/31/14	10/31/14	US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	250,000.00	0.00	781.25	781.25			
10/31/14	10/31/14	US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	525,000.00	0.00	1,640.63	1,640.63			
10/31/14	10/31/14	US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015	912828PE4	2,100,000.00	0.00	13,125.00	13,125.00			

**Transaction Type Sub-Total** **4,875,000.00** **0.00** **19,153.52** **19,153.52**



**Managed Account Security Transactions & Interest**

For the Month Ending **October 31, 2014**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

<b>Transaction Type</b>					<b>Principal</b>	<b>Accrued</b>		<b>Realized G/L</b>	<b>Realized G/L</b>	<b>Sale</b>
<b>Trade</b>	<b>Settle</b>	<b>Security Description</b>	<b>CUSIP</b>	<b>Par</b>	<b>Proceeds</b>	<b>Interest</b>	<b>Total</b>	<b>Cost</b>	<b>Amort Cost</b>	<b>Method</b>
<b>SELL</b>										
10/02/14	10/06/14	GENERAL ELEC CAP CORP (FLOATING) DTD 07/12/2013 0.880% 07/12/2016	36962G7A6	430,000.00	433,474.40	886.55	434,360.95	3,474.40	3,474.40	SPEC LOT
10/22/14	10/23/14	US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	680,000.00	679,415.63	3,367.49	682,783.12	8,048.44	7,602.90	SPEC LOT
<b>Transaction Type Sub-Total</b>				<b>1,110,000.00</b>	<b>1,112,890.03</b>	<b>4,254.04</b>	<b>1,117,144.07</b>	<b>11,522.84</b>	<b>11,077.30</b>	
<b>Managed Account Sub-Total</b>					<b>(555,564.19)</b>	<b>13,127.35</b>	<b>(542,436.84)</b>	<b>11,522.84</b>	<b>11,077.30</b>	
<b>Total Security Transactions</b>					<b>(\$555,564.19)</b>	<b>\$13,127.35</b>	<b>(\$542,436.84)</b>	<b>\$11,522.84</b>	<b>\$11,077.30</b>	

Bolded items are forward settling trades.



Local Agency Investment Fund  
 P.O. Box 942809  
 Sacramento, CA 94209-0001  
 (916) 653-3001

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)  
 January 27, 2015

CALIFORNIA AFFILIATED RISK MANAGEMENT  
 AUTHORITIES  
 FINANCE MANAGER  
 1750 CREEKSIDE OAKS DRIVE  
 SUITE 200  
 SACRAMENTO, CA 95833

PMIA Average Monthly Yields

**Account Number:**  
 35-34-009

Tran Type Definitions

December 2014 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
12/12/2014	12/11/2014	RW	1452726	NANCY BROADHURST	-30,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	6,936,983.64
Total Withdrawal:	-30,000.00	Ending Balance:	6,906,983.64

<p><b>CARMA</b></p> <p><b>LAIF Fair Market Valuation</b></p> <p><b>12/31/2014</b></p>
---

<b>LAIF Statement Balance</b>	<u>\$6,906,983.64</u>
-------------------------------	-----------------------

<b>FAIR VALUE FACTOR:</b>		
Performance Rate as of:	12/31/2014	0.99998038

<b>Market Value</b>	<u><u>\$6,906,848.12</u></u>
---------------------	------------------------------

LAIF Market Value as of:	12/31/2014	<b>(\$135.52)</b>
--------------------------	------------	-------------------



**BETTY T. YEE**  
**California State Controller**

**LOCAL AGENCY INVESTMENT FUND  
 REMITTANCE ADVICE**

Agency Name	CA AFFILIATED RISK MGMT AUTH
Account Number	35-34-009

As of 01/15/2015, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2014.

Earnings Ratio	.00000696536180771
Interest Rate	0.25%
Dollar Day Total	\$ 642,612,009.96
Quarter End Principal Balance	\$ 6,906,983.64
Quarterly Interest Earned	\$ 4,476.03



**JOHN CHIANG  
TREASURER  
STATE OF CALIFORNIA**



**PMIA Performance Report**

**LAIF Performance Report**

**Quarter Ending 12/31/14**

Apportionment Rate: 0.25%  
 Earnings Ratio: 0.00000696536180771  
 Fair Value Factor: 0.99998038  
     Daily: 0.26%  
 Quarter To Date: 0.26%  
 Average Life: 200

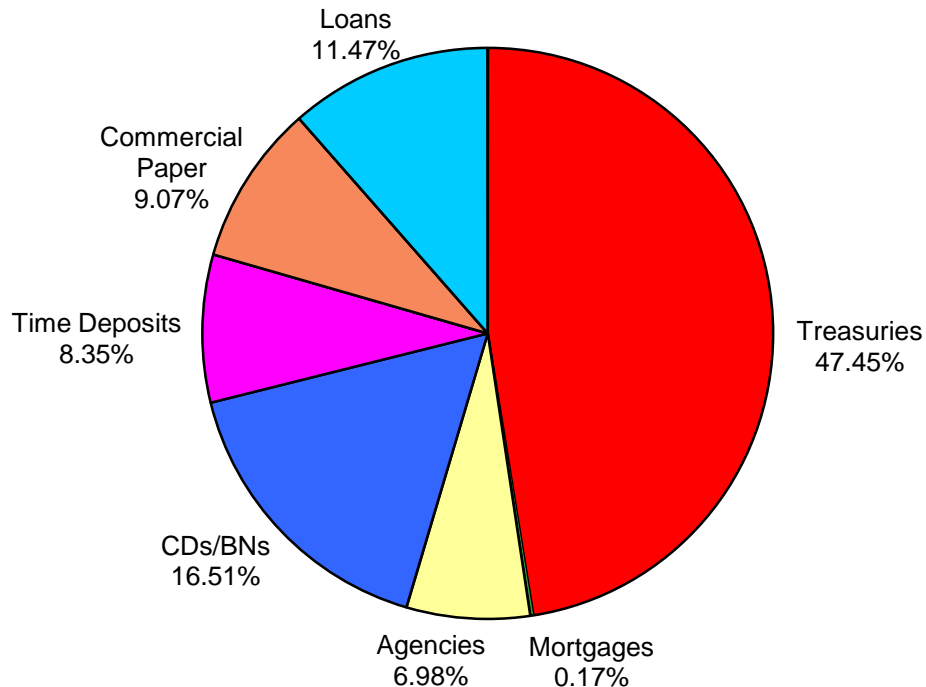
Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
01/01/15	0.26	0.26	200
01/02/15	0.27	0.26	207
01/03/15	0.27	0.27	207
01/04/15	0.27	0.27	207
01/05/15	0.27	0.27	209
01/06/15	0.27	0.27	208
01/07/15	0.26	0.27	208
01/08/15	0.27	0.27	211
01/09/15	0.27	0.27	213
01/10/15	0.27	0.27	213
01/11/15	0.27	0.27	213
01/12/15	0.27	0.27	212
01/13/15	0.27	0.27	212
01/14/15	0.27	0.27	212

**PMIA Average Monthly Effective Yields**

**DEC 2014 0.267%**  
 NOV 2014 0.261%  
 OCT 2014 0.261%

\*Daily yield does not reflect capital gains or losses

**Pooled Money Investment Account  
Portfolio Composition  
\$60.3 billion  
12/31/14**





**State of California**  
**Pooled Money Investment Account**  
**Market Valuation**  
**12/31/2014**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 10,887,243,396.32	\$ 10,893,046,311.71	\$ 10,892,425,500.00	NA
Notes	\$ 17,710,184,296.49	\$ 17,708,969,034.53	\$ 17,712,248,000.00	\$ 16,255,025.50
Federal Agency:				
SBA	\$ 546,751,742.21	\$ 546,751,742.21	\$ 542,196,891.53	\$ 499,449.17
MBS-REMICs	\$ 104,044,287.57	\$ 104,044,287.57	\$ 110,871,394.73	\$ 495,601.80
Debentures	\$ 1,856,527,095.09	\$ 1,856,522,928.42	\$ 1,855,996,950.00	\$ 3,710,279.75
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 1,349,432,083.34	\$ 1,349,892,944.44	\$ 1,349,948,000.00	NA
GNMA	\$ -	\$ -	\$ -	\$ -
Supranational Debentures	\$ 450,246,568.19	\$ 450,199,693.19	\$ 449,536,000.00	\$ 759,031.50
CDs and YCDs FR	\$ -	\$ -	\$ -	\$ -
Bank Notes	\$ 500,000,000.00	\$ 500,000,000.00	\$ 499,853,180.04	\$ 220,944.45
CDs and YCDs	\$ 9,450,006,464.82	\$ 9,450,006,464.82	\$ 9,446,060,558.99	\$ 4,073,958.30
Commercial Paper	\$ 5,468,678,264.43	\$ 5,469,479,438.27	\$ 5,468,593,770.00	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 5,035,240,000.00	\$ 5,035,240,000.00	\$ 5,035,240,000.00	NA
AB 55 & GF Loans	\$ 6,910,533,523.59	\$ 6,910,533,523.59	\$ 6,910,533,523.59	NA
<b>TOTAL</b>	<b>\$ 60,268,887,722.05</b>	<b>\$ 60,274,686,368.75</b>	<b>\$ 60,273,503,768.88</b>	<b>\$ 26,014,290.47</b>

Fair Value Including Accrued Interest \$ 60,299,518,059.35

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

The value of each participating dollar equals the fair value divided by the amortized cost (**0.99998038**). As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$19,999,607.60 or \$20,000,000.00 x **0.99998038**.

Local Agency Investment Fund  
 P.O. Box 942809  
 Sacramento, CA 94209-0001  
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 January 27, 2015

CALIFORNIA AFFILIATED RISK MANAGEMENT  
 AUTHORITIES  
 FINANCE MANAGER  
 1750 CREEKSIDE OAKS DRIVE  
 SUITE 200  
 SACRAMENTO, CA 95833

PMIA Average Monthly Yields

**Account Number:**  
 35-34-009

Tran Type Definitions

November 2014 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
11/24/2014	11/21/2014	RW	1451575	NANCY BROADHURST	-30,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	6,966,983.64
Total Withdrawal:	-30,000.00	Ending Balance:	6,936,983.64

**Local Agency Investment Fund**  
**P.O. Box 942809**  
**Sacramento, CA 94209-0001**  
**(916) 653-3001**

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)  
 January 27, 2015

CALIFORNIA AFFILIATED RISK MANAGEMENT  
 AUTHORITIES  
 FINANCE MANAGER  
 1750 CREEKSIDE OAKS DRIVE  
 SUITE 200  
 SACRAMENTO, CA 95833

PMIA Average Monthly Yields

**Account Number:**  
 35-34-009

Tran Type Definitions

October 2014 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
10/15/2014	10/14/2014	RW	1446334	NANCY BROADHURST	-245,000.00
10/15/2014	10/14/2014	QRD	1447806	SYSTEM	2,891.78

Account Summary

Total Deposit:	2,891.78	Beginning Balance:	7,209,091.86
Total Withdrawal:	-245,000.00	Ending Balance:	6,966,983.64

# California Affiliated Risk Management Authorities

## ~ BALANCE SHEET ~

As of December 31, 2014

(Unaudited)

### ASSETS

#### CURRENT ASSETS

Cash in Bank	\$	2,286	
Local Agency Investment Fund		6,906,984	
Market Valuation - LAIF		(136)	
Investments - Managed Portfolio		2,981,144	
Market Valuation - Investment		(10,731)	
Accounts Receivable		0	
Accounts Receivable - Misc.		37,571	
Interest Receivable		55,412	
Prepaid Expenses		35,865	
Prepaid Insurance		879,138	
		<u>879,138</u>	
<b>TOTAL CURRENT ASSETS</b>			10,887,533

#### NONCURRENT ASSETS

Investments - Managed Portfolio (Net of Rate Stabilization Fund)		23,309,238	
Market Valuation - Investment		(11,283)	
		<u>(11,283)</u>	
<b>TOTAL OTHER ASSETS</b>			23,297,954
<b>TOTAL ASSETS</b>			<u><u>\$ 34,185,487</u></u>

### LIABILITIES AND NET POSITION

#### CURRENT LIABILITIES

Accounts Payable	\$	2,637	
Deferred Revenue		3,646,602	
Equity Payable to Withdrawn Member		221,459	
Reserve for Claims		2,800,000	
		<u>2,800,000</u>	
<b>TOTAL CURRENT LIABILITIES</b>			6,670,698

#### NONCURRENT LIABILITIES

Equity Payable to Withdrawn Member		368,042	
Reserve for Claims		2,297,091	
Reserve for IBNR		14,150,466	
		<u>14,150,466</u>	
<b>TOTAL NONCURRENT LIABILITIES</b>			16,815,599
<b>TOTAL LIABILITIES</b>			23,486,297

#### NET POSITION

Unrestricted Net Assets - Prior Years		13,380,673	
Net Position - Current Year		(2,681,483)	
		<u>(2,681,483)</u>	
<b>TOTAL NET POSITION</b>			10,699,190
<b>TOTAL LIABILITIES AND NET POSITION</b>			<u><u>\$ 34,185,487</u></u>



**California Affiliated Risk Management Authorities**  
**~ INCOME STATEMENT ~**  
**For the Quarter Ended December 31, 2014**  
**(Unaudited)**

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
<b>OPERATING REVENUES</b>				
Deposit Premium	\$ 3,646,602	\$ 7,293,204	50%	\$ 3,646,602
Investment Income	103,683	0		(103,683)
Misc Income	0	0		0
<b>TOTAL OPERATING REVENUES</b>	<u>3,750,285</u>	<u>7,293,204</u>	<u>51%</u>	<u>3,542,919</u>
<b>OPERATING EXPENSES</b>				
<b>Direct Expenses</b>				
Claims Paid	\$ 221,178	5,083,779	* { 105%	(278,081)
Incr/(Decr) in Reserves	<u>5,140,682</u>			
<b>Subtotal Claims Expense</b>	5,361,860	5,083,779	105%	(278,081)
Reinsurance	610,300	1,220,600	50%	610,300
Excess Insurance	<u>268,320</u>	<u>538,952</u>	50%	<u>270,632</u>
<b>Subtotal All Direct Expenses</b>	6,240,480	6,843,331	91%	602,851
<b>General &amp; Administrative Expenses</b>				
Program Management	\$ 160,220	320,441	50%	160,221
Membership Dues	1,017	1,600	64%	583
Financial Audit	8,950	8,950	100%	0
Claims Audit	0	30,000	0%	30,000
Actuarial Services	0	7,283	0%	7,283
Legal Services	3,238	30,000	11%	26,763
Marketing, Consultants and Website	300	1,000	30%	700
Board Meetings	736	2,000	37%	1,264
Annual Retreat	0	10,000	0%	10,000
Fidelity Bond	518	1,100	47%	583
Accreditation	1,417	1,500	94%	83
Investment Management Fees	14,227	26,000	55%	11,773
Bank Fees	666	0		(666)
Contingency	<u>0</u>	<u>10,000</u>	<u>0%</u>	<u>10,000</u>
<b>Subtotal General &amp; Admin Expenses</b>	191,288	449,873	43%	258,586
Member Equity Distribution	0	0		0
<b>TOTAL OPERATING EXPENSES</b>	<u>6,431,768</u>	<u>7,293,204</u>	<u>88%</u>	<u>861,437</u>
<b>CHANGE IN NET POSITION</b>	<u><u>\$ (2,681,483)</u></u>	<u><u>0</u></u>		

\* Amount budgeted for claims expense is for the current program year only  
Actual Claims Paid expense includes payments for all program years

## California Affiliated Risk Management Authorities

~ Balance Sheet ~  
As of December 31, 2014  
(Unaudited)

<b>Assets:</b>	<b>2001/2002</b>	<b>2002/2003</b>	<b>2003/2004</b>	<b>2004/2005 *</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>Total</b>
Cash, L.A.I.F. & Investments	1,852	401,728	544,320	227,112	307,208	825,554	1,362,157	3,621,359	4,286,661	2,055,461	4,196,752	4,578,128	4,941,211	5,850,151	33,199,651
Market Valuation-LAIF & Investments														(22,149)	(22,149)
Prepaid Expenses														915,002	915,002
Interest Receivable														55,412	55,412
Accounts Receivable														37,571	37,571
<b>Total Assets</b>	<b>1,852</b>	<b>401,728</b>	<b>544,320</b>	<b>227,112</b>	<b>307,208</b>	<b>825,554</b>	<b>1,362,157</b>	<b>3,621,359</b>	<b>4,286,661</b>	<b>2,055,461</b>	<b>4,196,752</b>	<b>4,578,128</b>	<b>4,941,211</b>	<b>6,835,987</b>	<b>34,185,487 *</b>

\* Total Assets do not include Rate Stabilization Funds of \$400,828 December 31, 2014

<b>Liabilities:</b>	<b>2001/2002</b>	<b>2002/2003</b>	<b>2003/2004</b>	<b>2004/2005 *</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>Total</b>
Accounts Payable														2,637	2,637
Deferred Revenue														3,646,602	3,646,602
Return of Equity														0	0
Equity Payable														589,501	589,501
Reserve for Claims (1)	0	100,368	71,425	244,000	0	0	195,848	192,400	0	3,665,750	352,500	0	274,800	0	5,097,091
Reserve for IBNR (2)	(0)	129,949	99,150	56,000	(0)	(0)	1,502,575	477,987	1,277,837	1,342,156	1,338,513	2,559,825	3,315,462	2,051,019	14,150,466
<b>Total Liabilities</b>	<b>(0)</b>	<b>230,317</b>	<b>170,574</b>	<b>300,000</b>	<b>(0)</b>	<b>(0)</b>	<b>1,698,423</b>	<b>670,387</b>	<b>1,277,837</b>	<b>5,007,906</b>	<b>1,691,013</b>	<b>2,559,825</b>	<b>3,590,262</b>	<b>6,289,759</b>	<b>23,486,297</b>

<b>Retained Earnings:</b>	<b>2001/2002</b>	<b>2002/2003</b>	<b>2003/2004</b>	<b>2004/2005 *</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>Total</b>
Reserve for Adverse Development (3)	0	0	0	0	0	0	0	0	911,578	1,212,426	989,156	1,571,869	2,046,449	1,149,994	7,881,472
Contingency Funds (4)	1,852	171,411	373,745	(72,888)	307,208	825,554	(336,266)	2,950,972	2,097,245	(4,164,870)	1,516,583	446,433	(695,500)	(603,766)	2,817,718
<b>Total Retained Earnings</b>	<b>1,852</b>	<b>171,411</b>	<b>373,745</b>	<b>(72,888)</b>	<b>307,208</b>	<b>825,554</b>	<b>(336,266)</b>	<b>2,950,972</b>	<b>3,008,823</b>	<b>(2,952,444)</b>	<b>2,505,739</b>	<b>2,018,303</b>	<b>1,350,949</b>	<b>546,228</b>	<b>10,699,190</b>
<b>Total Liabilities and Retained Earnings</b>	<b>1,852</b>	<b>401,728</b>	<b>544,320</b>	<b>227,112</b>	<b>307,208</b>	<b>825,554</b>	<b>1,362,157</b>	<b>3,621,359</b>	<b>4,286,661</b>	<b>2,055,461</b>	<b>4,196,752</b>	<b>4,578,128</b>	<b>4,941,211</b>	<b>6,835,987</b>	<b>34,185,487</b>

**NOTE: CARMA's first eight program years 1993/1994 - 2000/2001 are now closed and no longer appear on the financial statements.**

**\* 2004/05 Program Year includes equity from closed years 1996/1997 - 2000/2001**

- (1) Reserve for claims has been discounted from the loss run balance of \$5,503,058 by \$280,967 as calculated utilizing the discount factors prepared by Bay Actuarial Consultants, and \$125,000 limited by excess reduction.
- (2) IBNR has been established at the discounted expected confidence level as calculated by Bay Actuarial Consultants.
- (3) This line represents the additional reserves needed to fund up to the 80% confidence level.
- (4) Provided there are sufficient contingency funds available for each program year and the JPA overall is funded at the 70% confidence level, this amount would be available for possible refund to members.

## California Affiliated Risk Management Authorities

### ~ Income Statement ~

For the Quarter Ended December 31, 2014

(Unaudited)

Revenue:	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	Total
Deposit Premiums														3,646,602	3,646,602
Interest Income	6	1,216	1,648	688	930	2,500	4,124	10,965	12,979	6,548	12,707	13,861	14,958	6,327	89,456
Misc Income														0	0
<b>Total Revenue</b>	<b>6</b>	<b>1,216</b>	<b>1,648</b>	<b>688</b>	<b>930</b>	<b>2,500</b>	<b>4,124</b>	<b>10,965</b>	<b>12,979</b>	<b>6,548</b>	<b>12,707</b>	<b>13,861</b>	<b>14,958</b>	<b>3,652,929</b>	<b>3,736,058</b>
<i>* Net of Investment Management Fees and Rate Stabilization Funds interest</i>															
Direct Expenses:															
Claims Paid	0	0	70	0	0	0	2,816	0	0	218,292	0	0	0	0	221,178
Incr./(Decr.) in Reserves	0	(0)	(68)	300,000	(0)	(0)	(2,731)	(0)	0	2,792,465	0	0	0	2,051,019	5,140,683
Incr./(Decr.) in Rate Stab Due Member															0
Dividend/Assessment/Equity Distribution															0
Reinsurance / Excess														878,620	878,620
<b>Total Direct Expenses</b>	<b>0</b>	<b>(0)</b>	<b>2</b>	<b>300,000</b>	<b>(0)</b>	<b>(0)</b>	<b>85</b>	<b>(0)</b>	<b>0</b>	<b>3,010,756</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,929,639</b>	<b>6,240,480</b>
Indirect Expenses:															
General Management														160,220	160,220
Membership Dues														1,017	1,017
Financial Audit														8,950	8,950
Claims Audit														0	0
Actuarial Services														0	0
Legal Services**														3,238	3,238
Marketing/Consultants/Website														300	300
Board Meetings														736	736
Annual Retreat														0	0
Fidelity Bond														518	518
Accreditation Fees														1,417	1,417
Bank Fees														666	666
Contingency														0	0
<b>Total Indirect Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>177,062</b>	<b>177,062</b>
Net Income/(Loss)	<b>6</b>	<b>1,217</b>	<b>1,646</b>	<b>(299,313)</b>	<b>930</b>	<b>2,500</b>	<b>4,039</b>	<b>10,965</b>	<b>12,979</b>	<b>(3,004,208)</b>	<b>12,707</b>	<b>13,861</b>	<b>14,958</b>	<b>546,228</b>	<b>(2,681,483)</b>

\*\* Includes services for general counsel and coverage matters.

**NOTE:** CARMA's first eight program years 1993/1994 - 2000/2001 are now closed and no longer appear on the financial statements.

# California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of December 31, 2014

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
<b>2001/2002:</b>	BCJPIA	588	0	588	0	588
	CSJVRMA	404	0	404	0	404
	MPA	417	0	417	0	417
	PARSAC	369	0	369	0	369
	VCJPA	76	0	76	0	76
	PERMA	0	0	0	0	0
	Total		<u>1,852</u>	<u>0</u>	<u>1,852</u>	<u>0</u>
<b>2002/2003:</b>	BCJPIA	44,373	0	44,373	0	44,373
	CSJVRMA	38,826	0	38,826	0	38,826
	MPA	50,601	0	50,601	0	50,601
	PARSAC	31,260	0	31,260	0	31,260
	VCJPA	6,352	0	6,352	0	6,352
	PERMA	0	0	0	0	0
	Total		<u>171,411</u>	<u>0</u>	<u>171,411</u>	<u>0</u>
<b>2003/2004</b>	BCJPIA	100,590	0	100,590	0	100,590
	CSJVRMA	96,681	0	96,681	0	96,681
	MBASIA	11,184	0	11,184	0	11,184
	MPA	88,503	0	88,503	0	88,503
	PARSAC	63,820	0	63,820	0	63,820
	VCJPA	12,967	0	12,967	0	12,967
	Total		<u>373,745</u>	<u>0</u>	<u>373,745</u>	<u>0</u>
<b>2004/2005*</b>	BCJPIA	(19,319)	0	(19,319)	0	(19,319)
	CSJVRMA	(17,921)	0	(17,921)	0	(17,921)
	MBASIA	(3,606)	0	(3,606)	0	(3,606)
	MPA	(18,468)	0	(18,468)	0	(18,468)
	PARSAC	(11,511)	0	(11,511)	0	(11,511)
	VCJPA	(2,063)	0	(2,063)	0	(2,063)
	Total		<u>(72,888)</u>	<u>0</u>	<u>(72,888)</u>	<u>0</u>
<b>2005/2006</b>	BCJPIA	76,235	0	76,235	0	76,235
	CSJVRMA	74,192	0	74,192	0	74,192
	MBASIA	11,710	0	11,710	0	11,710
	MPA	80,143	0	80,143	0	80,143
	PARSAC	53,213	0	53,213	0	53,213
	VCJPA	11,714	0	11,714	0	11,714
	Total		<u>307,208</u>	<u>0</u> *	<u>307,208</u>	<u>0</u> *

# California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of December 31, 2014

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
<b>2006/2007</b>	BCJPIA	190,154	0	190,154	0	190,154
	CSJVRMA	238,787	0	238,787	0	238,787
	MBASIA	29,320	0	29,320	0	29,320
	MPA	190,583	0	190,583	0	190,583
	PARSAC	140,837	0	140,837	0	140,837
	VCJPA	35,873	0	35,873	0	35,873
	Total	<u>825,554</u>	<u>0</u>	<u>825,554</u>	<u>0</u>	<u>825,554</u>
<b>2007/2008</b>	BCJPIA	(72,923)	0	(72,923)	0	(72,923)
	CSJVRMA	(96,155)	0	(96,155)	0	(96,155)
	MBASIA	(11,133)	0	(11,133)	0	(11,133)
	MPA	(79,569)	0	(79,569)	0	(79,569)
	PARSAC	(62,681)	0	(62,681)	0	(62,681)
	VCJPA	(13,805)	0	(13,805)	0	(13,805)
	Total	<u>(336,266)</u>	<u>0</u>	<u>(336,266)</u>	<u>0</u>	<u>(336,266)</u>
<b>2008/2009</b>	BCJPIA	638,901	0	638,901	0	638,901
	CSJVRMA	797,269	0	797,269	0	797,269
	MBASIA	99,004	0	99,004	0	99,004
	MPA	703,504	0	703,504	0	703,504
	PARSAC	599,963	0	599,963	0	599,963
	VCJPA	112,331	0	112,331	0	112,331
	Total	<u>2,950,972</u>	<u>0</u>	<u>2,950,972</u>	<u>0</u>	<u>2,950,972</u>
<b>2009/2010</b>	BCJPIA	1,059,381	(74,067)	985,314	(320,959)	738,424
	CSJVRMA	990,505	(69,252)	921,253	(300,092)	690,413
	MBASIA	130,018	(9,090)	120,928	(39,391)	90,627
	MPA	723,435	(50,579)	672,855	(219,178)	504,257
	VCJPA	105,484	(7,375)	98,109	(31,958)	73,526
	PARSAC	0	0	0	0	0
	Total	<u>3,008,823</u>	<u>(210,364)</u>	<u>2,798,459</u>	<u>(911,578)</u>	<u>2,097,245</u>
<b>2010/2011</b>	BCJPIA	(1,105,473)	(156,050)	(1,261,524)	(453,965)	(1,559,438)
	CSJVRMA	(824,865)	(116,439)	(941,304)	(338,732)	(1,163,598)
	MBASIA	(119,244)	(16,833)	(136,076)	(48,968)	(168,211)
	MPA	(794,214)	(112,112)	(906,326)	(326,145)	(1,120,359)
	VCJPA	(108,648)	(15,337)	(123,984)	(44,616)	(153,264)
	PARSAC	0	0	0	0	0
	Total	<u>(2,952,444)</u>	<u>(416,772)</u>	<u>(3,369,215)</u>	<u>(1,212,426)</u>	<u>(4,164,870)</u>

# California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of December 31, 2014

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
<b>2011/2012</b>	BCJPIA	956,628	(122,176)	834,452	(377,635)	578,993
	CSJVRMA	657,522	(83,975)	573,547	(259,561)	397,961
	MBASIA	111,340	(14,220)	97,121	(43,952)	67,388
	MPA	679,689	(86,807)	592,882	(268,311)	411,378
	VCJPA	100,559	(12,843)	87,716	(39,696)	60,863
	PARSAC	0	0	0	0	0
	<b>Total</b>		<u>2,505,739</u>	<u>(320,021)</u>	<u>2,185,718</u>	<u>(989,156)</u>
<b>2012/2013</b>	BCJPIA	775,107	(210,801)	564,306	(603,659)	171,447
	CSJVRMA	529,866	(144,105)	385,761	(412,663)	117,203
	MBASIA	86,141	(23,427)	62,714	(67,088)	19,054
	MPA	550,264	(149,652)	400,612	(428,550)	121,715
	VCJPA	76,924	(20,920)	56,003	(59,909)	17,015
	PARSAC	0	0	0	0	0
	<b>Total</b>		<u>2,018,303</u>	<u>(548,906)</u>	<u>1,469,397</u>	<u>(1,571,869)</u>
<b>2013/2014</b>	BCJPIA	455,884	(254,425)	201,458	(690,583)	(234,699)
	CSJVRMA	407,454	(227,397)	180,057	(617,221)	(209,767)
	MBASIA	60,006	(33,489)	26,517	(90,898)	(30,892)
	MPA	374,147	(208,809)	165,338	(566,767)	(192,620)
	VCJPA	53,459	(29,835)	23,624	(80,980)	(27,522)
	PARSAC	0	0	0	0	0
	<b>Total</b>		<u>1,350,949</u>	<u>(753,955)</u>	<u>596,994</u>	<u>(2,046,449)</u>
<b>2014/2015</b>	BCJPIA	177,394	(140,534)	36,860	(373,474)	(196,080)
	CSJVRMA	164,746	(130,514)	34,232	(346,845)	(182,099)
	MBASIA	29,304	(23,215)	6,089	(61,695)	(32,391)
	MPA	152,822	(121,068)	31,754	(321,743)	(168,920)
	VCJPA	21,962	(17,399)	4,563	(46,237)	(24,275)
	PARSAC	0	0	0	0	0
	<b>Total</b>		<u>546,228</u>	<u>(432,730)</u>	<u>113,498</u>	<u>(1,149,994)</u>
<b>Total:</b>	<b>BCJPIA</b>	3,277,518	(958,054)	2,319,464	(2,820,275)	457,245
	<b>CSJVRMA</b>	3,057,310	(771,682)	2,285,628	(2,275,114)	782,196
	<b>MBASIA</b>	434,045	(120,274)	313,771	(351,992)	82,053
	<b>MPA</b>	2,701,859	(729,028)	1,972,831	(2,130,694)	571,165
	<b>PARSAC</b>	815,270	0	815,270	0	815,270
	<b>VCJPA</b>	413,185	(103,709)	309,476	(303,397)	109,788
	<b>PERMA</b>	0	0	(0)	0	0
<b>Total Equity</b>		<u>10,699,190</u>	<u>(2,682,747)</u>	<u>8,016,440</u>	<u>(7,881,472)</u>	<u>2,817,718</u>

**Program Year Closures:**

9/30/2006      *Dividends returned to BCJPIA, VCJPA and PARSAC for program years 1993/94; 1994/95; and 1995/96.*

7/1/2011      \* 1996/97 through 2000/01 equity closed into program year 2004/05

***These eight program years are now closed, and no longer appear on the financial statements.***

## California Affiliated Risk Management Authorities

### ~ Rate Stabilization Fund ~

As of December 31, 2014

Member	Original Balance @ 7/1/2002	Cumulative Interest 2002/2003 - 2005/2006	2006/2007			2007/2008			Cumulative Interest 2008/2009 - 2012/2013	2013/2014		2014/2015	Balance @ 12/31/14
			Interest as of 9/30/06	Member Contribution / Withdrawal 9/30/06 & 3/31/07 *	Interest from 10/1/06 - 06/30/07	YE Interest as of 6/30/08	Member Withdrawal June 2008	Member Billing 6/30/08**		1/10/14 Member Contribution	YE Interest as of 6/30/14	YE Interest as of 12/31/14	
BCJPIA	380,979	33,811	7,692	445,979 *	31,721	63,690	(970,226)	6,354	0	0	0	(0)	
PARSAC	201,011	17,839	4,058	(222,909)	0	0	0	0	0	0	0	(0)	
VCJPA	28,165	2,500	569	63,251	3,481	6,989	(22,390)	0	8,773	306,333	1,945	1,214	400,829
CSJVRMA	0	0	0	0	0	0	0	0	0	0	0	0	0
MBASIA	0	0	0	0	0	0	0	0	0	0	0	0	0
MPA	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>610,155</b>	<b>54,150</b>	<b>12,319</b>	<b>286,321</b>	<b>35,201</b>	<b>70,679</b>	<b>(992,616)</b>	<b>6,354</b>	<b>8,773</b>	<b>306,333</b>	<b>1,945</b>	<b>1,214</b>	<b>400,828</b>

Notes: Interest allocation as of 6/30/03 - 9/30/06 is based on percentage of original contribution  
 Interest allocation beginning on 10/1/06 is based on percentage of 9/30/06 balance after member contributions and withdrawals.  
 \*\* Due to Negative Interest allocation 4Q following member withdrawal

**Note: As of 6/30/2007, CARMA's Rate Stabilization Fund is a fiduciary fund that is not included in CARMA's operating financial statements.**

**Historical Information:**

CARMA's Rate Stabilization Fund was set up on 7/1/03 to receive the dividends issued on 6/30/02. Of the \$1,021,230 issued in dividends, \$411,074 was distributed to PERMA. The remaining \$610,155 was contributed back to CARMA as rate stabilization premiums. Below is a grid showing the contributions by member by program year.

Member	1993/94	1994/95	1996/97	1997/98	Totals
BCJPIA	147,271	594,406	(98,684)	(262,014)	380,979
PARSAC	93,146	571,357	(137,114)	(326,378)	201,011
VCJPA		68,558	(18,679)	(21,714)	28,165
<b>Totals</b>	<b>240,417</b>	<b>1,234,321</b>	<b>(254,477)</b>	<b>(610,106)</b>	<b>610,155</b>

As per Resolution 3-2009/2010, *resolution of the Board of Directors of CARMA for a Records Retention Policy*, CARMA staff has determined that the following documents warrant destruction:

**CARMA Administration - Destruction Boxes**

Dept	File Name/Description	Date Range From	Date Range To
Administration	PFM Investment Performance Reviews	7/1/2003	6/30/2006

**CARMA Accounting - Destruction Boxes**

Dept	File Name/Description	Date Range From	Date Range To
Accounting	Bank and Investment Reconciliations	7/1/2004	6/30/2008

**CARMA Litigation - Destruction Boxes**

Dept	File Name/Description	Date Range From	Date Range To
Litigation	Closed Case Files	4/5/2006	2/5/2007
Litigation	Closed Case Files	1/12/2006	1/17/2007
Litigation	Closed Case Files	4/16/2006	6/13/2007
Litigation	Closed Case Files	12/21/2006	9/7/2007
Litigation	Closed Case Files	8/31/2007	11/13/2007
Litigation	Closed Case Files	9/25/2007	12/12/2007

Presented in the Consent Agenda for the 4/15/15 CARMA BOD Meeting Packet



**ADMINISTRATIVE MATTERS**

**SUBJECT: Confirmation of Engagement of Sampson, Sampson & Patterson, LLP for Financial Auditing Services**

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**BACKGROUND AND STATUS:**

At the Board of Directors' meeting on January 9, 2015, the Board approved retaining the accounting firm of Sampson, Sampson & Patterson, LLP, for an additional three-year contract period, contingent on confirmation that the auditor need not be rotated within the same firm every three years.

Staff confirmed that it is not necessary nor required to rotate auditors. After careful deliberations over a three year period, on February 6, 2014, the Public Company Accounting Oversight Board (PCAOB) denied the ruling for mandatory auditor rotation, having determined that requiring companies to rotate auditors would not provide additional audit quality control, which had been the primary intent. The PCAOB had received strong opposition within the accounting industry, and in addition, the House of Representatives had fought against the ruling, passing a bill in 2013 that would have prohibited the mandatory requirement of auditor rotation.

Staff received further verification from Mr. James Marta, C.P.A. that the auditor rotation is not applicable to Joint Powers Authorities, such as CARMA. The auditor rotation applies only to entities that are publicly traded and filed under the Securities and Exchange Commission (SEC).

**RECOMMENDATION:**

*Approval of confirmation of engagement of Sampson, Sampson, & Patterson, LLP, for Financial Auditing Services.*

**REFERENCE MATERIALS ATTACHED:**

- Letter of Engagement from Sampson, Sampson & Patterson, LLP



December 4, 2014

Rob Kramer, Executive Director and Board of Directors  
California Affiliated Risk Management Authorities (CARMA)  
1750 Creekside Oaks Dr., Suite 200  
Sacramento, CA 95833

Dear Mr. Kramer and Board Members:

We are pleased to respond to your request for audit services to be provided to California Affiliated Risk Management Authorities (CARMA) for the years ended June 30, 2015 through June 30, 2017. We will audit the financial statements, including the related notes to the financial statements, of CARMA as of and for the years then ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement CARMA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to CARMA's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

- 1) Management's Discussion and Analysis
- 2) Claims Development Information

### **Audit Objectives**

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the *State Controller's Minimum Audit Requirements for Special Districts* and will include tests of the accounting records of CARMA and other procedures we consider necessary to enable us to express an opinion. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. In our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations and contracts, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of internal control on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CARMA's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that CARMA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **Management Responsibilities**

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statement in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within CARMA from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting CARMA involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting CARMA received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that CARMA complies with applicable laws, regulations, contracts, and agreements, for taking timely and appropriate steps to remedy any fraud, violations of contracts or agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's view on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

#### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of CARMA and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CARMA's compliance with the provisions of applicable laws, regulations, contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Audit Administration, Fees, and Other**

Our fee for the audit of the June 30, 2015 through 2017 financial statements of CARMA will be \$9,100, \$9,300 and \$9,500, respectively, including any out-of-pocket expenses. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to CARMA and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Very truly yours,



Sampson, Sampson & Patterson, LLP

RESPONSE:

This letter correctly sets forth the understanding of CARMA.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ADMINISTRATIVE MATTERS**

**SUBJECT: Consideration of the Liability Claims Audit Prepared by Farley Consulting Services, LLC**

---

**BACKGROUND AND STATUS:**

In February 2015, Mr. Tim Farley of Farley Consulting Services, LLC, conducted an independent audit of general liability claims for the five underlying members of CARMA. His audit findings are summarized in his report dated February 24, 2015. Mr. Farley will be present via telephone to provide an overview of his audit procedures and findings, and to respond to any questions that may arise. Mr. Michael Groff, Litigation Manager, will also be present to comment on the independent audit findings.

According to the Executive Summary, Mr. Farley concluded that “claims handling of all underlying entities continues to be effective. All claims handling entities are performing at or above industry standards. This has been a consistent finding over the past several audit cycles.”

**RECOMMENDATION:**

*Staff recommends Mr. Farley's findings be accepted and approved.*

**REFERENCE MATERIALS ATTACHED:**

- Farley Consulting Liability Claims Audit – 2014 for CARMA February 24, 2015



February 24, 2015

California Affiliated Risk Management Authorities  
c/o Bickmore  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

Attn: Mr. Rob Kramer  
Executive Director

*by email: rkramer@bickmore.net*

## 2015 Liability Claims Audit

Dear Rob:

This report presents a summary of findings for the audit of member joint powers authorities (JPAs) for the California Affiliated Risk Management Authorities (CARMA). This report will be presented at the April 15, 2015 Board of Director's meeting. Let me know if you have any questions in the interim.

**Observations presented here are as of the completion of the on-site auditing (approximate date: 2/18/15).**

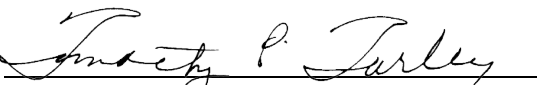
The Executive Summary lists each major finding in condensed form. The remainder of the report discusses those points and other findings in more detail. A chapter is devoted to each member JPA. A separate chapter is devoted to the review of the claims reportable to CARMA's administrator.

This year's project required the preparation of separate, detailed audit reports for each CARMA member. Those reports have been submitted.

FCS appreciates the opportunity to provide this analysis to CARMA.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by   
Timothy P. Farley, CPCU  
President



# Liability Claims Audit – 2015

for

## California Affiliated Risk Management Authorities

February 24, 2015



**F A R L E Y**  
**CONSULTING SERVICES, LLC**

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An Independent Claims Management  
Consulting Firm

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## I. Executive Summary

The primary objectives for the review of CARMA claims continue to be to:

1. Determine the efficiency and effectiveness of claims handling procedures exhibited by the third party administrators (TPAs) and the CARMA administrator, including compliance with applicable California tort claim laws.
2. Evaluate the accuracy of the claims database and the report generated by each TPA to assure that CARMA is receiving accurate information on its members' claims.
3. Determine whether the TPAs for member JPAs and Bickmore are establishing accurate reserves based on sound investigative techniques. CARMA's ability to properly evaluate the liability loss exposure of each JPA is dependent on the accurate assessment of each claim incurred by its members.
4. Provide a document that permits CARMA and its members to fulfill the audit requirements of the California Association of Joint Powers Authorities (CAJPA) accreditation standards.
5. Provide suggestions for improvements in claims handling, reserving, and reporting accuracy.
6. Evaluate the efficiency with which any changes to underlying claims handling arrangements are implemented.

FCS has benchmarked claims handling performance against these objectives in all past CARMA audits.

This year's project includes the creation and distribution of separate audit reports for each underlying member.

### **Audit Conclusion**

Claims handling of all underlying entities continues to be effective. All claims handling entities are performing at or above industry standards. This has been a consistent finding over the past several audit cycles. The findings for each member JPA and CARMA are presented separately. The involved claims handling entity's performance and recommendations for improvement are detailed in the chapter of the report devoted to each JPA or CARMA.

## Case Reserving

This year's project can find no system-wide case reserving deficiency or inconsistency. It is expected that slight deviations in case reserve philosophy and process among the different administrators exist, but the general practices observed are effective and sensitive to vital claim valuation criteria. These include:

- The settlement trend of the venue where the loss occurred and/or where the value of the case could be determined by a trier of fact (jury).
- The particular member's own settlement history.
- Application of available statutory defenses.
- The estimated cost of defending the claim.
- Results of thorough investigation that can incorporate mitigating information (e.g., the claimant's injury history; the existence of other tortfeasors).
- The invocation of indemnifying contractual language.

The project also acknowledges the reserving practices of Bickmore when evaluating potential CARMA exposure on the underlying claims reported to it. It is not uncommon for Bickmore to establish a nominal CARMA reserve despite only partial deterioration of the underlying retention level. FCS finds no fault with this philosophy/practice. When conducting these evaluations, FCS assesses the reasonableness of case reserves of all member administrators and provides criticism of those claims it deems incorrectly reserved. FCS also acknowledges that case reserves are, routinely, precautionary and CARMA's establishment of a reserve on a claim where, for example, the underlying incurred costs are only \$700,000 is reasonable.

### A. Bay Cities Joint Powers Insurance Authority (BCJPIA) – TPA: York Risk Services-Concord

Based on the review of 40 BCJPIA claims, the audit concludes that York continues to effectively administer claims. Notable deficiencies in the key areas of diary maintenance and case reserve accuracy are apparent. Specific claims handling performance findings are discussed in Chapter II (beginning on page 7), which is devoted exclusively to BCJPIA.

Specific observations and recommendations are:

1. BCJPIA's primary claims adjustors have handled its claims for more than 20 years. This continuity is invaluable to BCJPIA. York is properly staffed to handle BCJPIA claims.
2. Two claims reviewed require reserve adjustment. Those claims are discussed in detail in BCJPIA's breakout report. Neither of the recommended reserve changes is significant.

3. Settlements reached by York continue to be based on a logical assessment of damages and the degree of liability attributable to the BCJPIA member. Release/dismissal documentation appears in all settled claims.
4. The audit identified no claims investigation deficiencies.
5. Twenty-nine of the claims reviewed are litigated. All litigated claims exhibit timely status updates from defense counsel. No deficiencies are identified.
6. York is not consistently adhering to required diary maintenance standards. Seven of the claims reviewed exhibit deficiencies. An exhibit in BCJPIA's breakout report discusses these claims in detail.
7. The BCJPIA loss run provided to FCS by York reconciles with data appearing in the claims information system accessed for this audit. There are no information system deficiencies.
8. York is clearly documenting BCJPIA claim activity into the Claims Connect information system. City of Berkeley claims still lack incorporation of some claims handling documents (e.g., release/settlement information), but performance in this key area seems to be improving somewhat.
9. Thirty of the claims reviewed qualify for excess reporting to the JPA. Nine of these are reportable to CARMA. All nine qualifying claims were reported to the CARMA excess administrator timely.

## **B. Vector Control Joint Powers Agency (VCJPA) – TPA: Bickmore, Sacramento**

FCS reviewed all 6 open and 2 recently closed VCJPA claims administered by Bickmore.

Bickmore continues to effectively administer the account. This has been a consistent finding in past audits. Specific observations and recommendations are:

1. Two of the claims require minor reserve adjustment. Those claims are discussed on page 10.
2. Claim administration activity complies with industry standards for investigation. No investigation deficiencies are identified.
3. Information for all claims was presented via electronic flash drive device. The material viewed is organized and in chronological order.
4. Two of the claims reviewed seem to lack compliance with industry standards for diary review.
5. None of the claims reviewed qualify for excess reporting to Bickmore, CARMA's excess administrator.
7. Information observed on the loss run provided reconciles with information documented in the material viewed on the flash drive device.

### **C. Central San Joaquin Valley Risk Management Authority (CSJVRMA) – TPA: Acclamation Insurance Management Services (AIMS), Fresno**

FCS reviewed 40 active CSJVRMA claims. The review reveals that AIMS continues to effectively administer the CSJVRMA account. Specific observations and recommendations are:

1. Two claims generated findings of reserve deficiency. The claims are discussed on page 12.
2. All but one of the claims reviewed are thoroughly investigated. Photographic evidence is not documented on the deficient claim.
3. AIMS continues to effectively manage litigation on the claims reviewed. Correspondence to and from defense counsel is documented in the claim files. Immunities and defenses available to the JPA members are invoked. Cases are referred to defense counsel timely.

Nearly every claim reviewed involved some element of litigation. Most of the claims reviewed generated incurred costs of more than \$25,000. These claims are routinely litigated.

4. Diary maintenance is compliant. No diary deficiencies are identified.
5. The claim files are organized and in chronological order, but two claims that appear to have been closed are still listed as open on the loss run provided.
6. Thirty-two claims reviewed qualify for reporting to CSJVRMA due to potential excess exposure. Nineteen of these were also reported to CARMA. All of these claims were timely reported to CSJVRMA and Bickmore.

### **D. Municipal Pooling Authority (MPA) Walnut Creek – Internally Administered**

FCS reviewed 40 claims reported to MPA. MPA's internal claims handling unit (the Unit) continues to effectively administer these claims. Caseloads of one of the adjustors exceeds the recommended maximum of 150. Specific observations and recommendations are:

1. Two claims reviewed require reserve adjustment. Those claims are discussed on page 14.
2. Investigation is thorough and clearly documented in the claim files and iVOS. Unit staff conducts all field investigation.
3. Most of the claims reviewed involve some element of litigation. Status updates from defense counsel are timely on all litigated claim.
4. All claims reviewed comply with industry standards for diary/case closure.
5. Claim activity data is generally organized. Two claims exhibit deficiencies. Those claims are discussed on page 15.

6. Nine of the claims reviewed meet CARMA excess reporting requirements. All of the claims were reported timely.

### **E. Monterey Bay Area Self-Insurance Authority (MBASIA) – TPA: Risk Management Services, Cotati**

FCS reviewed 15 active claims, including all 12 claims reported to CARMA at Risk Management Services (RMS) in Cotati. Discussions with Mr. Ken Maiolini and Ms. Lena Bowen were conducted throughout the audit process. An exit discussion with Mr. Maiolini was conducted by phone on 2/10/15.

Specific findings and recommendations are:

1. All but one of the claims reviewed are accurately reserved. The deficient claim still has a loss reserve despite the claim's dismissal in September 2014.
2. All claims reviewed are thoroughly investigated. No investigation deficiencies are identified.
3. Twelve of the claims involve some degree of litigation. Litigation management is effective, but status updates from defense counsel to the CARMA administrator are absent on one reportable claim.
4. All claims reviewed exhibit compliance with timely diary maintenance.
5. All but one of the claims files reviewed are clearly documented and chronologically accurate. The one deficient claim file lacks the document denying the claim apparently issued by King City.
6. Twelve of the claims reviewed were reportable to CARMA. All 12 were reported timely.

### **F. California Affiliated Risk Management Authorities (CARMA) – Excess Claims Handling – Bickmore, Sacramento**

FCS reviewed 23 open claims at Bickmore in Sacramento. All 23 of the underlying primary claims were reviewed at the respective primary claims handling site.

Specific findings and recommendations are:

1. FCS acknowledges the high attachment point (\$1,000,000) for CARMA. Four of the CARMA claims reviewed have an established reserve. These four claims are reserved appropriately.
2. Bickmore is effectively managing litigation on CARMA excess reportable claims. Claim activity clearly documents Bickmore's litigation management.
3. All CARMA (Bickmore) claims exhibit timely diary activity.



4. The open loss run provided by CARMA (Bickmore) reconciles with financial information and general claim information appearing on all 23 claim files reviewed.
5. The loss run provided did not list a Capitola claim that is active. That claim is discussed on page 19.

## II. Bay Cities Joint Powers Insurance Authority (BCJPIA)

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This audit fulfills audit requirements set forth in the CAJPA accreditation standards.

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Forty liability claims incurred by BCJPIA members including Marin Cities JPA claims were reviewed. York Risk Services (York) assumed claims administration responsibilities on 7/1/12. All claims were reviewed via access to York's Claims Connect information system. The audit sample includes claims from all BCJPIA members.

### A. Case Reserve Accuracy

Two claims reviewed require reserve adjustment and are discussed in detail in BCJPIA's breakout report. The two claims are:

- BCJP-17455A (City of Pleasanton)
- BCJP-18030A2 (City of Berkeley)

### B. Payments/Settlements

BCJPIA payment procedures and authority levels have not changed.

Settlement authority for Marin Cities varies by member. Authority levels range from \$1,000 to \$5,000.

The audit identified compliance with assigned settlement authority levels. All claims that have been settled and those with settlements pending exhibit thorough evaluation of the following settlement criteria:

- Degree of liability attributable to the BCJPIA member.
- A thorough evaluation of damages submitted by claimants.
- Application of immunities or indemnification language to mitigate the member's exposure.

Settlements continue to be based on a logical assessment of damages and the degree of liability attributable to the member.

Claims that have been settled, and for which settlement funds have been distributed, contain signed release documents.

These positive findings have been evident for the past few audits.

## C. Investigation

For liability claims against BCJPIA member entities, a detailed investigation includes:

- Making prompt contact with the injured claimant.
- Verifying the extent of the member's and the underlying JPA's liability through medical reports or property damage estimates.
- Applying indemnification/hold harmless language appearing in contracts the member enters into with potentially culpable vendors.
- Accounting for injury history to determine pre-existing conditions.
- Canvassing for possible witnesses to the incident.
- Obtaining recorded or written statements regarding the incident from the claimant and witnesses when possible.
- Obtaining police accident reports, if applicable, when the damage or injury is the result of a traffic accident.
- Obtaining photographs of accident scenes and instruments causing the injury, when applicable.
- Aggressive pursuit of additional responsible parties (tortfeasors) to offset the members' or the JPA's contribution to damage/injury awards.

Investigation on BCJPIA claims is performed by York staff.

All claims reviewed exhibit thorough investigation. No investigation deficiencies are identified.

## D. Litigation Management

The selection of defense counsel is made by Mr. Michael Groff of Bickmore after consultation with the member and the claims administrator. The only exception is for cities that utilize their own City Attorney or have a designated defense firm.

Routinely, the claims administrator will contact Mr. Groff and request approval of the use of a particular firm. After receiving Mr. Groff's approval, the referral (including any related documentation) is made by the claims administrator. This policy is common to similar pooling entities.

Past audits have concluded that litigation management was effective on BCJPIA claims.

Status reports from defense counsel are timely. No litigation management deficiencies are identified.

## **E. Diary/File Closure**

Industry standards and FCS's own guidelines recommend some activity be conducted and documented every 30 days on the type of active liability claims routinely incurred by public entities such as the BCJPIA members.

York is not, consistently, maintaining a compliant diary. Seven claims exhibit deficiencies.

- BCJP-16521A1 (Mill Valley)
- BCJP-16546A1 (Piedmont)
- BCJP-17102A (Novato)
- BCJP-17331A (Mill Valley)
- BCJP-17415A (Berkeley)
- BCJP-17637A2 (Novato)
- BCJP-17901A (Larkspur)

## **F. Risk Management Information System (RMIS)**

The BCJPIA loss run provided by York reconciles with data observed in the York Claims Connect information system accessed for this audit. There are no information system accuracy deficiencies.

## **G. Claim Data Organization and Documentation Clarity**

All information observed to conduct this audit was obtained via access to the York Claims Connect information system. That system is efficiently capturing and documenting vital claims administration activity. No documentation clarity deficiencies are identified.

## **H. Excess Reporting**

Thirty of the claims reviewed qualify for excess reporting to the JPA. Nine of these qualified for reporting to CARMA. All nine claims were reported timely to Bickmore.

### III. Vector Control Joint Powers Agency (VCJPA)

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This audit fulfills audit requirements set forth in the CAJPA accreditation standards.

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FCS reviewed all 6 open and 2 recently closed VCJPA claims administered by Bickmore in Sacramento. All of the claims exhibit a property damage exposure only. None of the claims are litigated.

Bickmore continues to comply with industry standards for all elements of claims handling. Minor deficiencies are observed in the key areas of case reserve accuracy and diary maintenance.

#### A. Case Reserving Accuracy

Two claims require reserve adjustment:

- 2014-003 – The property damage reserve of \$500 should be increased to \$2,600 to cover the estimated repairs to the claimant’s vehicle.
- 2014-008 – There is currently no property damage reserve despite the issuance of a release for \$1,781 to the claimant. The reserve should be increased to cover the settlement amount.

#### B. Investigation

Field investigation continues to be performed by various claims administration firms. VCJPA members are located throughout California. Accordingly, local claims investigation firms are required.

All claims reviewed exhibit thorough investigation. There are no deficiencies.

#### C. Litigation Management

None of the claims reviewed involve litigation.

#### D. File Organization/Documentation Clarity

Bickmore utilizes a paperless file process. This process is efficient. All claim administration material was provided on a flash drive device. VCJPA claim administration correspondence is organized and thorough. FCS was able to evaluate all elements of the handling of VCJPA claims. There are no deficiencies.

### **E. Diary/File Closure**

Two of the claims reviewed do not seem to comply with industry standards for diary review:

- 2014-005 – This claim is still designated as open despite the settlement being paid in November 2014.
- 2014-009 – No claim activity notes appear on the flash drive for this incident.

### **F. Excess Reporting**

None of the claims reviewed qualify for excess reporting to the CARMA excess administrator.

## IV. Central San Joaquin Valley Risk Management Authority (CSJVRMA)

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This audit fulfills audit requirements set forth in the CAJPA accreditation standards.

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FCS reviewed 40 open claims at the Fresno office of Acclamation Insurance Management Services (AIMS), CSJVRMA's TPA.

AIMS staff assigned to CSJVRMA claims have been on the account for a number of years. There have been no changes to staff since last year's audit. Two of the claims handling staff appear to have slightly excessive caseloads. All assigned staff have requisite public entity claims handling experience.

Specific findings are detailed in the remainder of this chapter.

### A. Case Reserve Accuracy

Two claims exhibit inaccurate case reserves.

- FR 95728 (Reedley) – The claimant died while in custody. There is currently no loss reserve. The claimant's survivors have retained counsel. FCS recommends the establishment of a \$100,000 loss reserve.
- FR 95068 (Oakdale) – The current expense reserve of \$178,650 seems excessive considering recent correspondence from defense counsel indicating there is only a 15% chance that this slip and fall claim will result in trial.

### B. Investigation

The claims reviewed are thoroughly investigated. This was a finding in past audits as well. This conclusion is based on the following:

- The claims reflect the indexing of all injured claimants. This is to ensure that any unrelated injury history will be considered to help mitigate the CSJVRMA member's liability.
- Photographs of accident scenes are consistently taken and documented in the file.
- Police accident reports are consistently obtained and documented to the claim file.
- Claim number FR 95796 (Tulare) lacks photographic evidence.

### **C. Litigation Management**

Nearly all of the claims reviewed involve some element of litigation because only high exposure claims were chosen for the audit.

AIMS continues to effectively manage litigation on the claims reviewed. Correspondence to and from defense counsel is documented in the claim files. Immunities and defenses available to the JPA members are invoked. Cases are referred to defense counsel timely.

### **D. Diary/File Closure**

Industry standards require that some adjusting activity be conducted and documented every 30 to 45 days on open active cases. The failure to adhere to an aggressive, timely diary routinely results in the failure to respond to settlement/resolution opportunities and the failure to close claims timely.

AIMS is consistently adhering to industry standards for diary. No diary deficiencies are identified.

### **E. File Organization/Documentation**

CSJVRMA claim files are organized and chronologically accurate, but two claims that were closed months ago are still listed as open on the loss run provided. Those claims are:

- FR 93816 (Merced)
- FR 93623 (Clovis)

### **F. Excess Reporting**

CARMA provides excess coverage above the layer of coverage provided by the members' retention and the CSJVRMA limit. CARMA requires notification on any claim meeting certain severity criteria (e.g., fatalities, brain/spinal injuries) and claims within incurred costs meeting or exceeding 50% of the underlying coverage limit.

Thirty-two of the claims reviewed qualify for reporting to CSJVRMA. Nineteen of these qualify for reporting to CARMA/Bickmore. All 19 CARMA reportable claims were reported timely.



## V. Municipal Pooling Authority (MPA)

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This audit fulfills audit requirements set forth in the CAJPA accreditation standards.

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Forty claims were reviewed at the MPA office in Walnut Creek where its own internal claims management unit (The Unit) provides claims handling services to the JPA. MPA staff conducts most field investigation on MPA claims.

The Unit continues to effectively administer claims. Specific findings are discussed in the remainder of this chapter.

### A. Case Reserve Accuracy

The claims reviewed are generally accurately reserved. Two claims may require reserve adjustment:

- GL-011176; City of Lafayette – The current loss reserve of \$62,500 is inadequate, as an offer of \$95,000 has already been made. The reserve should be increased to \$125,000.
- GL-010716; City of San Ramon – Defense counsel estimates the settlement value range of this claim as \$600,000 to \$1,000,000. The current reserve of \$500,000 should be increased to \$750,000.

### B. Investigation

Investigation is thorough and clearly documented for all claims reviewed. No investigation deficiencies are identified.

### C. Litigation Management

Nearly every claim reviewed involves some element of litigation. The Unit is providing effective litigation management and is invoking risk transfer opportunities such as additional insured endorsements and/or indemnity language contained in its contracts with outside vendors.

Status updates from defense counsel are consistently timely on all litigated claim reviewed.

#### **D. Diary/File Closure**

FCS recommends that some activity take place every 30 days on open active claims. All of the claims reviewed are in compliance with industry standards for diary/case closure. MPA claims staff maintain reasonable workloads. This facilitates the compliant diary performance.

#### **E. File Organization/Information System Clarity**

MPA claim handling material (claim file and iVOS) is generally organized. Still, two claims exhibit deficiencies. The result of a motion for summary judgment is not documented on one of the claims. The other claim exhibits an inconsistency in the settlement amount between the claim file and the information system.

#### **F. Excess Reporting**

CARMA provides excess coverage above the layer of coverage provided by MPA. CARMA requires notification on any claim meeting certain severity criteria (e.g., fatalities, brain/spinal injuries) once the incurred costs exceed 25% of MPA's retention level and suit has been filed. Claims with incurred costs meeting or exceeding 50% of MPA's coverage limit require reporting regardless of litigation status.

Eighteen of the claims reviewed meet criteria warranting reporting to MPA. Nine of these also required reporting to CARMA. All claims were reported timely.

## **VI. Monterey Bay Area Self-Insurance Authority (MBASIA)**

MBASIA joined CARMA on 7/1/03. Risk Management Services (RMS) of Cotati assumed the administration of the account in 2010.

All 12 claims reportable to CARMA and 3 other claims were reviewed on February 5, 2015 at RMS in Cotati.

Mr. Ken Maiolini is the primary claim handler on this account. He is assisted by Lena Bowen.

The audit generated the following findings:

### **A. Case Reserve Accuracy**

All but one claim reviewed are accurately reserved. Claim number MBA12-0402A (City of Hollister) is a civil rights claim that was dismissed by summary judgment in September 2014. There was no appeal. There is still an outstanding loss reserve of \$25,000 that should be eliminated.

### **B. Investigation**

All claims reviewed exhibit thorough investigation. No deficiencies are identified.

### **C. Litigation Management**

Twelve of the claims reviewed involve some element of litigation. Cases were referred to defense counsel timely to ensure that responsive pleadings complied with statutory guidelines. Status reports from counsel to RMS are timely for all claims where defense counsel has been retained, but claim number MBA14-0225 lacks copies of correspondence to the CARMA excess administrator.

### **D. Diary/File Closure**

RMS is maintaining an active diary on all claims reviewed. No diary deficiencies are identified.

### **E. File Organization/Documentation**

The files reviewed are consistently organized and chronologically accurate, but claim number MBA14-0225 lacks a copy of a claim denial alluded to in activity notes. It is possible the City neglected to provide a copy of this to RMS.

## **F. Excess Reporting**

Twelve claims qualify for reporting to MBASIA and CARMA on an excess basis. All 12 claims were reported to CARMA timely.

## VII. California Affiliated Risk Management Authorities (CARMA) – Excess Claims Handling

FCS reviewed 23 open claims at Bickmore in Sacramento. All of the underlying primary claims were reviewed in conjunction with the excess claims.

The primary focus when reviewing CARMA excess claims is confirmation that communication between underlying administrators and CARMA is effective and accurate. The main categories for evaluation are:

- Reserve accuracy
- Litigation management
- Claim data documentation accuracy and clarity (e.g., confirmation that notices from underlying administrators to CARMA and CARMA's acknowledgement of the receipt of those notices are documented in CARMA's files).

### A. Case Reserve Accuracy

Only three of the claims reviewed have established case reserves. All three claims are reserved properly.

Bickmore only establishes reserves if penetration above the underlying JPA's coverage limit (\$1,000,000) is anticipated. This does not imply that the underlying incurred cost **must** exceed the JPA coverage limit before Bickmore will establish a reserve. Rather, Bickmore anticipates the possibility of excess exposure and reserves as a precaution.

FCS recommends establishing a \$100,000 CARMA reserve on claim number C2015-002; City of Dinuba (CSJVRMA). Two pedestrians were struck by a vehicle in a cross walk. One of the pedestrian, a 3-year old, was killed. Investigation reveals no defect in the design of the crosswalk, but the claim is litigated and will generate significant sympathy with prospective jurors.

### B. Litigation Management

Mr. Michael Groff at Bickmore is actively involved in litigation management activity for all CARMA members. Any litigation activity on claims meeting excess reporting requirements is also monitored by him. Due to the high exposure inherent with excess reportable claims, all CARMA claims reviewed involve litigation. Mr. Groff's involvement is active and effective on those claims. This has been a consistent finding in past audits.

Defense attorneys are consistently providing timely case status updates to Mr. Groff.

No litigation management deficiencies are identified.

### **C. Investigation**

Nearly all investigation observed on CARMA excess claims is performed by administrators for the underlying JPA. No investigation deficiencies are identified.

### **D. Diary/File Closure**

All but one of the CARMA (Bickmore) claims exhibit timely diary activity. The deficient claim is:

- C2013-006; City of Hollister (MBASIA) – There are no documented claim activity notes past May 2013. This is a civil rights related claim. Some status from the JPA administrator should be solicited at least annually.

### **E. File Organization/Documentation Clarity**

Claim activity material viewed on a flash drive device reflects consistent documentation of the notices generated by underlying administrators to CARMA. No documentation clarity deficiencies are identified.

### **F. Risk Management Information System (RMIS)**

The open loss run provided by CARMA (Bickmore) reconciles with financial information claim information appearing on all 23 claims reviewed. No RMIS inconsistencies are identified.

## Appendix

### CARMA Excess Audit File List

**CARMA Excess**

<b>JPA</b>	<b>Member</b>	<b>Claim #</b>
1. BCJPIA	Menlo Park	C2014-017
2. BCJPIA	Pleasanton	C2014-028
3. BCJPIA	Union City	C2013-025
4. BCJPIA	Union City	C2014-009
5. CSJVRMA	Caldwell	C2006-078
6. CSJVRMA	Clovis	C2013-023
7. CSJVRMA	Dinuba	C2015-002
8. CSJVRMA	Madera	C2012-038
9. CSJVRMA	Merced	C2012-035
10. CSJVRMA	Merced	C2012-037
11. CSJVRMA	Riverbank	C2014-006
12. CSJVRMA	Shafter	C2001-026
13. CSJVRMA	Sonora	C2009-006
14. CSJVRMA	Tracy	C2007-066
15. MBASIA	Capitola	C2013-006
16. MBASIA	King City	C2014-001
17. MBASIA	Marina	C2013-013
18. MPA	Antioch	C2012-031
19. MPA	Antioch	C2013-024
20. MPA	Moraga	C2011-004
21. MPA	Pittsburgh	C2013-009
22. MPA	San Ramon	C2012-023
23. MPA	Walnut Creek	C2013-003



**COVERAGE MATTERS**

**SUBJECT: Report from Alliant Insurance Services on the Status of the Excess Insurance Renewal for CARMA**

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**BACKGROUND AND STATUS:**

CARMA currently participates in the Alliant Municipal Liability (ANML) program with \$10 million coverage limits, and purchases \$15 million additional excess coverage from Colony for a total of \$25 million coverage limits, excess of the CARMA pooled layer.

At the January 9, 2015, Board meeting, Mr. Seth Cole, Alliant Insurance Services (Alliant), discussed the expectations of renewal for the CARMA excess insurance for the 2015/16 program year. The Board directed Alliant to bring to the April 15, 2015, meeting, an indication of what the rates and renewal will be for the new program year.

Mr. Cole will be in attendance at the meeting to update the Board on the status of the CARMA excess insurance renewal.

**RECOMMENDATION:**

*Staff recommends approval to bind the coverage as outlined by Alliant.*

**REFERENCE MATERIALS ATTACHED:**

- CARMA 2015/16 Renewal Update – Alliant Insurance Services

March 30, 2015

Rob Kramer, JD, MBA, ARM  
President, Program Administration  
Bickmore  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

### CARMA 2015/2016 RENEWAL UPDATE

Dear Rob:

This letter provides Bickmore staff and the CARMA Board with the most recent update involving CARMA's upcoming FY 2015/2016 excess liability renewal. We look forward to reviewing this with the Board on April 15<sup>th</sup>.

As agreed at the last meeting, Alliant entered into 'early discussions' with AmTrust to determine if they anticipate any significant changes to the current liability program (i.e. rate increases, changes in coverage, etc.). AmTrust continues in their process of completing the underwriting review, and while we're still 90 days out from the renewal, AmTrust's initial response has been favorable. There are no planned changes in the reinsurance contract, and they have provided us with a **not to exceed premium increase of 8%, noting that payroll has increased by 6%**. In discussing the renewal with them, we are quite confident they will agree to keep the premium increase to no more than 6%.

Currently AmTrust provides the first \$10M in limits in excess of the CARMA pooled layer. Colony provides the Second Layer Excess (\$15M xs AmTrust). The total limit of liability is \$25M excess of CARMA's Pooled Layer and Member Retention.

The Colony renewal pricing is triggered off of the AmTrust premium, however, they have indicated that they are **committed to providing competitive pricing** for the renewal. If this were to change, the second layer excess would be aggressively marketed.

We look forward to seeing you in April and answering any questions that you or the Board may have.

Sincerely,



Seth Cole, ARM  
Senior Vice President  
[scole@alliant.com](mailto:scole@alliant.com)

cc: Michael Simmons, Vice Chairman – Public Entities  
[msimmons@alliant.com](mailto:msimmons@alliant.com)

**COVERAGE MATTERS**

**SUBJECT: CARMA Memorandum of Coverage (MOC) for the 2015/16 Program Year**

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**BACKGROUND AND STATUS:**

Each program year, the CARMA Memorandum of Coverage (MOC) is reviewed and considered by the Board of Directors for the next program year. The MOC has been reviewed by Mr. Michael Groff, Litigation Manager, and Mr. Craig Farmer, Legal Counsel. The only recommended changes to the MOC for the 2015/16 Program Year are changes to the Declarations Page and Endorsement #1, that include the program year, the policy number, and date of approval.

**RECOMMENDATION:**

*Staff recommends acceptance of the revisions to the Memorandum of Coverage, as presented.*

**REFERENCE MATERIALS ATTACHED:**

- Draft 2015/16 CARMA MOC

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES  
(CARMA)**

**MEMORANDUM OF COVERAGE**

| FOR THE ~~2014/2015~~-2015/2016 PROGRAM YEAR

| EFFECTIVE JULY 1, ~~2014~~ 2015

**MEMORANDUM OF COVERAGE  
FOR THE  
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES  
(CARMA)**

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**MEMORANDUM OF COVERAGE  
FOR THE  
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES  
(CARMA)**

In consideration of the payment of the deposit premium, the *Authority* agrees with the *Covered Parties* as follows:

**SECTION I – COVERAGE**

The *Authority* will pay up to the *Limit of Coverage* those sums for *Ultimate Net Loss* in excess of \$1,000,000 that the *Covered Parties* pay out of their own funds, unless otherwise provided herein, as *Damages* because of *Bodily Injury, Property Damage, Personal Injury, or Public Officials Errors and Omissions* as those terms are herein defined and to which this agreement applies, caused by an *Occurrence* during the *Coverage Period*, except as otherwise excluded.

This Memorandum of Coverage does not provide insurance, but instead provides for pooled risk sharing. This Memorandum is a negotiated agreement amongst the *Members* of the Authority and none of the parties to the Memorandum is entitled to rely on any contract interpretation principles that require interpretation of ambiguous language against the drafter of such Memorandum. This Memorandum shall be applied according to the principles of contract law, giving full effect to the intent of the *Members* of the Authority, acting through the Board of Directors in adopting this Memorandum of Coverage. As the Authority is not an insurer, it has no obligation to provide “Cumis” counsel to a *Covered Party* in disputed coverage situations under Civil Code §2860.

**SECTION II - DEFINITIONS**

1. "Aircraft" means a vehicle designed for the transport of persons or property principally in the air.
2. "Authority" means the California Affiliated Risk Management Authorities.
3. "Automobile" means a land motor vehicle, trailer, or semi-trailer.
4. "Bodily Injury" means bodily injury, sickness, disease, or emotional distress sustained by a person, including death resulting from any of these at any time. *Bodily Injury* includes *Damages* claimed by any person or organization for care, loss of services, or death resulting at any time from the *Bodily Injury*.
5. "Coverage Period" means that term prescribed for coverage by the *Authority* as set forth in the Declarations page.
6. "Covered Indemnity Contract" means that part of any contract or agreement pertaining to the *Covered Party's* routine governmental operations under which the *Covered Party*

assumes the tort liability of another party to pay for *Bodily Injury* or *Property Damage* to a third person or organization. This definition applies only to tort liability arising out of an *Occurrence* to which this agreement applies. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

7. "Covered Party" means:

- (a) A *Member* of the *Authority*. This includes all entities named in its Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board), or similar bodies coming under the *Member's* direction or control, or for which the *Member's* board members sit as the governing body, except a hospital board or commission, regardless of how such body is denominated.
- (b) An *Entity* which is a member of a joint powers authority (JPA) which is a *Member* of the *Authority* herein, which *Entity* participates in said JPA's liability program. This includes all *Entities* named in said JPA's Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board), or similar bodies coming under such *Entity's* direction or control, or for which the *Entity's* board member sits as the governing body, except a hospital board or commission, regardless of how such body is denominated.
- (c) Any *Member* or *Entity* or person identified as a *Covered Party* in a certificate of coverage to third parties duly issued by the *Authority* for *Occurrences* during the *Coverage Period* identified in the certificate of coverage, the *Member* or *Entity* or person is a *Covered Party* only for *Occurrences* arising out of the described activity.
- (d) Any official, employee, or volunteer of a *Member*, *Entity* or person covered by (a), (b), or (c) herein, whether or not compensated, while acting in an official capacity for or on behalf of such *Member* or *Entity* or person including while acting on any outside board at the direction of such *Member* or *Entity* or person except a hospital board or commission, regardless of how such a body is denominated.
- (e) The *Authority* itself and its Board of Directors individually.
- (f) With respect to any *Automobile* owned or leased by a *Member*, or loaned to or hired for use by or on behalf of the *Member*, any person while using such *Automobile* and any person or organization legally responsible for the use thereof, provided the actual use is with the permission of the *Member*, but this protection does not apply to:
  - i. Any person or organization, or any agent or employee thereof, operating an *Automobile* sales agency, repair shop, service station, storage garage, or public parking place, with respect to an *Occurrence* arising out of the operation thereof;
  - ii. The owner or any lessee, other than the *Member*, of any *Automobile* hired by or loaned to the *Member* or to any agent or employee of such owner or lessee.

- (g) No *Member* or *Entity* or person is a *Covered Party* with respect to the conduct of any current or past partnership, joint venture, or joint powers authority that is not shown as a named *Covered Party* in the Declarations; however, for any person (1) who is an official, employee, or volunteer of a *Member* or *Entity* covered by (a) or (b) herein, (2) who participates in the activities of the partnership, joint venture, or joint powers authority (or any separate agency or *Entity* created under any joint powers agreement by the named *Member*), and (3) who is acting for or on behalf of a *Member* or *Entity* covered by (a) or (b) herein at the time of the *Occurrence*, then coverage is afforded by this agreement. Such coverage will be in excess of and shall not contribute with any collectible insurance or other coverage provided to the other joint powers authority, *Entity*, or *Member*.
- (h) Notwithstanding sections (d) and (e) above, the defense and indemnity coverage afforded by this agreement to a past or present official, employee, or volunteer of a *Member* or *Entity* is not broader than the *Member's* or *Entity's* duty to defend and indemnify its official, employee, or volunteer pursuant to California Government Code Section 815, 815.3, 825 to 825.6, 995 to 996.6, inclusive, and any amendments thereof. If the *Member* or *Entity* which employs the official, employee, or volunteer is not obligated under the California Government Code to provide a defense, or to provide indemnity for a claim, or if said *Member* or *Entity* refuses to provide such defense and/or indemnity to said official, employee, or volunteer, then this agreement shall not provide any such defense or indemnity coverage to said official, employee, or volunteer. All immunities, defenses, rights, and privileges afforded to a *Member* or *Entity* under California Government Code Section 815, 815.3, 825 to 825.6, 995 to 996.6, inclusive, and any amendments thereof, shall be afforded to the Authority to bar any defense or indemnity coverage under this agreement to that *Member's* or *Entity's* official, employee, or volunteer.
8. "Cyber Liability" means any liability arising out of or related to the acquisition, storage, security, use, misuse, disclosure, or transmission of electronic data of any kind, including, but not limited to, technology errors and omissions, information security and privacy, privacy notification cost, penalties for regulatory defense or penalties, website media content, disclosure or misuse of confidential information, failure to prevent unauthorized disclosure or misuse of confidential information, improper or inadequate storage or security or personal or confidential information, unauthorized access to computer systems containing confidential information, or transmission or failure to prevent transmission of a computer virus or other damaging material.
9. "Dam" means any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which either (a) is 25 feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not across a stream, channel, or watercourse, to the maximum possible water storage elevation; or (b) has an impounding capacity of 50 acre-feet or more.



Any such barrier which is not in excess of 6 feet in height, regardless of storage capacity, or which has a storage capacity not in excess of 15 acre-feet, regardless of height, shall not be considered a *Dam*.

No obstruction in a canal used to raise or lower water therein or divert water there from, no levee, including but not limited to, a levee on the bed of a natural lake the primary purpose of which levee is to control floodwaters, no railroad fill or structure, no road or highway fill or structure, no tank constructed of steel or concrete or of a combination thereof, no tank elevated above the ground, no water or waste water treatment facility, and no barrier which is not across a stream channel, watercourse, or natural drainage area and which has the principal purpose of impounding water for agricultural use or storm water detention or water recharging or use as a sewage sludge drying facility shall be considered a *Dam*. In addition, no obstruction in the channel of a stream or watercourse which is 15 feet or less in height from the lowest elevation of the obstruction and which has the single purpose of spreading water within the bed of the stream or watercourse upstream from the construction for percolation underground shall be considered a *Dam*. Nor shall any impoundment constructed and utilized to hold treated water from a sewage treatment plant be considered a *Dam*. Nor shall any wastewater treatment or storage pond exempted from State regulations and supervision by Water Code Section 6025.5 be considered a *Dam*.

10. "Damages" means compensation in money recovered by a third party for loss or detriment it has suffered through the acts of a *Covered Party* or for liability assumed by the *Covered Party* under a *Covered Indemnity Contract*. *Damages* include (1) attorney fees not based on contract awarded against the *Covered Party*, (2) interest on judgments, or (3) costs, for which the *Covered Party* is liable either by adjudication or by compromise with the written consent of the *Authority*, if the fees, interest, or costs arise from an *Occurrence* to which this coverage applies.
11. "Defense Costs" means all fees and expenses incurred by any *Covered Party*, caused by and relating to the adjustment, investigation, defense, or litigation of a claim to which this coverage applies, including attorney's fees, court costs, premiums for appeal bonds, and interest on judgments accruing after entry of judgment. *Defense Costs* shall include adjusting expenses of a third party claims administrator that are specifically identifiable with a claim subject to this coverage. *Defense Costs* shall include reasonable attorney fees and necessary litigation expenses incurred by or for a party other than the *Covered Party*, that are assumed by the *Covered Party* in a *Covered Indemnity Contract* where such attorney fees or costs are attributable to a claim for *Damages* covered by this Memorandum. *Defense Costs* shall include fees and expenses relating to coverage issues or disputes that arise after a written denial of coverage, between any *Covered Party* named in the Declarations and the *Authority*, if the *Covered Party* named in the Declarations prevails in such dispute. *Defense Costs* shall not include the office expenses, salaries of employees and officials, or expenses of the *Covered Party* or the *Authority*, or attorney fees or costs awarded to a prevailing plaintiff against the *Covered Party*.

12. "Limit of Coverage" shall be the amount of coverage stated in the declaration page or certificate of coverage, or sublimits as stated therein for each *Covered Party* per *Occurrence*, subject to any lower sublimit stated in this Memorandum. For each *Occurrence*, there shall be only one *Limit of Coverage* regardless of the number of claimants or *Covered Parties* against whom a claim is made. In the event that a structured settlement, whether purchased from or through a third-party, or paid directly by the *Covered Party* in installments, is utilized in the resolution of a claim or suit, the Authority will pay only up to the amount stated in the Declarations or certificate of coverage in present value of the claim, as determined on the date of settlement, regardless of whether the full value of the settlement exceeds the amount stated in the Declarations or certificate of coverage.
13. "Medical Malpractice" means the rendering of or failure to render any of the following services:
- (a) Medical, surgical, dental, psychiatric, psychological counseling, x-ray, or nursing service or treatment or the furnishing of food or beverages in connection therewith; or any services provided by a health care provider as defined in Section 6146 (c), (2), (3), of the California Business and Professions Code.
  - (b) Furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances.
- Medical Malpractice* does not include emergency medical services or first aid administered by employees, nor does it include advice or services rendered by a 911 emergency dispatcher.
14. "Member" shall mean any organization that is a party to the Agreement creating the California Affiliated Risk Management Authorities.
15. "Nuclear Material" means *Source Material*, *Special Nuclear Material*, or *Byproduct Material*. "Source Material", "Special Nuclear Material", and "Byproduct Material" have the meanings given to them by the Atomic Energy Act of 1954 or in any law amendatory thereof.
16. "Occurrence" means:
- (a) With respect to *Bodily Injury* or *Property Damage*: an accident, including continuous or repeated exposure to substantially the same generally harmful conditions, which results in *Bodily Injury* or *Property Damage* neither expected nor intended from the standpoint of the *Covered Party*. Loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the *Occurrence* that caused it.
  - (b) With respect to *Personal Injury*: an offense described in the definition of that term in

this coverage agreement.

- (c) With respect to *Public Officials Errors and Omissions*: any actual or alleged misstatement or misleading statement or act or omission as described in the definitions of the term in this coverage agreement.

17. "Personal Injury" means injury arising out of one or more of the following offenses:

- (a) False arrest, detention or imprisonment, or malicious prosecution;
- (b) Abuse of legal process;
- (c) Wrongful entry into, or eviction of a person from, a room, dwelling, or premises that a person occupies;
- (d) Publication or utterance of material, including continuous or repeated, that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, or oral or written publication of material that violates a person's right of privacy;
- (e) Discrimination or violation of civil rights; and
- (f) Injury resulting from the use of force for the purpose of protecting persons or property.

18. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, airborne particles or fibers, mold, fungal pathogens, electromagnetic fields, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed. The term *Pollutants* as used herein does not mean potable water, agricultural water, water furnished to commercial users, or water used for fire suppression.

19. "Property Damage" means:

- (a) Physical injury or destruction of tangible property, including all resulting loss of use of that property; or
- (b) Loss of use of tangible property that is not physically injured or destroyed.

20. "Public Officials Errors and Omissions" means any (including continuous or repeated) actual or alleged misstatement or misleading statement or act or omission by any *Covered Party* (individually or collectively) arising in the course and scope of their duties with the *Covered Party* or claimed against them solely by reason of their being or having been public officials or employees, and which results in damage neither expected nor intended from the standpoint of the *Covered Party*. All claims involving the same misstatement or misleading

statement or act or omission or a series of contiguous or interrelated misstatements or misleading statements or acts or omissions will be considered as arising out of one *Occurrence*.

21. "Retained Limit" means the amount, identified in the applicable Declaration or certificate, of *Ultimate Net Loss* for which the *Covered Party* pays out of its own funds, unless otherwise provided herein, before the *Authority* is obligated to make payment, subject to the following:
- (a) For each *Occurrence*, there shall be only one *Retained Limit* regardless of the number of claimants or *Covered Parties* against whom a claim is made.
  - (b) Payment of the *Retained Limit* shall be apportioned among the *Covered Parties* in accordance with their proportionate shares of liability. If the payment is for a settlement, the *Retained Limit* shall be apportioned among the *Covered Parties*, in accordance with the respective parties' agreed upon or court-determined share of liability. In the event that the apportionment requires court determination, the *Covered Parties* will pay all costs of the *Authority* in seeking such determination, including its attorney's fees in proportion to the court's determination of liability.
22. "Ultimate Net Loss" means the sums actually paid by the *Covered Parties* comprising the total of all *Defense Costs* and all *Damages*.

### **SECTION III - DEFENSE AND SETTLEMENT**

The *Authority* shall have no duty to assume charge of investigation or defense of any claim. However, the *Authority*, at its own expense, shall have the right to assume the control of the negotiation, investigation, defense, appeal, or settlement of any claim the *Authority* determines, in its sole discretion, to have reasonable probability of resulting in an *Ultimate Net Loss* in excess of the applicable *Retained Limit*. The *Covered Party* shall fully cooperate in all matters pertaining to such claim or proceeding.

If the *Authority* assumes the control of the handling of a claim, the *Covered Parties* shall be obligated to pay at the discretion of the *Authority* any sum necessary for the defense and settlement of a claim, or to satisfy liability imposed by law, up to the applicable *Retained Limit*.

No claim shall be settled for an amount in excess of the *Retained Limit* without the prior written consent of the *Authority*, and the *Authority* shall not be required to contribute to any settlement to which it has not consented.

### **SECTION IV - CARMA'S LIMIT OF COVERAGE**

Regardless of the number of (1) *Covered Parties* under this Memorandum, (2) persons or organizations who sustain injury or damage, or (3) claims made or suits brought, the *Authority's*

liability is limited as follows:

- (a) With respect to coverage provided, the *Authority's* liability for any one *Occurrence* shall be limited to the *Ultimate Net Loss* that is in excess of \$1,000,000, which shall be the *Covered Party's Retained Limit*, but then only up to the sum set forth in the Declarations as the *Authority's* limit of liability for any one *Occurrence*. In the event that a structured settlement, whether purchased from or through a third-party, or paid directly by the *Covered Party* in installments, is utilized in the resolution of a claim or suit, the Authority will pay only up to the amount stated in the Declarations or certificate of coverage in present value of the claim, as determined on the date of settlement, regardless of whether the full value of the settlement exceeds the amount stated in the Declarations or certificate of coverage.
- (b) The *Limit of Coverage* for any additional *Covered Party* as defined in Section 2, Paragraph 7, Subparagraph (c), subject to the per *Occurrence* limitation above, shall not exceed the limit stated in its additional *Covered Party* certificate regardless of the limit which applies to the *Member*.

Nothing contained herein shall operate to increase the *Authority's* limit of liability under this Memorandum.

#### **SECTION V - COVERAGE PERIOD AND TERRITORY**

This agreement applies to *Bodily Injury, Property Damage, Personal Injury, or Public Officials Errors and Omissions* that occurs anywhere in the world during the *Coverage Period* identified in the applicable Declaration or certificate of coverage.

#### **SECTION VI - EXCLUSIONS**

This agreement does not apply to:

1. With respect to Pollution:
  - (a) Any liability arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of *Pollutants* anywhere in the world.
  - (b) Any loss, cost or expense arising out of any governmental direction or request that the *Authority*, the *Covered Party* or any other person or organization test for, monitor, clean-up, remove, contain, treat, detoxify, neutralize, or assess the effects of *Pollutants*; or
  - (c) Any loss, cost, or expense, including but not limited to costs of investigation or attorneys' fees, incurred by a governmental unit or any other person or organization to test for, monitor, clean-up, remove, contain, treat, detoxify, or neutralize

*Pollutants.*

However, this exclusion shall not apply to *Bodily Injury* or *Property Damage* caused by a *Covered Party's* response to contamination caused by a third party unrelated to a *Covered Party*. Response includes clean up, removal, containment, treatment, detoxification, and neutralization of *Pollutants*. In addition this exclusion does not apply to direct and immediate *Bodily Injury* or *Property Damage* arising out of operations involving the use, application, or spraying of any pesticide at or from any site or location not owned or controlled by the *Covered Party* on which the *Covered Party* or any contractors or subcontractors working directly or indirectly on behalf of the *Covered Party*, are performing operations if the operation(s) performed meet all standards of any statute, ordinance, regulation, or license requirement of any federal, state, or local government which apply to those operations.

- (d) The exclusions set forth in (a), (b), or (c) above do not apply if said discharge, dispersal, release, or escape of *Pollutants* meets all of the following conditions:
  - i. It was accidental and neither expected nor intended by the *Covered Party*; and
  - ii. It was demonstrable as having commenced on a specific date during the term of this memorandum; and
  - iii. Its commencement became known to the *Member* within seven (7) calendar days; and
  - iv. Its commencement was reported in writing to the *Authority* within forty (40) calendar days of becoming known to the *Member*; and
  - v. Reasonable effort was expended by the *Member* to terminate the discharge, dispersal, release, or escape of *Pollutants* as soon as conditions permitted.
- (e) The exclusions set forth in (a), (b), or (c) above do not apply if said discharge, dispersal, release, or escape arises from materials being collected as part of any drop off or curbside recycling program implemented and operated by the *Covered Party*, unless the materials have been stored by the *Covered Party* or parties for a continuous period exceeding ninety (90) days.
- (f) Nothing contained in this agreement shall operate to provide any coverage with respect to:
  - i. Any site or location principally used by the *Covered Party*, or by others in the *Covered Party's* behalf, for the handling, storage, disposal, dumping, processing, or treatment of waste material; except as provided in Section VI, paragraph 1, subparagraph (e)

- ii. Any fines or penalties;
  - iii. Any clean-up costs ordered by the Superfund Program, or any federal, state, or local governmental authority. However, this specific exclusion (c) shall not serve to deny coverage for third party clean-up costs otherwise covered by this endorsement simply because of the involvement of a governmental authority;
  - iv. Acid rain; or
  - v. Clean-up, removal, containment, treatment, detoxification, or neutralization of *Pollutants* situated on premises the *Covered Party* owns, rents, or occupies at the time of the actual discharge, dispersal, seepage, migration, release, or escape of said *Pollutants*.
2. Claims, including attorney's fees or salary or wage loss claims, by any potential, present, or former employee or official of the *Covered Party*, arising out of, but not limited to, a violation of civil rights or employment-related practices, policies, acts, or omissions, including termination, coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination directed at that person. This exclusion extends to claims of the spouse, child, unborn child or fetus, parent, brother, or sister of that person as a consequence of injury to the person at whom any of the employment-related practices, policies, acts, or omissions described above are directed.
3. *Bodily Injury* to:
- (a) An employee of the *Covered Party* arising out of and in the course of:
    - i. Employment by the *Covered Party*; or
    - ii. Performing duties related to the conduct of the *Covered Party's* business; or
  - (b) The spouse, child, unborn child or fetus, parent, brother, or sister of the employee as a consequence of paragraph (1) above.

This exclusion applies to any obligation to share *Damages* with or repay someone else who must pay *Damages* because of the injury. However, this exclusion does not apply to liability assumed under contract.

4. Any obligation under any workers' compensation, unemployment compensation, or disability benefits law or any similar law.

These exclusions 2, 3, and 4 apply whether the *Covered Party* may be liable as an employer or in any other capacity.

5. Claims arising out of ownership, maintenance, management, supervision, or the condition of any hospital.
6. Claims because of *Bodily Injury, Personal Injury, or Property Damage* arising out of ownership, maintenance, management, supervision, or the condition of any airport, including but not limited to liability arising out of ownership, operation, maintenance, or entrustment of *Automobiles* while used in airport operations.
7. Claims arising out of any *Medical Malpractice*:
  - (a) Committed by a doctor, osteopath, chiropractor, dentist, or veterinarian; or
  - (b) Committed by any health care provider, as defined in Business & Professions Code Section 6146(c)(2), working for any hospital or hospital operated out-patient, in-patient, or other clinic at the time of the occurrence giving rise to the loss.
8. Claims arising out of the hazardous properties of *Nuclear Material*.
9. Claims arising out of:
  - (a) Land use regulations or planning policies, annexation, eminent domain by whatever name called, no matter how or under what theory such claims are alleged.

Notwithstanding this exclusion, coverage under this Memorandum is provided, in excess of the \$1,000,000 Covered Parties Retained Limit first paid, for Damages and Defense Costs of up to \$2,000,000 per Occurrence and subject to an aggregate limit of \$4,000,000 per Member for inverse condemnation claims due to Property Damage resulting from any of the following: weather acting upon or with the Covered Party's property or equipment, accidental failure of the Covered Party's property or equipment, negligent design or maintenance of or inadequate design of a public work or public improvement.

Notwithstanding the above, this Memorandum shall not afford inverse condemnation coverage for any claim arising out of the design, construction, ownership, maintenance, operation, or use of any water treatment plant or waste water treatment plant, no matter how or under what theory such claim is alleged, except a claim based upon the accidental failure of the equipment utilized or contained within the water treatment plant or waste water treatment plant.

- (b) The initiative process, whether or not liability accrues directly against any Covered Party by reason of any agreement which a Covered Party has entered.



10. *Property Damage to:*
- (a) Property owned by the *Covered Party*;
  - (b) Property rented to or leased by the *Covered Party* where it has assumed liability for damage to or destruction of such property, unless the *Covered Party* would have been liable in the absence of such assumption of liability; and
  - (c) *Aircraft* or watercraft in the *Covered Party's* care, custody, or control.
11. Claims arising out of the ownership, operation, use, maintenance, or entrustment to others of: (a) any *Aircraft* or (b) any watercraft being used for commercial purposes. Ownership, operation, use, or maintenance as used herein does not include static displays of aircraft in a park or museum setting.
12. Claims arising out of the failure to supply or provide an adequate supply of gas, water, electricity, or sewage capacity when such failure is a result of the inadequacy of the *Covered Party's* facilities to supply or produce sufficient gas, water, electricity, or sewage capacity to meet the demand.
- This exclusion does not apply if the failure to supply results from direct and immediate accidental injury to tangible property owned or used by any *Covered Party* to procure, produce, process, or transmit the gas, water, electricity, or sewage.
13. Claims arising out of the ownership, maintenance, or use of any trampoline or any other rebound tumbling device.
14. Claims arising out of a *Covered Party's* sponsored or controlled skateboard activities or facilities unless those activities or facilities are covered by the *Member* joint powers authority.
15. Claims arising out of bungee jumping or propelling activities sponsored or controlled by the *Covered Party*.
16. Claims arising out of a failure to perform or breach of a contractual obligation.
17. Claims arising out of liability assumed under any contract or agreement, except liability that would be imposed by law in the absence of the contract or agreement, or when such assumption is the subject of a duly issued Certificate of Additional *Covered Party*; but such assumption is covered only up to the *Limit of Coverage* stated in the certificate. This exclusion does not apply to liability assumed in a contract or agreement that is a *Covered Indemnity Contract*, provided the *Bodily Injury* or *Property Damage* occurs subsequent to the execution of the contract or agreement.

18. Fines, assessments, penalties, restitution, disgorgement, exemplary or punitive *Damages*. This exclusion applies whether the fine, assessment, penalty, restitution, disgorgement, exemplary or punitive damage is awarded by a court or by an administrative or regulatory agency. Restitution and disgorgement as used herein refer to the order of a court or administrative agency for the return of a specific item of property or a specific sum of money, because such item of property or sum of money was not lawfully or rightfully acquired by the *Covered Party*.
19. *Ultimate Net Loss* arising out of relief, or redress, in any form other than money *Damages*.
20. Claims arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of or exposure to radon, asbestos, asbestos products, asbestos fibers, asbestos dust, or other asbestos containing materials, or:
  - (a) Any obligation of the *Covered Party* to indemnify any party because of such claims, or
  - (b) Any obligation to defend any suit or claims against the *Covered Party* because of such claims.
21. Claims for injury or *Damages* caused by intentional conduct done by the *Covered Party* with willful and conscious disregard of the rights or safety of others, or with malice. However, as to any other *Covered Party* that did not authorize, ratify, participate in, consent to, or have knowledge of such conduct by its past or present employee, elected or appointed official, or volunteer, and where the claim against that *Covered Party* is based solely on its vicarious liability arising from its relationship with such employee, official, or volunteer, this exclusion does not apply to said *Covered Party*.
22. Claims arising out of partial or complete structural failure of a *Dam*.
23. Claims by any *Covered Party* against its own past or present elected or appointed officials, employees, volunteers, or additional covered parties where such claim seeks *Damages* payable to the *Covered Party*.
24. Claims arising out of oral or written publication of material, if done by or at the direction of the *Covered Party* with knowledge of its falsity.
25. Claims arising out of liability imposed on any *Covered Party* under any uninsured/underinsured motorist law or *Automobile* no-fault law.
26. The cost of providing reasonable accommodation pursuant to the Americans with Disabilities Act, Fair Employment and Housing Act, or similar law.
27. Refund or restitution of taxes, fees, or assessments.

28. Claims for refund, reimbursement, or repayment of any monies to which a *Covered Party* was not legally entitled.
29. Claims arising in whole or in part out of the violation of a statute, ordinance, order, or decree of any court or other judicial or administrative body, or rule of law, committed by or with the knowledge or consent of the *Covered Party*.
30. Claims arising out of estimates of probable cost or cost estimates being exceeded or faulty preparation of bid specifications or plans including architectural plans unless prepared by a qualified, licensed and/or registered engineer or architect who is the appointed City Engineer or an employee of the *Covered Party*.
31. Under *Public Officials Errors and Omissions Coverage*:
  - (a) *Bodily Injury, Personal Injury*, or physical injury to tangible property, including all resulting loss of use of that property.
  - (b) Benefits payable under any employee benefit plan.
32. *Claims arising out of Cyber Liability*. “Notwithstanding this exclusion, coverage under this Memorandum is provided, in excess of the \$1,000,000 *Covered Party*’s Retained Limit and any other available insurance first paid, for Damages and Defense Costs of up to \$1,000,000 per Occurrence and subject to an aggregate limit of \$4,000,000 per member.”

## **SECTION VII - CONDITIONS**

### 1. *Covered Party's Duties in the Event of Occurrence, Claim, or Suit*

The following provisions are conditions precedent to being afforded coverage under this Memorandum. The *Covered Party*’s failure to comply with any of these provisions shall void the coverage provided herein, unless otherwise specifically stated.

#### (a) Notice Conditions

From the time when any of the following occurs the *Covered Party* shall notify the *Authority* within 30 days:

1. Establishment of a reserve on any claim or suit (including multiple claims or suits arising out of one *Occurrence*), amounting to at least fifty percent of the *Retained Limit*;
2. For Title 42 USC 1983 matter alleging a violation of civil rights:
  - i. Any claim or case where a Complaint has not yet been served and the

- combined total of paid and reserved amounts reaches twenty-five percent of the *Retained Limit*; or
- ii. Any claim or case in which a Complaint has been filed and served on a *Covered Party*.
3. Regardless of service or reserve, any claim involving any:
- i. Fatality,
  - ii. Amputation,
  - iii. Loss of use of any sensory organ,
  - iv. Spinal cord injuries (quadriplegia or paraplegia),
  - v. Third degree burns involving ten percent or more of the body,
  - vi. Facial disfigurement,
  - vii. Paralysis,
  - viii. Closed head injuries,
  - x. Loss of use of any body function, or
  - xi. Hospitalization for at least 30 consecutive days when known by the Member entity.

If the *Covered Party* fails to comply with any of these notice conditions and the *Authority's* Board of Directors find by a majority vote that the delay was unreasonable, the *Authority* shall limit the coverage provided herein, as follows:

- i. If notice is given to the *Authority* within 180 days after the date on which it should have been given, any *Ultimate Net Loss* that would have been owing to the *Covered Party*, if notice had been timely given to the *Authority*, shall be reduced by twenty-five percent (25%).
- ii. If notice is given to the *Authority* between 181 days and 365 days after the date on which it should have been given, any *Ultimate Net Loss* that would have been owing to the *Covered Party*, if notice had been timely given to the *Authority*, shall be reduced by fifty percent (50%).
- iii. If notice is given to the *Authority* between 366 days and 730 days after the date on which it should have been given, any *Ultimate Net Loss* that would have been owing to the *Covered Party*, if notice had been timely given to the *Authority*, shall be reduced by seventy-five percent (75%).
- iv. If notice is given to the *Authority* over 730 days after the date on which it should have been given, the *Authority* shall deny any coverage and shall pay no *Ultimate Net Loss*.

In determining whether or not the delay was unreasonable, the *Authority's* Board of Directors shall consider all facts and circumstances that caused the delay. Prejudice to the *Authority* is a factor but is neither conclusive nor required.

Written notice containing particulars sufficient to identify the *Covered Party* and also reasonably obtainable information with respect to the time, place, and circumstances thereof, and the names and addresses of the *Covered Party* and of available witnesses, shall be given to the *Authority* or any of its authorized agents as soon as possible.

- (b) If a claim is made or suit is brought against the *Covered Party* and such claim or suit falls within the descriptions in paragraph (a) above, the *Covered Party* shall be obligated to forward to the *Authority* every demand, notice, summons, or other process received by it or its representative.
- (c) The *Covered Party* shall cooperate with the *Authority* and upon its request assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the *Covered Party* because of *Bodily Injury, Personal Injury, Property Damage, or Public Officials Errors and Omissions* with respect to which coverage is afforded under this agreement; and the *Covered Party* shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The *Covered Party* shall not, except at its own cost, voluntarily make any payment, assume any obligation, or incur any expense toward the settlement of any claim for which the *Authority* has accepted responsibility and has so notified the *Covered Party*.
- (d) As to any claim for which the *Authority* has accepted responsibility and has so notified the *Covered Party*, if the *Covered Party* prevents settlement of the claim for a reasonable amount, defined as the amount the *Authority* is willing to pay and the claimant is willing to accept, and increases the *Covered Party's* potential liability for *Damages* and continued *Defense Costs*, the *Covered Party* shall pay or shall reimburse the *Authority* for those *Defense Costs* incurred after the claim could have been settled, and for any *Damages* awarded or settlement agreed upon in excess of the amount for which the claim could have been settled.
- (e) The *Authority* shall be entitled to complete access of the *Covered Party's* claim file, the defense attorney's complete file, and all investigation material and reports, including all evaluations and information on negotiations. The *Covered Party* shall be responsible to report on the progress of the litigation and any significant developments at least quarterly to the *Authority*, and to provide the *Authority* with simultaneous copies of all correspondence provided to the *Covered Party* by its defense attorneys and/or agents.

## 2. Bankruptcy or Insolvency

Bankruptcy or insolvency of the *Covered Party* shall not relieve the *Authority* of any of its obligations hereunder.

3. Other Coverage

- (a) Except as provided in 3(b), in order for coverage herein to apply, the *Covered Party* must pay the full amount of its *Retained Limit*. Payment of the *Retained Limit* by the *Covered Party* is required in addition to, and regardless of, any payment or payments from any other source for or on behalf of that *Covered Party*. If insurance or any other coverage with any insurer, joint powers authority or other source is available to the *Covered Party* covering a loss also covered hereunder (whether on a primary, excess or contingent basis), the coverage hereunder shall be in excess of, and shall not contribute with, such other insurance or coverage. This coverage shall be in excess of, and shall not contribute with, any insurance or coverage which names a *Covered Party* herein as an additional *Covered Party* or additional insured party, where coverage is extended to a loss also covered hereunder.
- (b) Commercial coverage purchased directly by a *Covered Party* for the sole purpose of insuring all or a portion of its *Retained Limit* may be utilized to pay all, or a portion of, a *Covered Party's Retained Limit*.

4. Severability of Interests

The term *Covered Party* is used severally and not collectively, but the inclusion herein of more than one *Covered Party* shall not operate to increase the limits of the *Authority's* liability or the *Retained Limit* applicable per *Occurrence*.

5. Accumulation of Limits

A claim which contains allegations extending to a duration of more than one *Coverage Period* shall be treated as a single *Occurrence* arising during the first *Coverage Period* when the *Occurrence* begins.

6. Termination

This agreement may be terminated at any time in accordance with the Bylaws of the *Authority*.

7. Changes

Notice to any agent or knowledge possessed by any agent of the *Authority* or by any other person shall not effect a waiver or a change in any part of this Memorandum of Coverage, nor shall the terms of this Memorandum of Coverage be waived or changed, except by endorsement issued to form a part of this Memorandum of Coverage.

8. Subrogation

The *Authority* shall be subrogated to the extent of any payment hereunder to all the *Covered Parties'* rights of recovery thereof and the *Covered Parties* shall do nothing after loss to prejudice such right and shall do everything necessary to secure such right. Any amounts so recovered shall be apportioned as follows:

- (a) The highest layer of coverage shall be reimbursed first and if there are sufficient recoveries then the next highest layer shall be reimbursed until all recoveries are used up.
- (b) The expenses of all such recovery proceedings shall be paid before any reimbursements are made. If there is no recovery in the proceedings conducted by the *Authority*, it shall bear the expenses thereof.

9. Arbitration

Decisions by the *Authority* whether to assume control of the negotiation, investigation, defense, appeal, or settlement of a claim, or whether or not coverage exists for a particular claim or part of a claim shall be made by the Board of Directors of the *Authority*.

Any dispute concerning a decision of the *Authority* to deny coverage for all or part of a claim shall not be subject to any court action, but shall instead be submitted to binding arbitration. The *Covered Party* must exhaust the right to appeal to the Board of Directors before requesting arbitration of a dispute.

Arbitration shall be conducted pursuant to the California Code of Civil Procedure. Arbitration shall be conducted by a single neutral arbitrator. The *Covered Party* or parties and the *Authority* shall select the arbitrator by mutual agreement. No arbitrator shall be employed or affiliated with the *Authority* or the *Covered Party* or parties.

The selection of the arbitrator shall take place within twenty (20) calendar days from the receipt of the request for arbitration; if not agreed to within twenty (20) days, an immediate petition to a court of law for appointment of a neutral arbitrator shall be filed by the *Authority*. The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection or court appointment of the arbitrator.

Each party shall bear equally the cost of the selected or appointed arbitrator. In addition, each party shall be responsible for its own costs and expenses of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between the "parties" and the arbitrator relating to the subject of the arbitration other than at oral hearings.

The procedures set forth in California Code of Civil Procedure Section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph 9.

Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with Section 1280).

The decision of the neutral arbitrator shall be final and binding, and shall not be subject to appeal except as provided for in California Code of Civil Procedure sections 1286.2 and 1286.6.



**FINANCIAL MATTERS**

**SUBJECT: Review of Actuarial Study Provided by Mr. Jack Joyce of Bay Actuarial Consultants**

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**BACKGROUND AND STATUS:**

Mr. Jack Joyce of Bay Actuarial Consultants has completed the actuarial analysis dated March 27, 2015, and will be in attendance telephonically to present his report.

The actuarial analysis is composed of two main components. Part one of the study is a loss forecasting analysis to determine the appropriate contribution rate for the CARMA program in the 2015/16 program year. Part two is a review of the estimates of the ultimate liabilities of the CARMA program projected to June 30, 2015.

**Part One – Loss Forecasting Analysis**

The discounted contribution rate required to collect at the 75% confidence level for the upcoming 2015/16 program year, .514, is an increase of approximately 8.4% over the prior study's 75% rate of .474. The proposed discount factor is 2.0%, the same factor featured in last year's study, and used in the 2014/15 budget.

The Proposed Budget assumes funding at the 75% confidence level, at a discount rate of 2.0%.

**Part Two – Review of the Ultimate Liability Estimates**

In the new study, the estimate of CARMA's Ultimate Loss and LAE for all open program years has been increased by 10.4% or \$4,707,973. The adverse development in the 2010/11 program year was the main driver in the significant increase.

The grid on the following page shows the changes in ultimate loss for each open program year:

Changes in Projected Ultimate Loss for All Open Program Years Based on Actuarial Study dated March 27, 2015					
Program Year	Status+	(Prior Year) Ultimate Loss as of 6/30/14	(Current Year) Ultimate Loss as of 6/30/15	Change in Total Ultimate Loss	Percentage Change in Total Ultimate Loss
2001/2002	Open	1,988,620	1,988,620	-	0.0%
2002/2003	Open	1,780,000	1,780,000	-	0.0%
2003/2004	Open	850,000	750,000	(100,000)	-11.8%
2004/2005	Open	6,845,307	7,200,000	354,693	5.2%
2005/2006	Open	6,078,222	6,500,000	421,778	6.9%
2006/2007	Open	2,385,698	2,890,000	504,302	21.1%
2007/2008	Open	4,340,000	3,460,000	(880,000)	-20.3%
2008/2009	Open	2,980,000	3,970,000	990,000	33.2%
2009/2010	Open	1,330,000	1,440,000	110,000	8.3%
2010/2011	Open	4,300,000	7,700,000	3,400,000	79.1%
2011/2012	Open	1,790,000	2,340,000	550,000	30.7%
2012/2013	Open	2,730,000	2,150,000	(580,000)	-21.2%
2013/2014	Open	3,900,000	3,410,000	(490,000)	-12.6%
2014/2015	Open	4,122,800 *	4,550,000	427,200	10.4%
<b>Totals</b>		<b>\$ 45,420,647</b>	<b>\$ 50,128,620</b>	<b>\$ 4,707,973</b>	<b>10.4%</b>

+ Only open program years are shown  
\* Calculated based on undiscounted rate at expected \* Payrol I / 100

**RECOMMENDATION:**

*Staff recommends the Board accept and file the actuarial study as presented.*

**REFERENCE MATERIALS ATTACHED:**

- Draft Actuarial Study Dated March 27, 2015, Prepared by Bay Actuarial Consultants

# **California Affiliated Risk Management Authorities**

## **Actuarial Review and Funding Recommendation**

DRAFT

**BAY ACTUARIAL CONSULTANTS**

**Moraga, California**

**March 27, 2015**

# Bay Actuarial Consultants

March 27, 2015

Board of Directors  
California Affiliated Risk Management Authorities  
c/o Mr. Rob Kramer, CARMA Administrator  
Bickmore  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

To the Board:

We are pleased to present Bay Actuarial's Actuarial Review and Funding Recommendation for the California Affiliated Risk Management Authorities ("CARMA"). We appreciate the opportunity to serve CARMA.

If you have any questions, please call me at (925) 377-5269.

Respectfully,

BAY ACTUARIAL CONSULTANTS



Jack Joyce, FCAS, MAAA  
Principal

# California Affiliated Risk Management Authorities

## Actuarial Review and Funding Recommendation

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# **California Affiliated Risk Management Authorities**

## **Actuarial Review and Funding Recommendation**

### **Introduction**

DRAFT

# California Affiliated Risk Management Authorities

## Actuarial Review and Funding Recommendation

### Introduction

#### Background & Purpose

The California Affiliated Risk Management Authorities (“CARMA”) provides “excess” insurance coverage to public entities throughout California through a combination of self-insurance, reinsurance, and excess insurance. CARMA currently self-insures the \$3 million layer of loss between \$1 million and \$4 million. The members themselves pay the first \$1 million of each loss. From July 1, 1998 to June 30, 2003 CARMA ceded 25% of its self-insured losses to a commercial reinsurer under a quota share agreement. CARMA currently purchases reinsurance to cover 100% of the losses in the \$10 million excess of \$4 million layer. CARMA purchases excess insurance to cover the \$15 million excess of \$14 million layer of loss.

CARMA has asked Bay Actuarial Consultants to recommend member contribution rates for the 2015-16 program year. The report documents our recommendations and our projection of CARMA’s balance sheet liability for unpaid losses and loss adjustment expenses as of June 30, 2015.

#### Conditions & Limitations

This report has been prepared for CARMA’s internal use. Copies of this report may be supplied to CARMA’s auditors. Any other use of this report is not authorized without the prior written permission of Bay Actuarial Consultants. In particular, insurers or other entities that are considering selling insurance or reinsurance to CARMA must perform their own actuarial analysis and may not rely upon our work.

Bickmore provided the data that we relied upon. With any actuarial analysis the accuracy and relevance of the conclusions and the reasonableness of the recommendations depend upon the accuracy and relevance of the underlying data.

The actuarial projections in this report are estimates, and as such are subject to uncertainty. Uncertainty is unavoidable because many of the events that will

affect claims costs have not yet taken place. These potential future events include, but are not limited to: changes in the tort liability law or its interpretation, changes in future inflation rates, the outcomes of future litigation, and the amounts of future jury awards and defense costs. Our projections are based upon CARMA's historical experience. We have not anticipated any extraordinary changes in the various factors that might affect the future cost of claims. We used actuarial methods that should produce reasonable results given current information. There is no guarantee, express or implied, that losses will develop as projected in this report.

## **Organization of the Report**

We divided the remainder of this report into four sections: the *Management Summary*, the *Summary Exhibits*, the *Estimated Liability Exhibits*, and the *Base Rate Exhibits*.

The *Management Summary* gives an overview of the results of our analysis. The *Summary Exhibits*, the *Estimated Liability Exhibits*, and the *Base Rate Exhibits* document the actual calculations used in developing our results.



# **California Affiliated Risk Management Authorities**

## **Actuarial Review and Funding Recommendation**

### **Management Summary**

DRAFT

# California Affiliated Risk Management Authorities

## Actuarial Review and Funding Recommendation

### Management Summary

#### Rates for 2015-16

This report documents the calculation of the recommended funding rates for 2015-16 and our projection of CARMA's liability for unpaid losses as of June 30, 2015. The analysis is based upon claims data evaluated as of December 31, 2014. Table 1 shows the projected **\$3 million excess of \$1 million** rates for 2015-16 (per \$100 of payroll):

**Table 1: \$3M xs \$1M Rates for 2015-16 Discounted at 2.0% Interest**

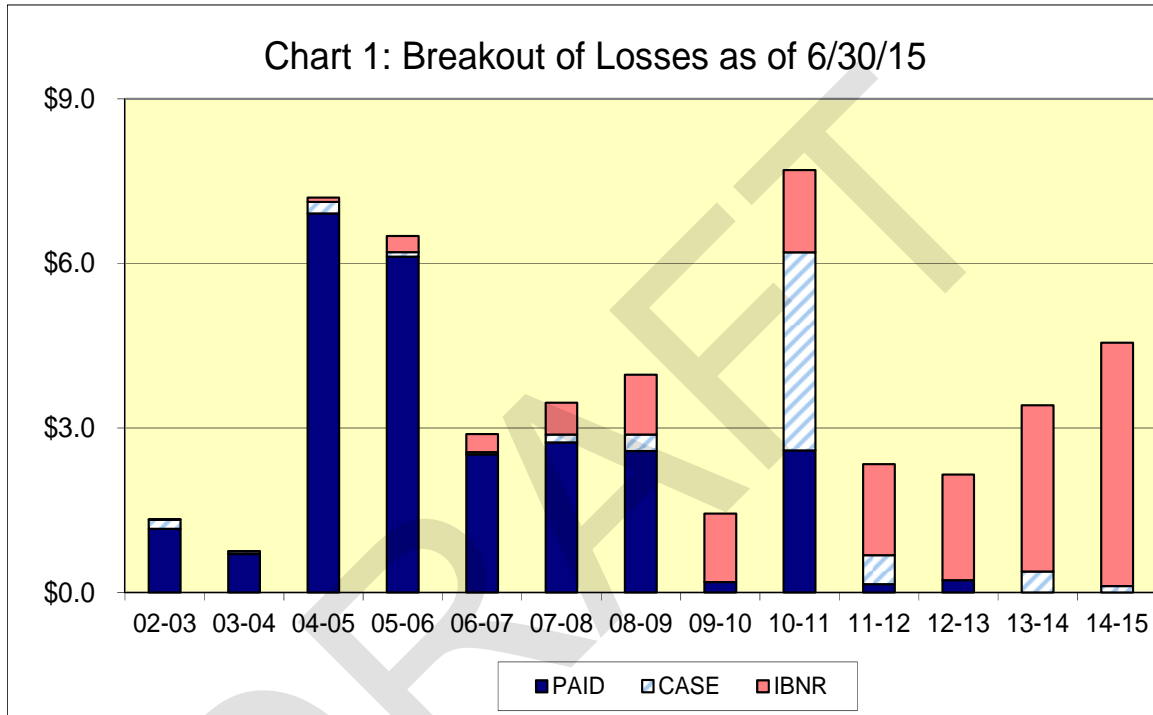
LAYER	Probability level						
	50%	60%	Central Estimate	75%	80%	85%	90%
<b>\$3M x \$1M</b>	<b>28.7¢</b>	<b>36.3¢</b>	<b>37.8¢</b>	<b>51.4¢</b>	<b>58.2¢</b>	<b>67.3¢</b>	<b>80.5¢</b>

These rates are discounted at 2.0% interest. They provide only for indemnity payments and for the legal defense and other costs associated with investigating specific claims. They do not cover the cost of program administration, claims handling, reinsurance, or excess insurance premiums. There is a Table on the bottom of page 8 that shows the multiplicative adjustments one would make to these rates should CARMA decide to discount at other than 2.0%. There is a strong case for a lower interest rate (see Interest rate discussion on page 11). Pages 14 through 20 show rates for the 2x1, 4x1, 1x2,2x2, 3x2, 1x3, 2x3, and 1x4 layers.

The discounted central estimate rate of 37.8¢ in Table 1 would be 42.8¢ had it not been discounted. This undiscounted central estimate 3x1 base rate is 11.5% higher than the corresponding rate we projected for 2014-15 one year ago. The undiscounted 75% probability level rate is up 10.6% from last year. As usual, we re-calculated the probability distributions for claims of different sizes using the 12/31/14 claims data. This, along with the observed loss development in the layers of loss below \$1,000,000 that feed into the CARMA layer, was behind the rate increase.

## Projected Liability as of June 30, 2015

We project the estimated liability for unpaid losses as of June 30, 2015 at **\$21.8 million** if undiscounted or **\$20.3 million** if discounted (2.0% interest). Chart 1 reflects the 25% quota share cession that was in place in 2002-03. The projected liability is \$5.7 higher than last year's projection of the June 30, 2014 liability. Chart 1 shows our projected breakout of estimated losses as of June 30, 2015 (\$ millions):



As of 12/31/14, the evaluation date of the data used in this analysis, we estimate that there was \$2.83 of IBNR liability for every dollar of case reserves in the CARMA retained layer. Last year the IBNR to case reserve ratio at 12/31/13 was \$3.06. The projected 6/30/15 case reserves and IBNR are \$5.70 million and \$16.18 million, respectively, which produces a projected 6/30/15 IBNR to case reserves ratio of \$2.84.

The main driver in the increase in the overall liability was the development in the 2010-11 program year. Last year we estimated the losses for 2010-11 at \$4.30 million. The new estimate is \$7.70 million.

Table 2 shows the projected liabilities at various probability levels as of June 30, 2015.

**Table 2: Projected Liability for Unpaid Losses  
as of June 30, 2015  
(Dollars in Thousands)**

<b>Probability Level</b>	<b>Undiscounted</b>	<b>Discounted at 2.0% Interest</b>
Central Estimate	\$21,772	\$20,326
60%	21,337	19,919
70%	24,603	22,968
75%	26,780	25,001
80%	29,175	27,237
90%	37,449	34,960

The difference between the top number in the discounted column in Table 2 and the 75% probability level amount is \$4.68 million. We estimate that this amount of capital will provide 75% probability that the combined reserves plus capital will be adequate to pay all the claims incurred through 6/30/15. 90% probability would require \$14.63 million in capital. These probabilities are based on the assumption that CARMA's investment portfolio will earn a return of 2.0% per year every year from July 1, 2015 onward. We will discuss this assumption in the section on "Interest Rates" on page 11.

There is a table below that shows how to convert the discounted liability in Table 2 to what it would be if you use a different interest rate.

### **Short-Term Liability as of June 30, 2015**

We project that CARMA will discharge approximately \$3.6 million of its June 30, 2015 liability during 2015-16. The discounted short-term liability is \$36,000 lower (1% lower). Actual expenditures during 2014 were only \$2,765,000.

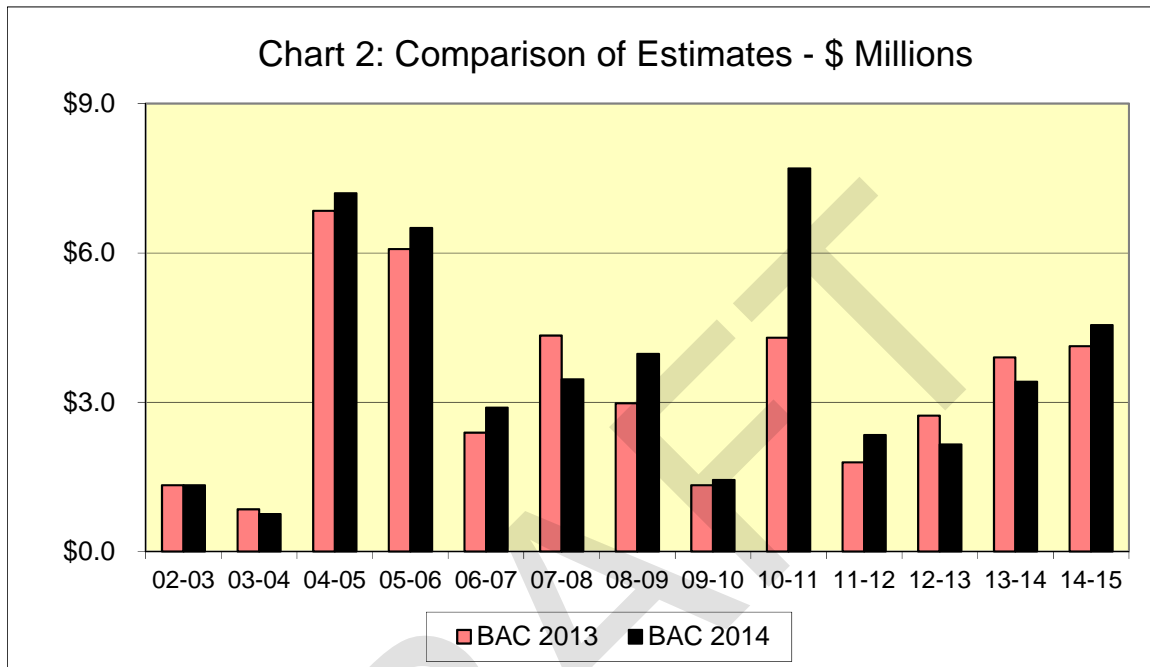
### **Different Interest Rates**

The discounted liabilities and rates in this report were calculated using a 2.0% interest rate. The following table provides the adjustments one would make for some different interest rates:

<b>Int. Rate</b>	<b>0.0%</b>	<b>0.81%</b>	<b>1.0%</b>	<b>1.32%</b>	<b>1.5%</b>	<b>2.0%</b>
<b>Rate Adjustment</b>	<b>+13.0%</b>	<b>+7.1%</b>	<b>+6.3%</b>	<b>+4.2%</b>	<b>+2.9%</b>	<b>0.0%</b>
<b>Liability Adjustment</b>	<b>+7.1%</b>	<b>+4.1%</b>	<b>+3.4%</b>	<b>+2.3%</b>	<b>+1.7%</b>	<b>0.0%</b>

## Comparison with Prior Report

Chart 2 compares our current estimates of the ultimate losses by year (\$ millions) with last year's actuarial estimates. These estimates show estimated limited ultimate losses before quota share. Note that the Chart 1 loss data was after quota share.



The overall increase for all years including 2014-15 was \$4,703,000. After six months of loss experience in 2014-15 we raised last year's initial projection for that year by \$423,000. The overall change for 2013-14 and prior was an increase of \$4,281,000.

## Technical Approach

The technical approach is similar to last year's. We continued with a 4% annual claims inflation assumption, and estimated that "primary" first dollar claim frequency has been declining at 1.5% per year. We assume that CARMA's overall exposure to loss is constant each year, except for changes in the membership and the changes in inflation and claim frequency.

We continued to estimate two "size-of-loss" probability distributions, one empirical and another that is a "fit" to a gamma probability distribution. Empirical distributions become less reliable at the high end where the actual numbers of losses are very few. The CARMA data that we use for the empirical analysis contains over 10,000 liability claims but only four of these exceed \$5 million when trended to 2015-16. This data contains another eight claims that are above \$3 million but below \$5 million. This is not a lot of data for making reliable

projections at the high end, so we rely upon the gamma distribution more at the high end.

We calculated the CARMA rates as multiples of “base rates” for the following “base layers” of loss:

- \$850,000 excess of \$150,000;
- \$900,000 excess of \$100,000;
- \$750,000 excess of \$250,000;
- \$400,000 excess of \$400,000;
- \$1 million excess of \$0;
- \$2 million excess of \$0.

The results of the analysis of excess rates as multiples of the base rates for the above layers are on page 22. We obtained relatively similar excess rates regardless of which of the above layers was used for a base rate.

## **ULAE**

We estimate that claims handling costs (“unallocated loss adjustment expenses,” or “ULAE”) are less than 0.5% of loss costs. Adding a 0.5% provision for ULAE in the rates and liabilities should fund this expense adequately.

## **Reconciling the 12/31/13 & 12/31/14 Liability**

While we always project the liability six months forward to June 30, we also estimate the 12/31 liability and this estimate involves fewer unknowns since there is no need to project claim payments six months into the future. In last year’s report we estimated the 12/31/13 liability at \$15.606 million. Claims expenditures during calendar year 2014 were \$2.397 million. We increased our estimate of the losses incurred through 12/31/13 by \$4.075 million. We estimate the losses incurred during calendar year 2014 at \$3.980 million.

Starting with the \$15.606 million 12/31/13 liability, subtracting the claims, adding the change in the estimates for the older years, and adding the estimated losses for 2014 produces \$21.264 million, which matches our estimate of the 12/31/14 liability on page 32. This reconciliation is gross of the old quota share.

## Interest Rates

The interest rate assumption has a very large effect on the amount of the required contributions for 2015-16. The 2014 calendar year payroll was \$1.140 billion and we assume that payroll will continue at this amount in through 2014-15 and 2015-16 except for member additions or departures. Projected contributions, discounting the contribution rate at 2.0% interest, are \$4.22 million. Those same contributions using undiscounted rates would be \$4.76 million, or \$548,000 higher. This difference needs to be made up through future interest earnings.

We matched the projected timing of the payments on the 2015-16 losses with a hypothetical portfolio of US Treasury bills and notes selected so that they would mature just as the funds would be needed to pay the claims. This hypothetical "risk-free buy-and-hold" portfolio of treasuries yielded 1.32% interest. We did a similar analysis of the projected payment pattern for the 6/30/15 liabilities. A risk-free buy-and-hold portfolio of treasuries that would mature to pay off the liability as payments are made would yield only 0.81%.

The interest rate adjustment Table on page 8 shows that rates would need to be 4.2% higher if they were discounted at 1.32% instead of 2.0%. The estimated liability would be 4.1% higher if it was discounted at 0.81% interest instead of 2.0%.

**California Affiliated Risk Management Authorities  
Actuarial Review and Funding Recommendation**

**Summary Exhibits**



California Affiliated Risk Management Authorities  
Liability Program

Projected Loss Funding Rate for 2015-16

**\$3 Million Excess of \$1 Million Layer**

(1) Discounted Loss Rate: (as of July 1, 2015, 2.0% interest rate)	<u>Loss Rates</u> <b>\$0.378</b>
---	-------------------------------------

<b><u>Probability Levels</u></b>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.76	0.287
0.60	0.96	0.363
<b>Central Estimate</b>	<b>1.00</b>	<b>\$0.378</b>
0.70	1.20	0.454
0.75	1.36	0.514
0.80	1.54	0.582
0.85	1.78	0.673
0.90	2.13	0.805

\* Multiply by 1.130 to obtain undiscounted values.

Notes:

- (1) [Page 22, Column (3), Cumulative] x [Page 40, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities  
Liability Program

Projected Loss Funding Rate for 2015-16

**\$2 Million Excess of \$1 Million Layer**

- (1) Discounted Loss Rate:  
(as of July 1, 2015, 2.0% interest rate)

Loss Rates  
**\$0.327**

<b><u>Probability Levels</u></b>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.60	0.96	0.314
<b>Central Estimate</b>	<b>1.00</b>	<b>\$0.327</b>
0.70	1.20	0.392
0.75	1.36	0.445
0.80	1.55	0.507
0.85	1.79	0.585
0.90	2.14	0.700

\* Multiply by 1.130 to obtain undiscounted values.

Notes:

- (1) [Page 22, Column (2), Cumulative] x [Page 40, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities  
Liability Program

Projected Loss Funding Rate for 2015-16

**\$4 Million Excess of \$1 Million Layer**

(1) Discounted Loss Rate: Loss Rates  
**\$0.402**  
(as of July 1, 2015, 2.0% interest rate)

<b><u>Probability Levels</u></b>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.76	0.306
0.60	0.96	0.386
<b>Central Estimate</b>	<b>1.00</b>	<b>\$0.402</b>
0.70	1.20	0.482
0.75	1.35	0.543
0.80	1.54	0.619
0.85	1.78	0.716
0.90	2.13	0.856

\* Multiply by 1.130 to obtain undiscounted values.

Notes:

- (1) [Page 22, Item (4), Cumulative] x [Page 40, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities  
Liability Program

Projected Loss Funding Rate for 2015-16

**\$1 Million Excess of \$2 Million Layer**

	<u>Loss Rates</u>
(1) Discounted Loss Rate: (as of July 1, 2015, 2.0% interest rate)	<b>\$0.105</b>

<b><u>Probability Levels</u></b>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.74	0.078
0.60	0.96	0.101
<b>Central Estimate</b>	<b>1.00</b>	<b>\$0.105</b>
0.70	1.23	0.129
0.75	1.40	0.147
0.80	1.61	0.169
0.85	1.88	0.197
0.90	2.27	0.238

\* Multiply by 1.130 to obtain undiscounted values.

Notes:

- (1) [Page 22, Column (2), SELECTED] x [Page 40, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities  
Liability Program

Projected Loss Funding Rate for 2015-16

**\$2 Million Excess of \$2 Million Layer**

(1) Discounted Loss Rate:  
(as of July 1, 2015, 2.0% interest rate)

Loss Rates  
**\$0.157**

<b><u>Probability Levels</u></b>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.50	0.70	0.110
0.60	0.94	0.148
<b>Central Estimate</b>	<b>1.00</b>	<b>\$0.157</b>
0.70	1.24	0.195
0.75	1.43	0.225
0.80	1.66	0.261
0.85	1.95	0.306
0.90	2.38	0.374

\* Multiply by 1.130 to obtain undiscounted values.

Notes:

- (1) 3X1 Rate - 1X1 Rate, discounted.
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities  
Liability Program

Projected Loss Funding Rate for 2015-16

**\$3 Million Excess of \$2 Million Layer**

(1) Discounted Loss Rate: Loss Rates  
**\$0.180**  
(as of July 1, 2015, 2.0% interest rate)

<b><u>Probability Levels</u></b>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.65	0.117
0.60	0.92	0.166
<b>Central Estimate</b>	<b>1.00</b>	<b>\$0.180</b>
0.70	1.24	0.223
0.75	1.43	0.257
0.80	1.68	0.302
0.85	1.99	0.358
0.90	2.44	0.439

\* Multiply by 1.130 to obtain undiscounted values.

Notes:

- (1) 4X1 Rate - 1X1 Rate, discounted.
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities  
Liability Program

Projected Loss Funding Rate for 2015-16

**\$1 Million Excess of \$3 Million Layer**

(1) Discounted Loss Rate: Loss Rates  
**\$0.052**  
(as of July 1, 2015, 2.0% interest rate)

<b><u>Probability Levels</u></b>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.55	0.029
0.60	0.95	0.049
<b>Central Estimate</b>	<b>1.00</b>	<b>\$0.052</b>
0.70	1.31	0.068
0.75	1.52	0.079
0.80	1.79	0.093
0.85	2.14	0.111
0.90	2.66	0.138

\* Multiply by 1.130 to obtain undiscounted values.

Notes:

- (1) [Page 22, Column (3), SELECTED] x [Page 40, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities  
Liability Program

Projected Loss Funding Rate for 2015-16

**\$2 Million Excess of \$3 Million Layer**

- (1) Discounted Loss Rate:  
(as of July 1, 2015, 2.0% interest rate)

Loss Rates  
**\$0.075**

<b><u>Probability Levels</u></b>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.60	0.72	0.054
<b>Central Estimate</b>	<b>1.00</b>	<b>\$0.075</b>
0.70	1.26	0.095
0.75	1.55	0.116
0.80	1.88	0.141
0.85	2.30	0.173
0.90	2.88	0.216

\* Multiply by 1.130 to obtain undiscounted values.

Notes:

- (1) 4X1 Rate - 2x1 Rate, discounted.
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).



California Affiliated Risk Management Authorities  
Liability Program

Projected Loss Funding Rate for 2015-16

**\$1 Million Excess of \$4 Million Layer**

(1) Discounted Loss Rate:  
(as of July 1, 2015, 2.0% interest rate)

Loss Rates  
**\$0.023**

<b><u>Probability Levels</u></b>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.70	0.88	0.020
<b>Central Estimate</b>	<b>1.00</b>	<b>\$0.023</b>
0.75	1.59	0.037
0.80	2.12	0.049
0.85	2.67	0.061
0.90	3.40	0.078

\* Multiply by 1.130 to obtain undiscounted values.

Notes:

- (1) [Page 22, Column (2), SELECTED] x [Page 40, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities  
Liability Program

Selection of Excess Rate

Type of Fit	Indicated \$1M x \$1M Rate (1)	Indicated \$1M x \$2M Rate (2)	Indicated \$1M x \$3M Rate (3)	Indicated \$1M x \$4M Rate (4)
E-150K - 1M	\$0.244	\$0.140	\$0.081	\$0.039
G-150K - 1M	0.263	0.111	0.051	0.024
E-400K - 800K	0.244	0.140	0.081	0.039
G-400K - 800K	0.243	0.108	0.052	0.025
E-100K - 1M	0.242	0.139	0.080	0.039
G-100K - 1M	0.271	0.111	0.050	0.023
E-250K - 1000K	0.243	0.140	0.081	0.039
G-250K - 1000K	0.252	0.110	0.051	0.025
E-0 - 1M	0.242	0.139	0.080	0.039
G-0 - 1M	0.312	0.102	0.037	0.015
E-0 - 2M	0.240	0.138	0.080	0.038
G-0 - 2M	0.299	0.097	0.036	0.014
Indicated:	\$0.258	\$0.123	\$0.063	\$0.030
2014:	\$0.226	\$0.108	\$0.051	\$0.023
<b>SELECTED</b>	<b>\$0.250</b>	<b>\$0.119</b>	<b>\$0.058</b>	<b>\$0.026</b>

Cumulative Rates

	\$1M x \$1M	\$2M x \$1M	\$3M x \$1M	\$4M x \$1M
<b>SELECTED</b>	<b>\$0.250</b>	<b>\$0.369</b>	<b>\$0.428</b>	<b>\$0.454</b>

Notes:  
(1) through (4) Items (3) on pages 44, 45, 46, 47, 49, and 50.

California Affiliated Risk Management Authorities  
Liability Program

Projected Liability for Unpaid Losses as of June 30, 2015

Net After 25% Quota Share Cession

(1) Projected Unpaid Losses as of 6/30/15:	\$21,772,460
(2) Discounted Unpaid Losses as of 6/30/15: (2.0% Interest Rate)	\$20,325,800

Probability Level (3)	Undiscounted Probability Level Funding (4)	Discounted Probability Level Funding (5)
30%	\$14,152,099	\$13,211,770
40%	16,329,345	15,244,350
50%	18,724,316	17,480,188
60%	21,337,011	19,919,284
<b>Central Estimate</b>	<b>\$21,772,460</b>	<b>\$20,325,800</b>
70%	24,602,880	22,968,154
75%	26,780,126	25,000,734
80%	29,175,097	27,236,572
90%	37,448,632	34,960,376

Notes:

- (1) Page 26, Column (3).
- (2) Page 41, Column (3).
- (3) Estimated probability that the level of funding shown will be adequate.
- (4) Estimated by BAC through analysis of CARMA claims information.
- (5) Estimated by BAC through analysis of CARMA claims information.

California Affiliated Risk Management Authorities  
Liability Program

Projected Liability for Unpaid Losses as of June 30, 2015

Gross Without Regard to Quota Share Cession

(1) Projected Unpaid Losses as of 6/30/15:	\$21,815,155
(2) Discounted Unpaid Losses as of 6/30/15: (2.0% Interest Rate)	\$20,365,658

Probability Level (3)	Undiscounted Probability Level Funding (4)	Discounted Probability Level Funding (5)
30%	\$14,179,851	\$13,237,678
40%	16,361,367	15,274,244
50%	18,761,034	17,514,466
60%	21,378,852	19,958,345
<b>Central Estimate</b>	<b>\$21,815,155</b>	<b>\$20,365,658</b>
70%	24,651,126	23,013,194
75%	26,832,641	25,049,760
80%	29,232,308	27,289,982
90%	37,522,067	35,028,932

Notes:

- (1) Page 30, Column (6).
- (2) (1) x Page 41, item (4).
- (3) Estimated probability that the level of funding shown will be adequate.
- (4) Estimated by BAC through analysis of CARMA claims information.
- (5) Estimated by BAC through analysis of CARMA claims information.

**California Affiliated Risk Management Authorities  
Actuarial Review and Funding Recommendation**

**Projected Liability at June 30, 2015**

California Affiliated Risk Management Authorities  
Liability Program

Limited Liabilities after Quota Share

As of 06/30/15

Fiscal Year	Projected Direct Liabilities at 06/30/15 (1)	Effect of Quota Share (2)	Projected Limited Liability After Quota Share (3)
2002-03	\$170,781	75.0%	\$128,085
2003-04	51,439	100.0%	51,439
2004-05	287,690	100.0%	287,690
2005-06	379,389	100.0%	379,389
2006-07	375,076	100.0%	375,076
2007-08	722,428	100.0%	722,428
2008-09	1,392,323	100.0%	1,392,323
2009-10	1,253,256	100.0%	1,253,256
2010-11	5,108,412	100.0%	5,108,412
2011-12	2,190,095	100.0%	2,190,095
2012-13	1,924,268	100.0%	1,924,268
2013-14	3,410,000	100.0%	3,410,000
2014-15	4,550,000	100.0%	4,550,000
Total	\$21,815,155		\$21,772,460

Notes:

- (1) Page 30, Column (6).
- (2) Provided by Bickmore.
- (3) (1) x (2).

California Affiliated Risk Management Authorities  
Liability Program

Projected Unpaid Losses as of June 30, 2015

Before Quota Share

70% Probability Level

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/15 (2)	Projected Case Reserves @ 6/30/15 (3)	Projected Reported Losses @ 6/30/15 (4)	Projected IBNR Liability @ 6/30/15 (5)	Projected Unpaid Losses @ 6/30/15 (6)
2002-03	\$1,330,000	\$1,159,219	\$170,332	\$1,329,552	\$448	\$170,781
2003-04	750,000	698,561	50,978	749,539	461	51,439
2004-05	7,200,000	6,912,310	209,235	7,121,545	78,455	287,690
2005-06	6,500,000	6,120,611	85,094	6,205,705	294,295	379,389
2006-07	2,890,000	2,514,924	43,075	2,558,000	332,000	375,076
2007-08	3,293,842	2,737,572	138,695	2,876,267	417,574	556,269
2008-09	4,178,848	2,577,677	298,284	2,875,961	1,302,887	1,601,171
2009-10	1,678,119	186,744	0	186,744	1,491,375	1,491,375
2010-11	8,210,841	2,591,588	3,611,272	6,202,860	2,007,981	5,619,253
2011-12	2,799,920	149,905	532,080	681,984	2,117,936	2,650,015
2012-13	2,592,582	225,732	0	225,732	2,366,849	2,366,849
2013-14	4,160,200	0	382,865	382,865	3,777,335	4,160,200
2014-15	5,460,000	0	115,172	115,172	5,344,828	5,460,000
Total	\$51,044,352	\$25,874,845	\$5,637,082	\$31,511,926	\$19,532,425	\$25,169,507

Notes:

- (1) Page 30, Column (1), adjusted to 70% probability level. Each program year at standalone 70% PL.
- (2) Page 30, Column (2).
- (3) (4) - (2).
- (4) Page 30, Column (4).
- (5) (1) - (4).
- (6) (3) + (5).

California Affiliated Risk Management Authorities  
Liability Program

Projected Unpaid Losses as of June 30, 2015

Before Quota Share

80% Probability Level

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/15 (2)	Projected Case Reserves @ 6/30/15 (3)	Projected Reported Losses @ 6/30/15 (4)	Projected IBNR Liability @ 6/30/15 (5)	Projected Unpaid Losses @ 6/30/15 (6)
2002-03	\$1,330,000	\$1,159,219	\$170,332	\$1,329,552	\$448	\$170,781
2003-04	750,000	698,561	50,978	749,539	461	51,439
2004-05	7,200,000	6,912,310	209,235	7,121,545	78,455	287,690
2005-06	6,500,000	6,120,611	85,094	6,205,705	294,295	379,389
2006-07	2,874,997	2,514,924	43,075	2,558,000	316,997	360,073
2007-08	3,857,335	2,737,572	138,695	2,876,267	981,068	1,119,763
2008-09	4,916,779	2,577,677	298,284	2,875,961	2,040,818	2,339,102
2009-10	2,430,072	186,744	0	186,744	2,243,329	2,243,329
2010-11	9,181,439	2,591,588	3,611,272	6,202,860	2,978,579	6,589,851
2011-12	3,741,661	149,905	532,080	681,984	3,059,677	3,591,756
2012-13	3,496,988	225,732	0	225,732	3,271,255	3,271,255
2013-14	5,387,800	0	382,865	382,865	5,004,935	5,387,800
2014-15	7,052,500	0	115,172	115,172	6,937,328	7,052,500
Total	\$58,719,572	\$25,874,845	\$5,637,082	\$31,511,926	\$27,207,646	\$32,844,727

Notes:

- (1) Page 30, Column (1), adjusted to 80% probability level. Each program year at standalone 80% PL.
- (2) Page 30, Column (2).
- (3) (4) - (2).
- (4) Page 30, Column (4).
- (5) (1) - (4).
- (6) (3) + (5).



California Affiliated Risk Management Authorities  
Liability Program

Projected Unpaid Losses as of June 30, 2015

Before Quota Share

90% Probability Level

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/15 (2)	Projected Case Reserves @ 6/30/15 (3)	Projected Reported Losses @ 6/30/15 (4)	Projected IBNR Liability @ 6/30/15 (5)	Projected Unpaid Losses @ 6/30/15 (6)
2002-03	\$1,330,000	\$1,159,219	\$170,332	\$1,329,552	\$448	\$170,781
2003-04	750,000	698,561	50,978	749,539	461	51,439
2004-05	7,200,000	6,912,310	209,235	7,121,545	78,455	287,690
2005-06	6,500,000	6,120,611	85,094	6,205,705	294,295	379,389
2006-07	3,726,419	2,514,924	43,075	2,558,000	1,168,419	1,211,494
2007-08	4,912,080	2,737,572	138,695	2,876,267	2,035,812	2,174,507
2008-09	6,128,100	2,577,677	298,284	2,875,961	3,252,139	3,550,423
2009-10	3,670,796	186,744	0	186,744	3,484,053	3,484,053
2010-11	10,867,215	2,591,588	3,611,272	6,202,860	4,664,355	8,275,627
2011-12	5,362,331	149,905	532,080	681,984	4,680,347	5,212,427
2012-13	5,036,402	225,732	0	225,732	4,810,670	4,810,670
2013-14	7,604,300	0	382,865	382,865	7,221,435	7,604,300
2014-15	9,782,500	0	115,172	115,172	9,667,328	9,782,500
Total	\$72,870,143	\$25,874,845	\$5,637,082	\$31,511,926	\$41,358,217	\$46,995,299

Notes:

- (1) Page 30, Column (1), adjusted to 90% probability level. Each program year at standalone 90% PL.
- (2) Page 30, Column (2).
- (3) (4) - (2).
- (4) Page 30, Column (4).
- (5) (1) - (4).
- (6) (3) + (5).

California Affiliated Risk Management Authorities  
Liability Program

Projected Unpaid Losses as of June 30, 2015

Before Quota Share

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/15 (2)	Projected Case Reserves @ 6/30/15 (3)	Projected Reported Losses @ 6/30/15 (4)	Projected IBNR Liability @ 6/30/15 (5)	Projected Unpaid Losses @ 6/30/15 (6)
2002-03	\$1,330,000	\$1,159,219	\$170,332	\$1,329,552	\$448	\$170,781
2003-04	750,000	698,561	50,978	749,539	461	51,439
2004-05	7,200,000	6,912,310	209,235	7,121,545	78,455	287,690
2005-06	6,500,000	6,120,611	85,094	6,205,705	294,295	379,389
2006-07	2,890,000	2,514,924	43,075	2,558,000	332,000	375,076
2007-08	3,460,000	2,737,572	138,695	2,876,267	583,733	722,428
2008-09	3,970,000	2,577,677	298,284	2,875,961	1,094,039	1,392,323
2009-10	1,440,000	186,744	0	186,744	1,253,256	1,253,256
2010-11	7,700,000	2,591,588	3,611,272	6,202,860	1,497,140	5,108,412
2011-12	2,340,000	149,905	532,080	681,984	1,658,016	2,190,095
2012-13	2,150,000	225,732	0	225,732	1,924,268	1,924,268
2013-14	3,410,000	0	382,865	382,865	3,027,135	3,410,000
2014-15	4,550,000	0	115,172	115,172	4,434,828	4,550,000
Total	\$47,690,000	\$25,874,845	\$5,637,082	\$31,511,926	\$16,178,074	\$21,815,155

Notes:

- (1) Page 33, Column (4).
- (2) Page 31, Column (3).
- (3) (4) - (2).
- (4) Page 31, Column (6).
- (5) (1) - (4).
- (6) (3) + (5).

California Affiliated Risk Management Authorities  
Liability Program

Projected Paid and Reported Losses as of June 30, 2015

Before Quota Share

Program Year	Paid Losses @ 12/31/14 (1)	Projected Losses Paid 1/1/15 - 6/30/15 (2)	Projected Paid Losses @ 6/30/15 (3)	Reported Losses @ 12/31/14 (4)	Projected Losses Reported 1/1/15 - 6/30/15 (5)	Projected Reported Losses @ 6/30/15 (6)
2002-03	\$1,102,103	\$57,117	\$1,159,219	\$1,329,103	\$449	\$1,329,552
2003-04	676,279	22,282	698,561	749,385	154	749,539
2004-05	6,845,307	67,004	6,912,310	7,095,307	26,239	7,121,545
2005-06	6,078,222	42,389	6,120,611	6,078,222	127,482	6,205,705
2006-07	2,385,698	129,226	2,514,924	2,385,698	172,301	2,558,000
2007-08	2,588,732	148,840	2,737,572	2,791,684	84,584	2,876,267
2008-09	2,286,599	291,078	2,577,677	2,486,599	389,362	2,875,961
2009-10	0	186,744	186,744	0	186,744	186,744
2010-11	2,188,038	403,550	2,591,588	6,063,038	139,822	6,202,860
2011-12	0	149,905	149,905	375,000	306,984	681,984
2012-13	0	225,732	225,732	0	225,732	225,732
2013-14	0	0	0	300,000	82,865	382,865
2014-15	0	0	0	0	115,172	115,172
Total	\$24,150,978	\$1,723,867	\$25,874,845	\$29,654,036	\$1,857,891	\$31,511,926

Notes:

- (1) Page 32, Column (2).
- (2) Projected by BAC.
- (3) (1) + (2).
- (4) Page 32, Column (4).
- (5) Projected by BAC.
- (6) (4) + (5).

California Affiliated Risk Management Authorities  
Liability Program

Estimated Unpaid Losses as of December 31, 2014

Before Quota Share

Program Year	Estimated Ultimate Losses (1)	Paid Losses @ 12/31/14 (2)	Case Reserves @ 12/31/14 (3)	Reported Losses @ 12/31/14 (4)	Estimated IBNR Liability @ 12/31/14 (5)	Estimated Unpaid Losses @ 12/31/14 (6)
2002-03	\$1,330,000	\$1,102,103	\$227,000	\$1,329,103	\$897	\$227,897
2003-04	750,000	676,279	73,106	749,385	615	73,721
2004-05	7,200,000	6,845,307	250,000	7,095,307	104,693	354,693
2005-06	6,500,000	6,078,222	0	6,078,222	421,778	421,778
2006-07	2,890,000	2,385,698	0	2,385,698	504,302	504,302
2007-08	3,460,000	2,588,732	202,952	2,791,684	668,316	871,268
2008-09	3,970,000	2,286,599	200,000	2,486,599	1,483,401	1,683,401
2009-10	1,440,000	0	0	0	1,440,000	1,440,000
2010-11	7,700,000	2,188,038	3,875,000	6,063,038	1,636,962	5,511,962
2011-12	2,340,000	0	375,000	375,000	1,965,000	2,340,000
2012-13	2,150,000	0	0	0	2,150,000	2,150,000
2013-14	3,410,000	0	300,000	300,000	3,110,000	3,410,000
2014-15	2,275,000	0	0	0	2,275,000	2,275,000
<b>Total</b>	<b>\$45,415,000</b>	<b>\$24,150,978</b>	<b>\$5,503,058</b>	<b>\$29,654,036</b>	<b>\$15,760,964</b>	<b>\$21,264,022</b>

Notes:

- (1) Page 33, Column (4).  
2014-15 adjusted to reflect half-year exposure through 12/31/14.
- (2) Page 34, Column (2).
- (3) (4) - (2).
- (4) Page 34, Column (1).
- (5) (1) - (4).
- (6) (1) - (2).

California Affiliated Risk Management Authorities  
Liability Program

Estimated Ultimate Losses  
Bornhuetter-Ferguson Method

Program Year	Reported Losses (1)	Estimated Unreported Losses (2)	Bornhuetter-Ferguson Estimate (3)	Selected Losses (4)
2002-03	\$1,329,103	\$0	\$1,329,103	\$1,330,000
2003-04	749,385	0	749,385	750,000
2004-05	7,095,307	103,850	7,199,157	7,200,000
2005-06	6,078,222	418,535	6,496,757	6,500,000
2006-07	2,385,698	495,586	2,881,284	2,890,000
2007-08	2,791,684	662,017	3,453,701	3,460,000
2008-09	2,486,599	1,476,679	3,963,278	3,970,000
2009-10	0	1,433,021	1,433,021	1,440,000
2010-11	6,063,038	1,635,504	7,698,542	7,700,000
2011-12	375,000	1,957,409	2,332,409	2,340,000
2012-13	0	2,146,261	2,146,261	2,150,000
2013-14	300,000	3,104,944	3,404,944	3,410,000
2014-15	0	4,548,308	4,548,308	4,550,000
Total	\$29,654,036	\$17,982,114	\$47,636,150	\$47,690,000

Notes:

- (1) Page 34, Column (1).
- (2) Page 36, Column (1).
- (3) (1) + (2).
- (4) Selected by BAC.

**FINANCIAL MATTERS**

**SUBJECT: Consideration of the Proposed Annual Budget for the 2015/16 Fiscal Year**

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**BACKGROUND AND STATUS:**

Attached is the Proposed Annual Budget for the 2015/16 program year, as well as the current year's Final Budget, which is included for your reference.

The Proposed Budget features the 75% confidence level, discounted at 2.0%, the same parameters used in last year's Approved Budget, and reflects an overall increase of \$752,607, or 10.3%, over last year's Final Budget.

**Total premium reflects the following assumptions and significant factors:**

- Funding for losses at the discounted 75% confidence level at the actuarially-determined rate of .514 per \$100 of payroll; an increase of approximately 8.4% over the prior study's 75% rate of .474;
- Discount rate of 2.0%;
- Actual 2014 payroll for all JPAs, representing a 4.0% increase over last year's total payroll;
- Funding for losses at \$3 million excess of \$1 million (adopted retention level for prior year) for all members;
- Assumption of a 2.0% estimated increase in rates for both reinsurance (\$10 million ex \$4 million) and excess (\$15 million ex \$14 million), equating to a 6% premium increase for each;
- A negligible \$200 decrease in the administration budget over all. Variances in particular line items include:
  - Program Administration – 2.5% contractual increase;
  - Financial Audit – 1.7% contractual increase;
  - Claims Audit scope – 38.3% biennial decrease - Audit for CARMA JPA only;
  - Actuarial Review – 2.0% contractual increase; and
  - Investment Management Services – 11.5% increase based on the past two years' actual expense.

**Experience Modification (ex-mod) Calculation:**

*Note: The ex-mod methodology was discussed at the January, 2015 annual retreat. It was decided that no modifications would be made to the formula at this time.*

- Individual losses from \$100k to \$1 million were used in the ex-mod calculation.
- The range of years used in the ex-mod calculation continues to be the oldest four of the most current six. This budget incorporates the range between 2008/09 and 2011/12.
- The losses are valued as of 12/31/2014.

- A credibility factor is applied which places a proportionately heavier weight on the larger members.
- Ex-mod factors continue to be capped at .75 on the low end and 1.25 at the high end.

**RECOMMENDATION:**

*Staff recommends approval of the 2015/16 Proposed Annual Operating Budget at the 75% confidence level, using a discount factor of 2.0%.*

**REFERENCE MATERIALS ATTACHED:**

- 2015/16 Proposed Annual Operating Budget at the 75% CL, 2.0% discount rate
- 2014/15 Final Annual Operating Budget

# CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

## ~ 2015/16 Proposed Operating Budget ~

### Funding For Pooled Losses at the 75% Confidence Level ~ *Discount Factor 2.0%*

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~ Estimated 6% Increase ~  
 ~ Excess Purchase \$15 million ex of \$14 million - Colony ~ Estimated 6% Increase ~

MEMBER AGENCY	2014 PAYROLL NOTE 1	FUNDING FOR POOLED LOSSES NOTE 2	EXPERIENCE MOD FACTOR NOTE 3	LOST ADJUSTED FOR EX MOD NOTE 4	OFF-BALANCE FACTOR NOTE 5	ADJUSTED POOLED LOSSES NOTE 6
BCJPIA	\$391,166,918	\$2,010,598	0.846	\$1,701,035	1.0016	\$1,703,771
CSJVRMA	376,572,386	1,935,582	1.008	1,951,512	1.0016	1,954,650
MBASIA	44,876,803	230,667	1.051	242,497	1.0016	242,887
MPA	254,215,082	1,306,666	1.248	1,630,191	1.0016	1,632,812
VCJPA	48,706,288	250,350	0.797	199,422	1.0016	199,743
<b>TOTALS</b>	<b>\$1,115,537,477</b>	<b>\$5,733,863</b>	<b>0.990</b>	<b>\$5,724,657</b>		<b>\$5,733,863</b>

(average)

**LAYER "B" RATE \$3 X \$1 Rate for Discounted Losses and ALAE (75% Confidence Level) 0.514**

<b>LAYER "C" RATE (\$4-14 MIL)</b>	<b>Reinsurance Rate + Broker's Fee</b>	<b>\$0.11573</b>
	Broker's Fee (included in reinsurance rate)	\$72,828

**LAYER "D" RATE Excess (\$14-\$29 Mil) Insurance Rate \$0.05355**

**LAYER "A" \$0 - \$1 MIL - NOT ACTIVATED**  
**LAYER "B" \$3 MIL EX \$1 MIL**  
**LAYER "C" \$10 MIL EX \$4 MIL**  
**LAYER "D" \$15 MIL EX \$14 MIL**

NOTES:

- 1 2014 Payroll
- 2 Payroll/100 \* Rate Discounted at 2.0%
- 3 Minimum of .75 AND Maximum of 1.25 (Page 2)
- 4 (2)\*(3)
- 5 Total (2) / Total (4)
- 6 (4) \* (5).
- 7 (Payroll/100) \* Reinsurance Rate
- 8 (Payroll/100) \* Excess Insurance Rate
- 9 From Page 4
- 10 Sum of (6) Through (9)

MEMBER AGENCY	ADJUSTED POOLED LOSSES NOTE 6	Reinsurance PREMIUM \$10 Mil X \$4 Mil NOTE 7	EXCESS PREMIUM \$15Mil x \$14Mil NOTE 8	ADMIN PREMIUM NOTE 9	2015-2016 CARMA PREMIUM NOTE 10	RATE PER \$100 PAYROLL
BCJPIA	\$1,703,771	\$452,686	\$209,470	\$82,860	<b>\$2,448,788</b>	\$0.626
CSJVRMA	1,954,650	435,797	201,655	94,651	<b>2,686,753</b>	0.713
MBASIA	242,887	51,935	24,032	105,161	<b>424,014</b>	0.945
MPA	1,632,812	294,196	136,132	116,486	<b>2,179,627</b>	0.857
VCJPA	199,743	56,366		50,522	<b>306,631</b>	0.630
<b>TOTALS</b>	<b>\$5,733,863</b>	<b>\$1,290,980</b>	<b>\$571,289</b>	<b>\$449,680</b>	<b>\$8,045,812</b>	<b>\$0.721</b>

COMPARISON TO PRIOR YEAR		
2014-15 CARMA PREMIUM	INCREASE (DECREASE)	Percentage INCREASE (DECREASE)
\$2,368,552	\$80,236	3.39%
2,199,674	487,079	22.14%
391,267	32,746	8.37%
2,040,477	139,149	6.82%
293,234	13,397	4.57%
<b>\$7,293,204</b>	<b>\$752,607</b>	<b>10.32%</b>



**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**  
**Actuarial Reinsurance and Excess Rates**  
**~ 2015/16 Proposed Operating Budget ~**

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~ Estimated 6% Increase ~  
 ~ Excess Purchase \$15 million ex of \$14 million - Colony ~ Estimated 6% Increase ~

Actuarial Rates - Discounted at 2.0%								
Actuarial Data Discounted Range	50% Rate	60% Rate	Expected Rate	70% Rate	75% Rate	80% Rate	85% Rate	90% Rate
\$2 mil ex \$1 mil		0.314	0.327	0.392	0.445	0.507	0.585	0.700
\$3 mil ex \$1 mil	0.287	0.363	0.378	0.454	<b>0.514</b>	0.582	0.673	0.805
\$4 mil ex \$1 mil	0.306	0.386	0.402	0.482	0.543	0.619	0.716	0.856
\$1 mil ex \$2 mil	0.078	0.101	0.105	0.129	0.147	0.169	0.197	0.238
\$2 mil ex \$2 mil	0.110	0.148	0.157	0.195	0.225	0.261	0.306	0.374
\$3 mil ex \$2 mil	0.117	0.166	0.180	0.223	0.257	0.302	0.358	0.439
\$1 mil ex \$3 mil	0.029	0.049	0.052	0.068	0.079	0.093	0.111	0.138
\$2 mil ex \$3 mil		0.054	0.075	0.095	0.116	0.141	0.173	0.216
\$1 mil ex \$4 mil			0.023	0.020	0.037	0.049	0.061	0.078

Insurance Rates and Premiums				
<b>AmTrust Financial Group</b>			<b>Colony Excess Insurance \$15mil ex \$14mil</b>	
	<b>With Broker Fees</b>	<b>Without Fees</b>	<b>Premium</b>	
Premium \$10mil ex \$4mil	\$1,290,980	\$1,218,152	Rate/\$100 PR	\$571,289
Rate/\$100 PR	\$0.11573	\$0.10920		\$0.05355

Reflects Estimated 6% increase

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**

**Experience Modification Calculations**

**~ 2015/16 Proposed Operating Budget ~**

**Losses from \$100k & Capped at \$1 million\* - Valued at 12/31/14**

EXPERIENCE MODIFICATION SECTION	1	2	3	4	5	6	7	8	9	10	%age Change Current to Prior Year
	4 YEAR AVERAGE LOSS	4 YEAR AVERAGE PAYROLL	4 YEAR LOSS RATE \$100/PR	AVERAGE EXPECTED LOSSES	MEMBER EXPERIENCE RATIO	CREDIBILITY FACTOR	DEVIATION FROM NORM MULTIPLIED By CREDIBILITY	FACTORED EXPERIENCE MODIFIER	CAPPED EXPERIENCE MODIFIER	2014/15 Ex Mod (For comparison)	
BCJPIA	\$1,744,633	\$397,222,673	0.439	\$2,347,043	0.743	0.600	-0.154	0.846	<b>0.846</b>	0.917	-7.7%
CSJVRMA	2,174,167	362,756,249	0.599	2,143,394	1.014	0.573	0.008	1.008	<b>1.008</b>	0.889	13.5%
MBASIA	328,963	44,329,762	0.742	261,928	1.256	0.200	0.051	1.051	<b>1.051</b>	0.868	21.1%
MPA	2,274,785	253,909,711	0.896	1,500,259	1.516	0.480	0.248	1.248	<b>1.248</b>	1.250	-0.2%
VCJPA	0	45,682,733	0.000	269,923	0.000	0.203	-0.203	0.797	<b>0.797</b>	0.805	-1.0%
	<b>\$6,522,547</b>	<b>\$1,103,901,127</b>	<b>\$0.591</b>	<b>\$6,522,547</b>	<b>0.906</b>			<b>0.990</b>	<b>0.990</b>	<b>0.946</b>	4.7%
								(Average)	(Average)	(Average)	

LOSSES	13/14	12/13	11/12	10/11	09/10	08/09	07/08	06/07	05/06	AVERAGE
BCJPIA	\$960,560	\$2,172,220	\$2,022,745	\$1,414,850	\$1,119,425	\$2,421,509	\$1,791,937	\$1,223,000	\$6,222,209	\$1,744,633
CSJVRMA	1,092,430	720,472	2,801,788	1,460,298	3,044,469	1,390,111	760,781	1,012,868	2,028,250	2,174,167
MBASIA	900,000	109,554	275,500	860,043	180,310	0	57,252	60,792	33,183	328,963
MPA	774,719	245,522	2,489,466	2,568,730	2,989,657	1,051,285	2,980,451	3,610,583	1,924,857	2,274,785
VCJPA	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>\$3,727,710</b>	<b>\$3,247,768</b>	<b>\$7,589,499</b>	<b>\$6,303,922</b>	<b>\$7,333,862</b>	<b>\$4,862,905</b>	<b>\$5,590,421</b>	<b>\$5,907,243</b>	<b>\$10,208,499</b>	<b>\$6,522,547</b>
<b>Change</b>	14.78%	-57.21%	20.39%	-14.04%	50.81%	-13.01%	-5.36%	-42.13%	56.51%	

PAYROLL	2014	2013	2012	2011	2010	2009	2008	2007	2006	AVERAGE	% age Change Current to Prior Year
BCJPIA	\$391,166,918	\$381,729,526	\$383,103,780	\$390,729,978	\$401,302,755	\$413,754,180	\$401,982,626	\$381,250,515	\$357,364,622	\$397,222,673	2.5%
CSJVRMA	376,572,386	355,689,086	350,887,860	357,297,500	363,564,040	379,275,595	376,687,142	348,761,131	312,599,759	362,756,249	5.9%
MBASIA	44,876,803	43,221,048	43,315,560	45,516,827	41,784,220	46,702,440	45,767,695	43,256,460	40,218,695	44,329,762	3.8%
MPA	254,215,082	244,360,044	241,972,196	248,950,133	257,593,483	267,123,031	263,185,935	240,928,914	220,634,505	253,909,711	4.0%
VCJPA	48,706,288	47,527,581	46,999,945	46,286,921	45,758,398	43,685,667	41,950,723	37,619,142	35,973,784	45,682,733	2.5%
<b>TOTAL</b>	<b>\$1,115,537,477</b>	<b>\$1,072,527,285</b>	<b>\$1,066,279,341</b>	<b>\$1,088,781,359</b>	<b>\$1,110,002,896</b>	<b>\$1,150,540,914</b>	<b>\$1,129,574,120</b>	<b>\$1,051,816,162</b>	<b>\$966,791,365</b>	<b>\$1,103,901,127</b>	4.0%
<b>Change</b>	4.01%	0.59%	-2.07%	-1.91%	-3.52%	1.86%	7.39%	8.79%	-12.42%		

NOTE:

\* Losses are claims in excess of \$100,000 and capped at \$1,000,000.

Only the oldest four of the last six years of losses are utilized, 2008/09 through 2011/12

Calculation Notes:					
3	4	5	6	7	8
"1" / ("2"/100)	("2"/100) * Total "3"	"1" / "4"	SqRt ("2"/Total "2")	(1-"5") * "6"	1 + "7"

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**  
**Administration Budget**  
**~ 2015/16 Proposed Operating Budget ~**

BUDGET LINE ITEMS:	ACTUAL COSTS 2011-2012	ACTUAL COSTS 2012-2013	ACTUAL COSTS 2013-2014	PROJECTED COSTS 2014-2015	CARMA BUDGET 2014-2015	CARMA BUDGET 2015-2016	PERCENTAGE CHANGES FROM PRIOR YEAR	BUDGET EXPLANATIONS
1 Management Contracted Services	\$288,480	\$305,000	\$312,625	\$320,441	\$320,441	\$328,452	2.5%	Bickmore Contract - Per contract
2 Membership Dues	1,531	1,435	1,615	1,500	1,600	1,600	0.0%	CAJPA, PRIMA, AGRIP membership
3 Financial Audit	8,400	8,550	8,750	8,950	8,950	9,100	1.7%	Independent financial auditors
4 Claims Audit	18,900	29,900	18,900	29,400	30,000	18,500	-38.3%	Claims audit for CARMA only
5 Actuarial Services	6,858	6,995	7,135	7,140	7,283	7,428	2.0%	Per 12/15/10 letter, 2% increase per year
6 Legal Services	11,265	23,138	30,255	20,000	30,000	30,000	0.0%	Coverage matters and legal counsel
7 Marketing/Consultants/Website	600	600	600	600	1,000	1,000	0.0%	Expenses for marketing consultants/materials.
8 Board Meeting Expense	2,159	1,768	1,743	1,500	2,000	2,000	0.0%	1 meeting in Tahoe, 2 meetings in Sacramento.
9 Annual Retreat Expense	6,423	7,507	6,667	7,830	10,000	10,000	0.0%	2 day retreat for Board members and staff
10 Fidelity Bond Premiums	1,033	1,035	1,035	1,100	1,100	1,100	0.0%	Bonded coverage for those who control JPA funds.
11 Accreditation Fees	1,400	1,425	1,425	1,417	1,500	1,500	0.0%	Pro-rated CAJPA accreditation fees for 3 years
12 Investment Management Services	25,112	25,750	28,547	28,450	26,000	29,000	11.5%	Investment management and custodial fees
13 Contingency	0	0	0	0	10,000	10,000	0.0%	
	<b>\$390,420</b>	<b>\$425,103</b>	<b>\$419,297</b>	<b>\$428,328</b>	<b>\$449,873</b>	<b>\$449,680</b>	0.0%	

Administration Allocation Calculation							
MEMBER	Non Claims Related Member Share	Unmodified Member Ex Mod Ratio	Claims Related Expenses	Claims Related Adjusted	Off-Balance Factor	Claims Related Member Share	TOTAL Calculated Administration Share
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
BCJPIA	\$50,522	0.743	\$39,414	29,298	1.1038	\$32,338	\$82,860
CSJVRMA	50,522	1.014	39,414	39,980	1.1038	44,129	94,651
MBASIA	50,522	1.256	39,414	49,501	1.1038	54,639	105,161
MPA	50,522	1.516	39,414	59,762	1.1038	65,964	116,486
VCJPA	50,522	0.000	39,414	0	1.1038	0	50,522
<b>TOTAL</b>	<b>\$252,609</b>	0.906	\$197,071	\$178,542		<b>\$197,071</b>	<b>\$449,680</b>

(Average)

<b>NOTES:</b>
1 Includes 40% of Management Contracted Services and 100% of all other items.
2 Member Experience Modifier (free floating)
3 Includes 60% of Management Contracted Services only.
4 (2)*(3)
5 TOTAL (3) / TOTAL (4)
6 (4)*(5)
7 Non Claims Related Member Share (1) Plus (+) Claims Related Member Share (6)

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**  
**Bickmore Worksheet**

	2012/13	2013/14	2014/15	Current Year	2016/17
				2015/16	
<b>Bickmore Contract Price</b>	\$305,000	\$312,625	\$320,441	\$328,452	\$336,663
<b>Percentage Increase over previous year</b>	5.86%	2.50%	2.50%	2.50%	2.50%
<b>Adjustment for New Members</b>					
<b>Total</b>	\$0	\$0	\$0	\$0	\$0
<b>BICKMORE SHARE OF NEW PAYROLL/\$100</b>	0.02%	0.02%	0.02%	0.02%	0.02%
<b>INCREASE IN ADMIN FEES</b>	\$0	\$0	\$0	\$0	\$0
<b>BICKMORE CONTRACT PREMIUM</b>	<b>\$305,000</b>	<b>\$312,625</b>	<b>\$320,441</b>	<b>\$328,452</b>	<b>\$336,663</b>

### BCJPIA Loss Detail and Payroll

BCJPIA Loss Detail and Payroll														
	Losses Valued at 12/31/14*							Payroll						
	13-14	12-13	11-12	10-11	09-10	08-09	07-08	2014	2013	2012	2011	2010	2009	2008
1 Albany				\$3,876	\$245,587			\$7,162,763	\$6,854,518	\$6,915,472	\$7,172,226	\$7,541,694	\$7,571,400	\$7,133,602
2 Albany JPA								1,709,831	1,654,858	1,576,112	1,679,224	1,773,288	2,002,546	1,887,818
3 Berkeley			\$244,399	\$108,402	\$160,460	\$359,961		132,217,478	131,558,962	135,277,380	135,577,653	137,461,012	141,810,019	132,945,068
4 Brisbane								7,374,403	6,889,424	6,728,406	6,580,972	7,198,185	7,608,947	7,477,338
5 Central Marin PA (TCPA)		\$17,000	\$155,000			\$155,481	\$22,848	5,503,543	5,544,993	3,321,528	3,404,975	3,682,612	3,846,593	3,847,925
6 Emeryville		\$7,003			\$163,580		\$900,000	3,993,823	3,867,307	5,608,446	7,073,502	6,997,432	6,916,604	7,141,021
7 Emeryville MESA								7,328,555	6,862,418	7,282,298	7,333,130	7,629,193	8,219,556	7,322,533
8 Fairfax								2,456,789	2,358,747	2,361,135	2,412,447	2,524,323	2,555,109	2,557,965
9 Larkspur		\$10,000	\$400,002			\$100,238		5,435,284	5,366,320	5,146,643	5,204,604	5,006,762	5,135,174	5,162,446
10 Los Altos (7/1/12)		\$808,217			\$57,950			11,531,648	11,299,928	11,353,102	10,937,602	11,543,237	11,818,666	10,929,358
11 Menlo Park			\$252				\$255,092	22,490,925	22,404,763	22,470,728	22,828,825	22,702,024	23,180,947	22,959,814
12 Mill Valley				\$125,000		\$74,832	\$261,581	14,187,706	13,516,069	12,787,894	12,959,766	12,705,290	12,785,513	12,145,840
13 Monte Sereno						\$809,496		763,635	742,380	748,721	734,938	728,211	710,308	675,878
14 Novato		\$685,000	\$356,000	\$80,500				15,522,912	15,291,222	15,115,658	16,439,086	19,010,871	20,197,782	20,728,955
15 Piedmont				\$45,000				11,376,475	10,662,110	10,243,266	10,033,574	10,272,372	10,403,144	9,660,940
16 Pleasanton	\$950,000		\$5,830	\$41,331	\$232,763			37,455,483	36,121,288	35,315,090	35,023,054	36,399,043	37,970,188	35,371,912
17 Pleasanton fire								9,159,688	8,944,379	8,579,897	16,914,816	17,449,387	17,805,178	16,930,123
18 Redwood City	\$10,560	\$185,000	\$368,263	\$16,968	\$192,035	\$921,502		63,186,406	60,528,696	58,791,435	54,867,896	52,272,619	55,283,166	54,289,688
19 San Anselmo				\$35,824				2,520,527	2,549,000	5,035,349	4,901,115	4,809,247	4,886,643	4,703,687
20 Sausalito		\$60,000	\$493,000	\$900,000				5,840,302	5,787,599	6,460,758	7,297,236	6,972,284	6,973,698	6,156,440
21 Union City		\$400,000			\$125,001		\$352,416	23,948,742	22,924,548	21,984,463	21,353,339	26,623,669	26,073,000	31,954,278
<b>TOTALS</b>	<b>\$960,560</b>	<b>\$2,172,220</b>	<b>\$2,022,745</b>	<b>\$1,414,850</b>	<b>\$1,119,425</b>	<b>\$2,421,509</b>	<b>\$1,791,937</b>	<b>\$391,166,918</b>	<b>\$381,729,526</b>	<b>\$383,103,780</b>	<b>\$390,729,978</b>	<b>\$401,302,755</b>	<b>\$413,754,180</b>	<b>\$401,982,626</b>
								2.47%	-0.36%	-1.95%	-2.63%	-3.01%	2.93%	5.44%
<b>Losses from \$100k &amp; capped at \$1 million *</b>										Payroll \$16,621264 * 51.62% due to separation of Livermore				

## CSJVRMA Loss Detail and Payroll

	Losses Valued at 12/31/14*							Payroll						
	13-14	12-13	11-12	10-11	09-10	08-09	07-08	2014	2013	2012	2011	2010	2009	2008
1 ANGELS CAMP								\$2,562,119	\$2,388,203	\$2,121,012	\$2,056,267	\$2,272,058	\$2,420,825	\$2,279,043
2 ARVIN	\$133,000							2,635,317	2,602,553	2,701,953	2,963,706	2,875,267	2,737,316	2,354,414
3 ATWATER				\$681,000			\$3,264	5,207,953	4,647,868	6,002,418	7,621,679	8,454,573	8,042,220	8,950,313
4 AVENAL								2,762,256	2,741,434	2,729,050	2,563,719	1,721,633	1,308,113	1,234,170
5 CERES		\$90,000			\$87,600	\$52,208		14,308,514	14,346,800	13,889,098	13,867,847	14,132,375	14,917,938	13,653,640
6 CHOWCHILLA							\$260,194	3,920,401	3,576,926	3,161,572	2,940,031	3,158,967	4,780,928	4,539,350
7 CLOVIS	\$10,000	\$39,000		\$19,738	\$33,574		\$166,415	41,192,622	38,486,165	36,667,359	36,573,952	35,064,579	36,319,502	38,855,397
8 CORCORAN								4,118,108	4,140,115	3,454,923	3,766,259	3,808,284	3,829,517	3,534,289
9 DELANO					\$486,904			14,761,274	10,973,343	10,651,075	11,044,652	11,374,896	10,942,445	9,709,149
10 DINUBA						\$78,336		10,356,233	9,361,965	8,899,573	8,051,017	8,258,231	9,344,322	8,860,628
11 DOS PALOS								1,173,846	1,091,312	1,145,018	1,206,440	1,245,898	1,133,554	1,089,607
12 ESCALON								1,548,275	1,603,824	1,909,338	2,005,007	2,097,135	2,422,288	2,595,142
13 EXETER				\$75,455				2,496,821	2,474,846	2,504,976	2,511,720	2,234,970	2,397,104	2,300,288
14 FARMERSVILLE								1,829,600	1,624,599	1,653,134	1,743,547	1,809,415	1,875,699	1,846,958
15 FIREBAUGH								1,985,788	2,005,989	1,925,343	1,917,289	1,790,980	1,882,990	2,026,474
16 FOWLER								1,871,921	1,808,461	1,691,133	1,753,233	1,776,370	1,816,262	1,870,872
17 GUSTINE								1,423,103	1,374,796	1,373,180	1,343,202	1,450,672	1,420,455	1,342,969
18 HUGHSON								833,570	830,982	886,378	955,665	1,232,118	1,255,328	1,315,594
19 HURON								854,739	999,518	991,241	1,041,189	1,111,754	1,392,951	1,455,236
20 KERMAN								3,356,825	3,370,295	3,315,796	3,343,750	3,328,713	3,241,635	3,240,597
21 KINGSBURG								3,219,466	2,972,419	2,883,926	3,300,101	3,689,391	3,801,068	3,716,674
22 LATHROP					\$9,052			5,160,267	4,778,870	4,731,110	4,331,437	4,518,762	5,814,328	5,423,844
23 LEMOORE								5,410,228	5,385,992	5,338,028	5,466,471	5,814,614	6,185,921	5,732,705
24 LINDSAY							\$13,160	3,705,276	3,748,505	3,772,110	4,421,318	4,497,494	4,349,077	4,351,353
25 LIVINGSTON			\$900,000					2,969,071	3,182,393	3,361,821	3,605,351	3,670,396	3,464,551	3,722,610
26 LOS BANOS			\$277,138	\$22,500				8,937,244	8,566,885	8,658,796	9,134,945	9,170,699	9,445,135	10,097,209
27 MADERA					\$5,370	\$57,397		14,238,573	13,785,177	14,783,946	15,557,259	14,430,550	15,232,187	14,186,968
28 MARICOPA								89,623	86,367	108,986	242,090	303,895	340,524	346,083
29 MCFARLAND				\$85,573				2,304,673	2,119,540	1,778,553	1,871,862	1,719,145	1,719,940	550,521
30 MENDOTA								1,828,943	1,711,073	1,649,416	1,578,059	1,596,621	1,127,617	934,365
31 MERCED	\$85,000		\$987,157	\$186,482	\$123,448		\$45,000	30,499,971	30,275,008	30,052,390	31,454,022	33,082,749	37,114,632	36,338,116
32 NEWMAN		\$19,097						2,092,360	2,022,439	1,956,999	1,870,768	1,835,569	2,005,202	1,999,836
33 OAKDALE		\$112,375					\$138,512	6,839,102	7,448,496	8,335,920	8,540,307	8,924,623	10,237,407	10,072,028
34 ORANGE COVE								1,974,145	2,211,271	2,007,800	2,104,585	2,071,167	1,030,234	887,119
35 PARLIER	\$160,000							1,963,437	2,354,216	2,480,563	2,547,840	2,519,591	2,421,557	1,963,305
36 PATTERSON					\$445,971			5,909,430	5,526,487	4,994,353	4,502,653	4,611,441	4,766,127	4,407,064
37 PORTERVILLE			\$350,358		\$900,000			17,836,658	17,442,036	17,446,565	17,534,832	17,271,465	17,385,018	15,903,701
38 REEDLEY			\$90,000					6,988,388	6,802,580	6,436,016	6,628,158	6,855,040	6,791,821	6,597,188
39 RIPON								5,435,727	5,324,248	5,232,922	5,643,488	5,640,871	6,140,871	6,696,074
40 RIVERBANK								3,252,997	3,298,425	3,244,266	3,514,529	3,725,586	3,661,862	3,656,440
41 SAN JOAQUIN								729,644	644,529	674,610	657,486	678,949	625,597	552,657
42 SANGER			\$97,000					6,465,687	6,444,390	6,795,107	7,028,211	7,489,557	7,690,288	8,709,553
43 SELMA					\$430,549			5,736,948	5,477,133	5,288,865	5,357,188	5,405,021	6,377,988	8,182,282
44 SHAFTER	\$678,645			\$389,550		\$93,546		10,005,223	6,021,976	5,726,183	5,709,674	4,995,143	4,935,405	4,937,393
45 SONORA						\$853,842		2,938,019	2,904,692	2,699,520	2,771,786	3,419,489	3,353,387	3,607,299
46 SUTTER CREEK					\$410,615			928,186	946,639	879,858	904,123	1,029,321	1,239,742	1,344,060
47 TAFT								6,088,753	3,417,435	3,313,028	3,205,666	3,327,022	3,221,006	3,088,488
48 TEHACHAPI	\$25,785	\$235,000						4,213,434	3,950,483	3,354,651	3,198,571	3,098,284	3,091,624	3,344,135
49 TRACY			\$100,134				\$25,000	39,035,787	37,934,773	38,033,056	37,393,127	38,308,727	41,562,060	40,475,502
50 TULARE		\$225,000			\$16,459			20,238,901	20,225,035	19,795,480	20,036,118	20,046,644	19,393,809	18,633,276
51 TURLOCK							\$112,500	25,142,250	23,165,755	22,085,117	23,121,962	25,129,154	26,752,142	27,536,562

CSJVRMA Loss Detail and Payroll														
	Losses Valued at 12/31/14*							Payroll						
	13-14	12-13	11-12	10-11	09-10	08-09	07-08	2014	2013	2012	2011	2010	2009	2008
52 WASCO								2,806,714	2,872,006	2,908,322	2,799,962	3,037,427	3,118,786	3,543,932
53 WATERFORD					\$94,928			954,988	861,520	891,074	890,510	835,840	774,333	713,668
54 WOODLAKE						\$251,518		1,432,988	1,330,300	1,514,931	1,523,137	1,612,287	1,670,604	1,381,002
<b>TOTALS</b>	<b>\$1,092,430</b>	<b>\$720,472</b>	<b>\$2,801,788</b>	<b>\$1,460,298</b>	<b>\$3,044,469</b>	<b>\$1,390,111</b>	<b>\$760,781</b>	<b>\$376,572,386</b>	<b>\$355,689,086</b>	<b>\$350,887,860</b>	<b>\$357,297,500</b>	<b>\$363,564,040</b>	<b>\$379,275,595</b>	<b>\$376,687,142</b>
								5.87%	1.37%	-1.79%	-1.72%	-4.14%	0.69%	8.01%
<b>Losses from \$100k &amp; capped at \$1 million *</b>														





### MPA Loss Detail and Payroll

		Losses Valued at 12/31/14*						Payroll							
		13-14	12-13	11-12	10-11	09-10	08-09	07-08	2014	2013	2012	2011	2010	2009	2008
1	Antioch	\$244,969		\$228,380	\$225,134	\$639,262	\$42,041	\$272,206	\$26,961,175	\$25,006,196	\$24,072,622	\$24,204,989	\$26,298,219	\$ 29,829,993	\$ 30,971,652
2	Brentwood				\$128,803			\$40,000	25,776,874	25,786,575	25,319,380	25,343,162	24,549,012	24,245,162	25,394,950
3	Clayton						\$1,293		2,051,793	2,080,121	2,049,023	2,181,420	2,104,342	2,101,779	2,034,690
4	Danville			\$568,583					7,649,030	7,120,634	6,925,327	7,105,116	7,209,408	7,160,897	6,976,211
5	El Cerrito					\$40,742			17,083,275	16,650,173	16,922,907	16,779,698	16,424,867	15,751,245	15,338,807
6	Hercules			\$73,129					5,622,134	5,562,411	5,860,900	8,037,293	9,815,688	9,883,697	8,069,811
7	Lafayette	\$24,750				\$165,000			3,821,626	3,637,718	3,480,721	3,467,526	3,561,889	3,588,147	3,335,073
8	Manteca			\$789,039	\$900,000				29,625,913	28,865,743	28,766,455	30,026,590	30,138,818	32,209,737	31,824,488
9	Martinez		\$155,521		\$26,141	\$6,166			11,420,417	11,839,409	11,492,091	11,518,453	11,981,627	12,056,458	11,979,334
10	Moraga	\$70,000			\$870,000				3,188,207	3,155,568	3,029,754	2,870,942	2,920,429	2,709,640	2,738,533
11	MPA Staff								1,494,922	1,327,263	1,324,973	1,301,513	1,325,723	1,289,220	1,206,186
12	Oakley								2,953,654	2,062,579	1,733,029	1,683,461	1,768,337	2,130,148	2,291,053
13	Orinda				\$236,750	\$743,821			3,072,768	2,842,289	2,930,792	3,141,422	3,073,737	3,044,409	2,913,286
14	Pinole					\$524,336			8,951,254	8,869,832	9,096,503	9,934,964	11,226,420	12,670,279	12,521,685
15	Pittsburg			\$125,000		\$111,440	\$67,659	\$1,277,304	21,789,503	20,823,410	20,652,941	21,413,281	22,615,658	23,259,943	25,655,151
16	Pleasant Hill			\$160,635		\$126,835		\$24,275	10,935,656	10,442,498	11,141,989	11,023,097	11,138,737	11,267,320	10,981,980
17	San Pablo				\$181,902	\$467,844			14,201,126	13,132,240	12,250,834	12,164,771	12,928,776	12,716,464	12,068,111
18	San Ramon	\$350,000	\$15,001			\$164,210		\$1,133,333	24,849,020	24,193,743	24,438,479	25,023,685	25,805,717	25,837,283	23,532,765
19	Walnut Creek	\$85,000	\$75,000					\$233,333	32,766,735	30,961,642	30,483,476	31,728,750	32,706,079	35,371,212	33,352,168
<b>TOTALS</b>		<b>\$774,719</b>	<b>\$245,522</b>	<b>\$2,489,466</b>	<b>\$2,568,730</b>	<b>\$2,989,657</b>	<b>\$1,051,285</b>	<b>\$2,980,451</b>	<b>\$254,215,082</b>	<b>\$244,360,044</b>	<b>\$241,972,196</b>	<b>\$248,950,133</b>	<b>\$257,593,483</b>	<b>\$267,123,031</b>	<b>\$263,185,935</b>
									4.03%	0.99%	-2.80%	-3.36%	-3.57%	1.50%	9.24%
									Includes Estimated Q4						
<b>Losses from \$100k &amp; capped at \$1 million *</b>															

**VCJPA Loss Detail and Payroll**

VCJPA Loss Detail and Payroll															
	Losses Valued at 12/31/14*							Payroll							
	13-14	12-13	11-12	10-11	09-10	08-09	07-08	2014	2013	2012	2011	2010	2009	2008	
1 Alameda County								\$1,336,568	\$1,033,233	\$1,048,932	\$1,134,109	\$1,024,684	\$937,596	\$811,940	
2 Burney Basin								94,116	79,932	76,395	73,103	69,237	71,481	70,749	
3 Butte County								1,105,237	1,238,865	1,256,229	1,220,865	1,155,277	1,046,311	1,056,094	
4 Coachella Valley								3,826,348	3,649,461	3,581,260	3,435,476	3,595,218	3,517,311	3,094,494	
5 Coalinga-Huron								15,900	16,500	16,900	14,900	15,600	12,675	5,100	
6 Colusa								170,986	172,786	173,540	173,870	172,894	170,966	161,077	
7 Compton Creek								94,076	87,227	85,563	76,994	76,165	75,065	73,856	
8 Consolidated								1,183,261	1,156,938	1,149,013	1,190,048	1,180,304	1,168,728	1,119,849	
9 Contra Costa County								2,903,940	2,800,224	2,794,749	2,749,771	2,682,779	2,860,890	2,908,166	
10 Delta VCD								1,065,957	1,080,525	1,058,417	1,066,091	977,501	896,087	858,333	
11 Durham								63,765	60,541	58,405	54,937	55,529	53,286	50,889	
12 Fresno								597,425	596,127	521,785	544,000	580,711	642,244	607,954	
13 Glenn County								115,962	118,822	117,799	116,087	130,011	126,225	114,887	
14 Greater Los Angeles County								5,273,515	5,041,115	4,940,975	4,747,297	4,637,545	4,340,120	3,971,323	
15 Kings MAD								844,340	827,451	766,175	755,418	686,872	663,141	549,826	
16 Lake County								553,390	546,366	601,769	567,736	575,044	519,073	492,481	
17 Los Angeles County West								2,532,089	2,685,477	2,628,882	2,618,141	2,544,935	2,426,285	2,319,368	
18 Marin-Sonoma								3,151,665	3,210,667	3,197,489	2,948,196	2,892,694	2,624,097	2,642,004	
19 Napa County								657,683	665,804	651,661	648,637	687,214	671,668	648,174	
20 Northern Salinas Valley								463,487	482,176	485,870	441,260	442,790	465,690	518,945	
21 Northwest								1,384,784	1,243,499	1,144,918	1,117,782	1,174,803	1,149,878	1,119,015	
22 Orange County								5,135,555	5,231,404	5,363,381	5,267,574	5,374,748	4,735,074	4,533,410	
23 Oroville								62,071	66,520	70,757	67,957	71,061	45,583	49,518	
24 Pine Grove								33,385	32,460	34,105	34,745	36,761	33,520	33,466	
25 Placer								1,259,077	1,177,254	1,098,553	1,061,024	980,837	790,317	670,988	
26 Sacramento Yolo								4,322,281	4,222,298	4,293,806	4,416,127	4,357,682	4,286,495	4,339,032	
27 San Gabriel Valley								1,841,425	1,699,414	1,627,476	1,609,915	1,481,230	1,519,933	1,550,331	
28 San Joaquin County								2,294,215	2,189,688	2,269,192	2,240,799	2,193,677	2,095,112	2,087,338	
29 San Mateo County								1,796,171	1,538,771	1,504,818	1,576,242	1,652,723	1,514,017	1,328,087	
30 Santa Barbara County								376,374	405,425	397,101	384,758	384,578	342,647	345,362	
31 Shasta								1,012,122	1,165,708	1,017,460	1,005,545	965,664	941,780	883,195	
32 Sutter-Yuba								1,000,725	978,461	965,060	925,370	883,581	912,009	898,482	
33 Tehama County								316,645	306,007	295,768	304,343	312,116	302,416	283,650	
34 Turlock								781,807	737,212	748,429	756,485	749,291	773,849	760,025	
35 West Valley								1,039,942	983,222	957,313	941,318	956,643	954,097	993,315	
<b>TOTALS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$48,706,288</b>	<b>\$47,527,581</b>	<b>\$46,999,945</b>	<b>\$46,286,921</b>	<b>\$45,758,398</b>	<b>\$43,685,667</b>	<b>\$41,950,723</b>	
<b>Losses from \$100k &amp; capped at \$1 million *</b>								<b>2.48%</b>	<b>1.12%</b>	<b>1.54%</b>	<b>1.16%</b>	<b>4.74%</b>	<b>4.14%</b>	<b>11.51%</b>	

# CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

## ~ 2014/15 Approved Operating Budget ~

### Funding For Pooled Losses at the 75% Confidence Level ~ Discount Factor 2.0%

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~

~ Excess Purchase \$15 million ex of \$14 million - Colony ~ Estimated 2% increase

MEMBER AGENCY	2013 PAYROLL NOTE 1	FUNDING FOR POOLED LOSSES NOTE 2	EXPERIENCE MOD FACTOR NOTE 3	LOSSED ADJUSTED FOR EX MOD NOTE 4	OFF-BALANCE FACTOR NOTE 5	ADJUSTED POOLED LOSSES NOTE 6
BCJPIA	\$381,729,526	\$1,809,398	0.876	\$1,584,655	1.0400	\$1,648,007
CSJVRMA	\$355,689,086	1,685,966	0.869	1,464,801	1.0400	1,523,361
MBASIA	\$43,221,048	204,868	1.028	210,652	1.0400	219,073
MPA	\$244,360,044	1,158,267	1.250	1,447,833	1.0400	1,505,715
VCJPA	\$47,527,581	225,281	0.801	180,410	1.0400	187,623
<b>TOTALS</b>	<b>\$1,072,527,285</b>	<b>\$5,083,779</b>	<b>0.965</b>	<b>\$4,888,352</b>		<b>\$5,083,779</b>

(average)

<b>LAYER "B" RATE</b>	<b>\$3 X \$1 Rate for Discounted Losses and ALAE (75% Confidence Level)</b>	<b>0.474</b>
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<b>LAYER "C" RATE</b>	<b>Reinsurance Rate + Broker's Fee</b>	<b>\$0.11381</b>
<b>(\$4-14 MIL)</b>	Broker's Fee (included in reinsurance rate)	\$71,400

<b>LAYER "D" RATE</b>	<b>Excess (\$14-\$29 Mil) Insurance Rate</b>	<b>\$0.05258</b>
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**LAYER "A" \$0 - \$1 MIL - NOT ACTIVATED**  
**LAYER "B" \$3 MIL EX \$1 MIL**  
**LAYER "C" \$10 MIL EX \$4 MIL**  
**LAYER "D" \$15 MIL EX \$14 MIL**

NOTES:

- 1 2013 Payroll
- 2 Payroll/100 \* Rate Discounted at 2.0%
- 3 Minimum of .75 AND Maximum of 1.25 (Page 2)
- 4 (2)\*(3)
- 5 Total (2) / Total (4)
- 6 (4) \* (5).
- 7 (Payroll/100) \* Reinsurance Rate
- 8 (Payroll/100) \* Excess Insurance Rate
- 9 From Page 4
- 10 Sum of (6) Through (9)

MEMBER AGENCY	ADJUSTED POOLED LOSSES NOTE 6	Reinsurance PREMIUM \$10 Mil X \$4 Mil NOTE 7	EXCESS PREMIUM \$15Mil x \$14Mil NOTE 8	ADMIN PREMIUM NOTE 9	2014-2015 CARMA PREMIUM NOTE 10	RATE PER \$100 PAYROLL
BCJPIA	\$1,648,007	\$434,431	\$200,716	\$85,398	<b>\$2,368,552</b>	\$0.620
CSJVRMA	1,523,361	404,795	187,024	\$84,494	<b>2,199,674</b>	\$0.618
MBASIA	219,073	49,188	22,726	\$100,280	<b>391,267</b>	\$0.905
MPA	1,505,715	278,096	128,486	\$128,180	<b>2,040,477</b>	\$0.835
VCJPA	187,623	54,089		\$51,522	<b>293,234</b>	\$0.617
<b>TOTALS</b>	<b>\$5,083,779</b>	<b>\$1,220,600</b>	<b>\$538,952</b>	<b>\$449,873</b>	<b>\$7,293,204</b>	<b>\$0.680</b>

COMPARISON TO PRIOR YEAR		
2013-14 CARMA PREMIUM	INCREASE (DECREASE)	Percentage INCREASE (DECREASE)
2,368,716	(\$164)	-0.01%
2,117,084	\$82,590	3.90%
311,782	\$79,485	25.49%
1,944,023	\$96,455	4.96%
277,764	\$15,470	5.57%
<b>\$7,019,369</b>	<b>\$273,836</b>	<b>3.90%</b>

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**  
**Actuarial Reinsurance and Excess Rates**  
**~ 2014/15 Approved Operating Budget ~**

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~  
 ~ Excess Purchase \$15 million ex of \$14 million - Colony ~ Estimated 2% increase

- Actuarial Rates - Discounted at 2.0%								
Actuarial Data Discounted Range	50% Rate	60% Rate	Expected Rate	70% Rate	75% Rate	80% Rate	85% Rate	90% Rate
\$2 mil ex \$1 mil		0.289	0.301	0.364	0.409	0.467	0.542	0.647
\$3 mil ex \$1 mil	0.260	0.329	0.346	0.419	<b>0.474</b>	0.540	0.626	0.754
\$4 mil ex \$1 mil	0.275	0.349	0.367	0.444	0.503	0.573	0.664	0.800
\$1 mil ex \$2 mil	0.071	0.092	0.097	0.120	0.138	0.159	0.187	0.227
\$2 mil ex \$2 mil	0.096	0.134	0.143	0.179	0.207	0.242	0.287	0.352
\$3 mil ex \$2 mil	0.110	0.154	0.164	0.205	0.238	0.277	0.330	0.403
\$1 mil ex \$3 mil	0.014	0.041	0.046	0.061	0.072	0.085	0.103	0.128
\$2 mil ex \$3 mil		0.038	0.067	0.080	0.104	0.130	0.160	0.203
\$1 mil ex \$4 mil			0.021	0.005	0.025	0.044	0.059	0.077

Insurance Rates and Premiums				
<b>AmTrust Financial Group</b>			<b>Colony Excess Insurance \$15mil ex \$14mil</b>	
	<b>With Broker Fees</b>	<b>Without Fees</b>	<b>Premium</b>	
Premium \$10mil ex \$4mil	\$1,220,600	\$1,149,200	Rate/\$100 PR	\$538,952
Rate/\$100 PR	\$0.11381	\$0.10715		\$0.05258

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**

**Experience Modification Calculations**

**~ 2014/15 Approved Operating Budget ~**

Losses from \$100k & Capped at \$1 million\* - Valued at 12/31/13

EXPERIENCE MODIFICATION SECTION	1	2	3	4	5	6	7	8	9	10	%age Change Current to Prior Year
	4 YEAR AVERAGE LOSS	4 YEAR AVERAGE PAYROLL	4 YEAR LOSS RATE \$100/PR	AVERAGE EXPECTED LOSSES	MEMBER EXPERIENCE RATIO	CREDIBILITY FACTOR	DEVIATION FROM NORM MULTIPLIED By CREDIBILITY	FACTORED EXPERIENCE MODIFIER	CAPPED EXPERIENCE MODIFIER	2013/14 Ex Mod (For comparison)	
							(Average)		(Average)	(Average)	
BCJPIA	\$1,626,947	\$401,942,385	0.405	\$2,052,444	0.793	0.599	-0.124	0.876	0.876	0.917	-4.5%
CSJVRMA	1,454,591	369,206,069	0.394	1,885,282	0.772	0.574	-0.131	0.869	0.869	0.889	-2.2%
MBASIA	261,833	44,942,796	0.583	229,492	1.141	0.200	0.028	1.028	1.028	0.868	18.4%
MPA	2,374,295	259,213,145	0.916	1,323,624	1.794	0.481	0.382	1.382	1.250	1.250	0.0%
VCJPA	0	44,420,427	0.000	226,825	0.000	0.199	-0.199	0.801	0.801	0.805	-0.5%
	<b>\$5,717,666</b>	<b>\$1,119,724,822</b>	<b>\$0.511</b>	<b>\$5,717,666</b>	<b>0.900</b>			<b>0.991</b>	<b>0.965</b>	<b>0.946</b>	<b>2.0%</b>

LOSSES	12/13	11/12	10/11	09/10	08/09	07/08	06/07	05/06	04/05	AVERAGE
BCJPIA	\$735,001	\$1,349,402	\$1,101,785	\$1,192,558	\$2,421,509	\$1,791,937	\$1,223,000	\$6,222,209	\$735,635	\$1,626,947
CSJVRMA	0	750,096	702,010	2,970,460	1,385,111	760,781	1,012,868	2,028,250	755,768	\$1,454,591
MBASIA	26,000	75,500	809,771	180,310	0	57,252	60,792	33,183	29,479	\$261,833
MPA	137,001	485,409	2,670,904	2,794,539	1,051,285	2,980,451	3,610,583	1,924,857	1,447,400	\$2,374,295
VCJPA	0	0	0	0	0	0	0	0	0	\$0
<b>TOTAL</b>	<b>\$898,002</b>	<b>\$2,660,407</b>	<b>\$5,284,470</b>	<b>\$7,137,867</b>	<b>\$4,857,905</b>	<b>\$5,590,422</b>	<b>\$5,907,243</b>	<b>\$10,208,499</b>	<b>\$2,968,282</b>	<b>\$5,717,666</b>
<b>Change</b>	<b>-66.25%</b>	<b>-49.66%</b>	<b>-25.97%</b>	<b>46.93%</b>	<b>-13.10%</b>	<b>-5.36%</b>	<b>-42.13%</b>	<b>243.92%</b>	<b>-48.09%</b>	

PAYROLL	2013	2012	2011	2010	2009	2008	2007	2006	2005	AVERAGE	% age Change Current to Prior Year
BCJPIA	\$381,729,526	\$383,103,780	\$390,729,978	\$401,302,755	\$413,754,180	\$401,982,626	\$381,250,515	\$357,364,622	\$327,996,526	\$401,942,385	-0.4%
CSJVRMA	355,689,086	350,887,860	357,297,500	363,564,040	379,275,595	376,687,142	348,761,131	312,599,759	274,795,881	\$369,206,069	1.4%
MBASIA	43,221,048	43,315,560	45,516,827	41,784,220	46,702,440	45,767,695	43,256,460	40,218,695	38,352,066	\$44,942,796	-0.2%
MPA	244,360,044	241,972,196	248,950,133	257,593,483	267,123,031	263,185,935	240,928,914	220,634,505	203,649,180	\$259,213,145	1.0%
VCJPA	47,527,581	46,999,945	46,286,921	45,758,398	43,685,667	41,950,723	37,619,142	35,973,784	33,133,287	\$44,420,427	1.1%
<b>TOTAL</b>	<b>\$1,072,527,285</b>	<b>\$1,066,279,341</b>	<b>\$1,088,781,359</b>	<b>\$1,110,002,896</b>	<b>\$1,150,540,914</b>	<b>\$1,129,574,120</b>	<b>\$1,051,816,162</b>	<b>\$966,791,365</b>	<b>\$877,926,941</b>	<b>\$1,119,724,822</b>	<b>0.6%</b>
<b>Change</b>	<b>0.59%</b>	<b>-2.07%</b>	<b>-1.91%</b>	<b>-3.52%</b>	<b>1.86%</b>	<b>7.39%</b>	<b>8.79%</b>	<b>10.12%</b>	<b>-21.59%</b>		

NOTE:

\* Losses are claims in excess of \$100,000 and capped at \$1,000,000.

Only the oldest four of the last six years of losses are utilized, 2007/08 through 2010/11

Calculation Notes:					
3	4	5	6	7	8
"1" / ("2"/100)	("2"/100) * Total "3"	"1" / "4"	SqRt ("2"/Total "2")	(1-"5") * "6"	1 + "7"

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**  
**Administration Budget**  
~ 2014/15 Approved Operating Budget ~

BUDGET LINE ITEMS:	ACTUAL COSTS 2010-2011	ACTUAL COSTS 2011-2012	ACTUAL COSTS 2012-2013	PROJECTED COSTS 2013-14	CARMA BUDGET 2013-2014	CARMA BUDGET 2014-2015	PERCENTAGE CHANGES FROM PRIOR YEAR	BUDGET EXPLANATIONS
1 Management Contracted Services	\$289,000	\$288,480	\$305,000	\$312,625	\$312,625	\$320,441	2.5%	Bickmore Contract - Per contract
2 Membership Dues	1,498	1,531	1,435	1,500	1,600	1,600	0.0%	CAJPA, PRIMA, AGRIP membership
3 Financial Audit	8,100	8,400	8,550	8,750	8,750	8,950	2.3%	Independent financial auditors
4 Claims Audit	29,900	18,900	29,900	18,900	18,900	30,000	58.7%	Claims audit for CARMA members only
5 Actuarial Services	6,724	6,858	6,995	7,140	7,140	7,283	2.0%	Per 12/15/10 letter, 2% increase per year
6 Legal Services	50,698	11,265	23,138	48,000	30,000	30,000	0.0%	Coverage matters and legal counsel
7 Marketing/Consultants/Website	600	600	600	600	1,000	1,000	0.0%	Expenses for marketing consultants/materials.
8 Board Meeting Expense	1,558	2,159	1,768	1,500	2,000	2,000	0.0%	1 meeting in Tahoe, 2 meetings in Sacramento.
9 Annual Retreat Expense	7,113	6,423	7,507	5,600	10,000	10,000	0.0%	2 day retreat for Board members and staff
10 Fidelity Bond Premiums	1,033	1,033	1,035	1,100	1,100	1,100	0.0%	Bonded coverage for those who control JPA funds.
11 Accreditation Fees	1,500	1,400	1,425	1,425	1,500	1,500	0.0%	Pro-rated CAJPA accreditation fees for 3 years
12 Investment Management Services	26,218	25,112	25,750	26,000	26,000	26,000	0.0%	Investment management and custodial fees
13 Genex Fees		18,259	12,000	0	0	0	0.0%	Reporting fees for Medicare Set-aside
14 Contingency	236	0	0	0	10,000	10,000	0.0%	
	<b>\$424,178</b>	<b>\$390,420</b>	<b>\$425,103</b>	<b>\$433,140</b>	<b>\$430,615</b>	<b>\$449,873</b>	<b>4.5%</b>	

Administration Allocation Calculation							
MEMBER	Non Claims Related Member Share	Unmodified Member Ex Mod Ratio	Claims Related Expenses	Claims Related Adjusted	Off-Balance Factor	Claims Related Member Share	TOTAL Calculated Administration Share
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
BCJPIA	\$51,522	0.793	\$38,453	30,481	1.1114	\$33,876	85,398
CSJVRMA	\$51,522	0.772	\$38,453	29,668	1.1114	\$32,973	84,494
MBASIA	\$51,522	1.141	\$38,453	43,872	1.1114	\$48,758	100,280
MPA	\$51,522	1.794	\$38,453	68,976	1.1114	\$76,658	128,180
VCJPA	\$51,522	0.000	\$38,453	0	1.1114	\$0	51,522
<b>TOTAL</b>	<b>\$257,609</b>	0.900	\$192,264	\$172,997		\$192,264	449,873

(Average)

<b>NOTES:</b>
1 Includes 40% of Management Contracted Services and 100% of all other items.
2 Member Experience Modifier (free floating)
3 Includes 60% of Management Contracted Services only.
4 (2)*(3)
5 TOTAL (3) / TOTAL (4)
6 (4)*(5)
7 Non Claims Related Member Share (1) Plus (+) Claims Related Member Share (6)

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**  
**Bickmore Worksheet**

	2012/13	2013/14	Current Year	2015/16	2016/17
			2014/15		
<b>Bickmore Contract Price</b>	\$305,000	\$312,625	\$320,441	\$328,452	\$336,663
<b>Percentage Increase over previous year</b>	5.86%	2.50%	2.50%	2.50%	2.50%
<b>Adjustment for New Members</b>					
<b>Total</b>	\$0	\$0	\$0	\$0	\$0
<b>BICKMORE SHARE OF NEW PAYROLL/\$100</b>	0.02%	0.02%	0.02%	0.02%	0.02%
<b>INCREASE IN ADMIN FEES</b>	\$0	\$0	\$0	\$0	\$0
<b>BICKMORE CONTRACT PREMIUM</b>	<b>\$305,000</b>	<b>\$312,625</b>	<b>\$320,441</b>	<b>\$328,452</b>	<b>\$336,663</b>

### BCJPIA Loss Detail and Payroll

BCJPIA Loss Detail and Payroll														
	Losses Valued at 12/31/13*							Payroll						
	12-13	11-12	10-11	09-10	08-09	07-08	06-07	2013	2012	2011	2010	2009	2008	2007
1 Albany			\$3,836	\$245,587			\$32,629	\$6,854,518	\$6,915,472	\$7,172,226	\$7,541,694	\$7,571,400	\$7,133,602	\$6,719,341
2 Albany JPA								1,654,858	1,576,112	1,679,224	1,773,288	2,002,546	1,887,818	1,648,501
3 Berkeley		\$244,399	\$108,402	\$160,460	\$359,961		\$45,750	131,558,962	135,277,380	135,577,653	137,461,012	141,810,019	132,945,068	126,868,098
4 Brisbane								6,889,424	6,728,406	6,580,972	7,198,185	7,608,947	7,477,338	7,319,645
5 Central Marin PA (TCPA)		\$117,000			\$155,481	\$22,848		5,544,993	3,321,528	3,404,975	3,682,612	3,846,593	3,847,925	3,585,605
6 Emeryville		\$5,000		\$246,712		\$900,000		3,867,307	5,608,446	7,073,502	6,997,432	6,916,604	7,141,021	6,097,524
7 Emeryville MESA								6,862,418	7,282,298	7,333,130	7,629,193	8,219,556	7,322,533	7,149,257
8 Fairfax								2,358,747	2,361,135	2,412,447	2,524,323	2,555,109	2,557,965	2,375,794
9 Larkspur		\$400,002			\$100,238			5,366,320	5,146,643	5,204,604	5,006,762	5,135,174	5,162,446	4,754,855
10 Los Altos (7/1/12)	\$450,001		\$57,950					11,299,928	11,353,102	10,937,602	11,543,237	11,818,666	10,929,358	9,684,636
11 Menlo Park						\$255,092	\$47,500	22,404,763	22,470,728	22,828,825	22,702,024	23,180,947	22,959,814	21,101,406
12 Mill Valley			\$200,000		\$74,832	\$261,581		13,516,069	12,787,894	12,959,766	12,705,290	12,785,513	12,145,840	11,465,669
13 Monte Sereno								742,380	748,721	734,938	728,211	710,308	675,878	621,996
14 Novato	\$225,000	\$260,000	\$75,000		\$809,496			15,291,222	15,115,658	16,439,086	19,010,871	20,197,782	20,728,955	19,294,376
15 Piedmont							\$8,790	10,662,110	10,243,266	10,033,574	10,272,372	10,403,144	9,660,940	9,092,265
16 Pleasanton		\$15,001	\$69,956	\$232,763				36,121,288	35,315,090	35,023,054	36,399,043	37,970,188	35,371,912	34,474,058
17 Pleasanton fire								8,944,379	8,579,897	16,914,816	17,449,387	17,805,178	16,930,123	16,260,750
18 Redwood City			\$140,700	\$192,035	\$921,502		\$1,088,331	60,528,696	58,791,435	54,867,896	52,272,619	55,283,166	54,289,688	51,556,200
19 San Anselmo			\$35,824					2,549,000	5,035,349	4,901,115	4,809,247	4,886,643	4,703,687	4,393,391
20 Sausalito	\$60,000	\$308,000	\$410,117					5,787,599	6,460,758	7,297,236	6,972,284	6,973,698	6,156,440	5,614,534
21 Union City				\$115,001		\$352,416		22,924,548	21,984,463	21,353,339	26,623,669	26,073,000	31,954,278	31,172,614
<b>TOTALS</b>	<b>\$735,001</b>	<b>\$1,349,402</b>	<b>\$1,101,785</b>	<b>\$1,192,558</b>	<b>\$2,421,509</b>	<b>\$1,791,937</b>	<b>\$1,223,000</b>	<b>\$381,729,526</b>	<b>\$383,103,780</b>	<b>\$390,729,978</b>	<b>\$401,302,755</b>	<b>\$413,754,180</b>	<b>\$401,982,626</b>	<b>\$381,250,515</b>
								-0.36%	-1.95%	-2.63%	-3.01%	2.93%	5.44%	6.68%
<b>Losses from \$100k &amp; capped at \$1 million *</b>								Payroll \$16,621264 * 51.62% due to separation of Livermore						



## CSJVRMA Loss Detail and Payroll

Losses Valued at 12/31/13*															Payroll				
	12-13	11-12	10-11	09-10	08-09	07-08	06-07	2013	2012	2011	2010	2009	2008	2007					
1 ANGELS CAMP								\$2,388,203	\$2,121,012	\$2,056,267	\$2,272,058	\$2,420,825	\$2,279,043	\$2,285,453					
2 ARVIN								2,602,553	2,701,953	2,963,706	2,875,267	2,737,316	2,354,414	2,439,296					
3 ATWATER			\$155,000		\$3,264			4,647,868	6,002,418	7,621,679	8,454,573	8,042,220	8,950,313	7,721,587					
4 AVENAL								2,741,434	2,729,050	2,563,719	1,721,633	1,308,113	1,234,170	1,286,880					
5 CERES					\$47,208		\$20,000	14,346,800	13,889,098	13,867,847	14,132,375	14,917,938	13,653,640	12,540,069					
6 CHOWCHILLA						\$260,194		3,576,926	3,161,572	2,940,031	3,158,967	4,780,928	4,539,350	4,255,027					
7 CLOVIS			\$24,500	\$33,574		\$166,415		38,486,165	36,667,359	36,573,952	35,064,579	36,319,502	38,855,397	38,576,764					
8 CORCORAN								4,140,115	3,454,923	3,766,259	3,808,284	3,829,517	3,534,289	3,189,863					
9 DELANO				\$486,904				10,973,343	10,651,075	11,044,652	11,374,896	10,942,445	9,709,149	8,832,804					
10 DINUBA					\$78,336			9,361,965	8,899,573	8,051,017	8,258,231	9,344,322	8,860,628	7,941,276					
11 DOS PALOS								1,091,312	1,145,018	1,206,440	1,245,898	1,133,554	1,089,607	1,018,760					
12 ESCALON		\$10,000						1,603,824	1,909,338	2,005,007	2,097,135	2,422,288	2,595,142	2,357,017					
13 EXETER			\$75,455					2,474,846	2,504,976	2,511,720	2,234,970	2,397,104	2,300,288	2,170,942					
14 FARMERSVILLE								1,624,599	1,653,134	1,743,547	1,809,415	1,875,699	1,846,958	1,579,170					
15 FIREBAUGH								2,005,989	1,925,343	1,917,289	1,790,980	1,882,990	2,026,474	1,725,807					
16 FOWLER								1,808,461	1,691,133	1,753,233	1,776,370	1,816,262	1,870,872	1,739,487					
17 GUSTINE								1,374,796	1,373,180	1,343,202	1,450,672	1,420,455	1,342,969	1,314,186					
18 HUGHSON								830,982	886,378	955,665	1,232,118	1,255,328	1,315,594	1,306,046					
19 HURON								999,518	991,241	1,041,189	1,111,754	1,392,951	1,455,236	1,195,839					
20 KERMAN								3,370,295	3,315,796	3,343,750	3,328,713	3,241,635	3,240,597	3,006,550					
21 KINGSBURG								2,972,419	2,883,926	3,300,101	3,689,391	3,801,068	3,716,674	3,528,340					
22 LATHROP				\$9,052				4,778,870	4,731,110	4,331,437	4,518,762	5,814,328	5,423,844	5,957,399					
23 LEMOORE								5,385,992	5,338,028	5,466,471	5,814,614	6,185,921	5,732,705	4,870,371					
24 LINDSAY						\$13,160		3,748,505	3,772,110	4,421,318	4,497,494	4,349,077	4,351,353	3,785,606					
25 LIVINGSTON								3,182,393	3,361,821	3,605,351	3,670,396	3,464,551	3,722,610	3,895,504					
26 LOS BANOS		\$277,138					\$50,000	8,566,885	8,658,796	9,134,945	9,170,699	9,445,135	10,097,209	9,168,286					
27 MADERA				\$8,793	\$57,397		\$48,047	13,785,177	14,783,946	15,557,259	14,430,550	15,232,187	14,186,968	14,015,450					
28 MARICOPA								86,367	108,986	242,090	303,895	340,524	346,083	335,724					
29 MCFARLAND			\$85,573					2,119,540	1,778,553	1,871,862	1,719,145	671,940	550,521	528,081					
30 MENDOTA								1,711,073	1,649,416	1,578,059	1,596,621	1,127,617	934,365	881,901					
31 MERCED		\$77,600	\$186,482	\$126,856		\$45,000	\$63,576	30,275,008	30,052,390	31,454,022	33,082,749	37,114,632	36,338,116	33,755,250					
32 NEWMAN								2,022,439	1,956,999	1,870,768	1,835,569	2,005,202	1,999,836	1,796,158					
33 OAKDALE						\$138,512	\$59,163	7,448,496	8,335,920	8,540,307	8,924,623	10,237,407	10,072,028	9,639,027					
34 ORANGE COVE								2,211,271	2,007,800	2,104,585	2,071,167	1,030,234	887,119	807,624					
35 PARLIER								2,354,216	2,480,563	2,547,840	2,519,591	2,421,557	1,963,305	1,775,730					
36 PATTERSON				\$445,971				5,526,487	4,994,353	4,502,653	4,611,441	4,766,127	4,407,064	3,783,753					
37 PORTERVILLE		\$350,358		\$900,000				17,442,036	17,446,565	17,534,832	17,271,465	17,385,018	15,903,701	12,810,276					
38 REEDLEY								6,802,580	6,436,016	6,628,158	6,855,040	6,791,821	6,597,188	6,505,324					
39 RIPON								5,324,248	5,232,922	5,223,221	5,643,488	6,140,871	6,696,074	5,930,533					
40 RIVERBANK							\$15,942	3,298,425	3,244,266	3,514,529	3,725,586	3,661,862	3,656,440	3,302,560					
41 SAN JOAQUIN								644,529	674,610	657,486	678,949	625,597	552,657	541,594					
42 SANGER								6,444,390	6,795,107	7,028,211	7,489,557	7,690,288	8,709,553	8,751,049					
43 SELMA				\$437,309				5,477,133	5,288,865	5,357,188	5,405,021	6,377,988	8,182,282	7,755,647					
44 SHAFTER			\$175,000		\$93,546			6,021,976	5,726,183	5,709,674	4,995,143	4,935,405	4,937,393	4,518,700					
45 SONORA					\$853,842			2,904,692	2,699,520	2,771,786	3,419,489	3,353,387	3,607,299	3,353,858					
46 SUTTER CREEK				\$410,615				946,639	879,858	904,123	1,029,321	1,239,742	1,344,060	1,264,324					
47 TAFT								3,417,435	3,313,028	3,205,666	3,327,022	3,221,006	3,088,488	3,081,921					
48 TEHACHAPI								3,950,483	3,354,651	3,198,571	3,098,284	3,091,624	3,341,036	3,020,427					

### CSJVRMA Loss Detail and Payroll

CSJVRMA Loss Detail and Payroll														
	Losses Valued at 12/31/13*							Payroll						
	12-13	11-12	10-11	09-10	08-09	07-08	06-07	2013	2012	2011	2010	2009	2008	2007
49 TRACY		\$35,000				\$25,000	\$306,317	37,934,773	38,033,056	37,393,127	38,308,727	41,562,060	40,475,502	36,600,917
50 TULARE				\$16,459				20,225,035	19,795,480	20,036,118	20,046,644	19,393,809	18,633,276	16,801,554
51 TURLOCK						\$112,500	\$449,823	23,165,755	22,085,117	23,121,962	25,129,154	26,752,493	27,536,562	23,792,113
52 WASCO								2,872,006	2,908,322	2,799,962	3,037,427	3,118,786	3,543,932	3,773,283
53 WATERFORD				\$94,928				861,520	891,074	890,510	835,840	774,333	713,668	679,225
54 WOODLAKE					\$251,518			1,330,300	1,514,931	1,523,137	1,612,287	1,670,604	1,381,002	1,270,799
<b>TOTALS</b>	<b>\$0</b>	<b>\$750,096</b>	<b>\$702,010</b>	<b>\$2,970,460</b>	<b>\$1,385,111</b>	<b>\$760,781</b>	<b>\$1,012,868</b>	<b>\$355,689,086</b>	<b>\$350,887,860</b>	<b>\$357,297,500</b>	<b>\$363,564,040</b>	<b>\$379,275,595</b>	<b>\$376,687,142</b>	<b>\$348,761,131</b>
								1.37%	-1.79%	-1.72%	-4.14%	0.69%	8.01%	11.57%
<b>Losses from \$100k &amp; capped at \$1 million *</b>														

### MBASIA Loss Detail and Payroll

MBASIA Loss Detail and Payroll															
	Losses Valued at 12/31/13*							Payroll							
	12-13	11-12	10-11	09-10	08-09	07-08	06-07	2013	2012	2011	2010	2009	2008	2007	
1 Capitola	\$26,000		\$600,000					\$5,015,075	\$5,079,776	\$5,400,712	\$5,388,301	\$6,057,085	\$ 5,574,567	\$ 5,450,707	
2 Del Ray Oaks								870,138	901,890	938,149	981,337	851,353	826,796	728,430	
3 Gonzales				\$180,310				2,495,106	2,445,800	2,276,473	2,300,829	2,324,012	2,284,153	2,088,521	
4 Greenfield							\$60,792	2,663,048	2,677,861	2,858,645	3,051,941	2,926,868	2,701,726	2,733,460	
5 Hollister						\$57,252		10,707,459	9,664,561	9,803,583	7,678,611	10,906,537	10,351,750	9,549,691	
6 King City		\$75,500	\$46,642					2,331,485	2,395,611	2,513,276	2,789,997	2,785,334	2,799,571	2,607,259	
7 Marina								8,587,783	8,756,163	8,519,813	6,537,137	8,407,026	8,136,327	7,372,914	
8 Sand City								2,248,538	2,296,451	2,436,058	2,451,156	2,383,774	2,318,657	2,152,756	
9 Scotts Valley								4,557,847	4,863,016	4,736,984	4,622,599	4,911,286	4,969,940	5,700,353	
10 Soledad			\$163,129					3,744,568	4,234,429	6,033,135	5,982,312	5,149,165	5,804,209	4,872,368	
<b>TOTALS</b>	<b>\$26,000</b>	<b>\$75,500</b>	<b>\$809,771</b>	<b>\$180,310</b>	<b>\$0</b>	<b>\$57,252</b>	<b>\$60,792</b>	<b>\$43,221,048</b>	<b>\$43,315,560</b>	<b>\$45,516,827</b>	<b>\$41,784,220</b>	<b>\$46,702,440</b>	<b>\$ 45,767,695</b>	<b>\$ 43,256,460</b>	
								-0.22%	-4.84%	8.93%	-10.53%	2.04%	5.81%	7.55%	
	Loss valued at \$900,000 as of 12/31/2013; revaluation as of March 2013 approved on April 16, 2014.														
	<b>Losses from \$100k &amp; capped at \$1 million *</b>														

### MPA Loss Detail and Payroll

MPA Loss Detail and Payroll															
	Losses Valued at 12/31/13*							Payroll							
	12-13	11-12	10-11	09-10	08-09	07-08	06-07	2013	2012	2011	2010	2009	2008	2007	
1	Antioch	\$210,240	\$312,441	\$419,000	\$42,041	\$272,206	\$2,639,344	\$25,006,196	\$24,072,622	\$24,204,989	\$26,298,219	\$29,829,993	\$30,971,652	\$28,822,952	
2	Brentwood		\$128,803		\$940,293	\$40,000		25,786,575	25,319,380	25,343,162	24,549,012	24,245,162	25,394,950	24,586,213	
3	Clayton				\$1,293		\$900,000	2,080,121	2,049,023	2,181,420	2,104,342	2,101,779	2,034,690	1,907,554	
4	Danville	\$138,583						7,120,634	6,925,327	7,105,116	7,209,408	7,160,897	6,976,211	6,578,450	
5	El Cerrito			\$47,641				16,650,173	16,922,907	16,779,698	16,424,867	15,751,245	15,338,807	14,092,215	
6	Hercules	\$30,589						5,562,411	5,860,900	8,037,293	9,815,688	9,883,697	8,069,811	7,358,694	
7	Lafayette			\$165,000				3,637,718	3,480,721	3,467,526	3,561,889	3,588,147	3,335,073	3,104,041	
8	Manteca		\$900,000				\$27,862	28,865,743	28,766,455	30,026,590	30,138,818	32,209,737	31,824,488	28,211,354	
9	Martinez	\$47,001	\$17,177	\$36,141	\$6,166		\$16,884	11,839,409	11,492,091	11,518,453	11,981,627	12,056,458	11,979,334	11,678,783	
10	Moraga			\$720,000				3,155,568	3,029,754	2,870,942	2,920,429	2,709,640	2,738,533	2,877,265	
11	MPA Staff							1,327,263	1,324,973	1,301,513	1,325,723	1,289,220	1,206,186	1,128,631	
12	Oakley							2,062,579	1,733,029	1,683,461	1,768,337	2,130,148	2,291,053	1,904,418	
13	Orinda		\$150,000	\$746,821			\$9,258	2,842,289	2,930,792	3,141,422	3,073,737	3,044,409	2,913,286	2,592,991	
14	Pinole			\$524,336				8,869,832	9,096,503	9,934,964	11,226,420	12,670,279	12,521,685	11,776,010	
15	Pittsburg		\$52,003	\$66,440	\$67,659	\$1,277,304		20,823,410	20,652,941	21,413,281	22,615,658	23,259,943	25,655,151	22,862,903	
16	Pleasant Hill		\$80,000		\$187,080	\$24,275	\$17,235	10,442,498	11,141,989	11,023,097	11,138,737	11,267,320	10,981,980	10,837,439	
17	San Pablo		\$371,516	\$467,844				13,132,240	12,250,834	12,164,771	12,928,776	12,716,464	12,068,111	10,390,833	
18	San Ramon	\$15,000	\$7,660		\$164,210	\$1,133,333		24,193,743	24,438,479	25,023,685	25,805,717	25,837,283	23,532,765	18,624,126	
19	Walnut Creek	\$75,000	\$1,160			\$233,333		30,961,642	30,483,476	31,728,750	32,706,079	35,371,212	33,352,168	31,594,043	
	<b>TOTALS</b>	<b>\$137,001</b>	<b>\$485,409</b>	<b>\$2,670,904</b>	<b>\$2,794,539</b>	<b>\$1,051,285</b>	<b>\$2,980,451</b>	<b>\$3,610,583</b>	<b>\$244,360,044</b>	<b>\$241,972,196</b>	<b>\$248,950,133</b>	<b>\$257,593,483</b>	<b>\$267,123,031</b>	<b>\$263,185,935</b>	<b>\$240,928,914</b>
								0.99%	-2.80%	-3.36%	-3.57%	1.50%	9.24%	9.20%	
	<b>Losses from \$100k &amp; capped at \$1 million *</b>							Payroll for WCCTAC removed as of 7/1/14							

### VCJPA Loss Detail and Payroll

		Losses Valued at 12/31/13*						Payroll							
		12-13	11-12	10-11	09-10	08-09	07-08	06-07	2013	2012	2011	2010	2009	2008	2007
1	Alameda County								\$1,033,233	\$1,048,932	\$1,134,109	\$1,024,684	\$937,596	\$811,940	\$812,103
2	Burney Basin								79,932	76,395	73,103	69,237	71,481	70,749	64,888
3	Butte County								1,238,865	1,256,229	1,220,865	1,155,277	1,046,311	1,056,094	978,350
4	Coachella Valley								3,649,461	3,581,260	3,435,476	3,595,218	3,517,311	3,094,494	1,912,970
5	Coalinga-Huron								16,500	16,900	14,900	15,600	12,675	5,100	11,520
6	Colusa								172,786	173,540	173,870	172,894	170,966	161,077	171,177
7	Compton Creek								87,227	85,563	76,994	76,165	75,065	73,856	72,620
8	Consolidated								1,156,938	1,149,013	1,190,048	1,180,304	1,168,728	1,119,849	1,068,120
9	Contra Costa County								2,800,224	2,794,749	2,749,771	2,682,779	2,860,890	2,908,166	2,706,044
10	Delta VCD								1,080,525	1,058,417	1,066,091	977,501	896,087	858,333	786,071
11	Durham								60,541	58,405	54,937	55,529	53,286	50,889	48,324
12	Fresno								596,127	521,785	544,000	580,711	642,244	607,954	600,075
13	Glenn County								118,822	117,799	116,087	130,011	126,225	114,887	91,038
14	Greater Los Angeles County								5,041,115	4,940,975	4,747,297	4,637,545	4,340,120	3,971,323	3,725,632
15	Kings MAD								827,451	766,175	755,418	686,872	663,141	549,826	
16	Lake County								546,366	601,769	567,736	575,044	519,073	492,481	440,684
17	Los Angeles County West								2,685,477	2,628,882	2,618,141	2,544,935	2,426,285	2,319,368	2,240,099
18	Marin-Sonoma								3,210,667	3,197,489	2,948,196	2,892,694	2,624,097	2,642,004	2,501,328
19	Napa County								665,804	651,661	648,637	687,214	671,668	648,174	586,795
20	Northern Salinas Valley								482,176	485,870	441,260	442,790	465,690	518,945	588,847
21	Northwest								1,243,499	1,144,918	1,117,782	1,174,803	1,149,878	1,119,015	909,881
22	Orange County								5,231,404	5,363,381	5,267,574	5,374,748	4,735,074	4,533,410	4,094,636
23	Oroville								66,520	70,757	67,957	71,061	45,583	49,518	41,413
24	Pine Grove								32,460	34,105	34,745	36,761	33,520	33,466	34,600
25	Placer								1,177,254	1,098,553	1,061,024	980,837	790,317	670,988	614,699
26	Sacramento Yolo								4,222,298	4,293,806	4,416,127	4,357,682	4,286,495	4,339,032	3,991,640
27	San Gabriel Valley								1,699,414	1,627,476	1,609,915	1,481,230	1,519,933	1,550,331	1,430,302
28	San Joaquin County								2,189,688	2,269,192	2,240,799	2,193,677	2,095,112	2,087,338	1,948,166
29	San Mateo County								1,538,771	1,504,818	1,576,242	1,652,723	1,514,017	1,328,087	1,324,771
30	Santa Barbara Costal								405,425	397,101	384,758	384,578	342,647	345,362	239,190
31	Shasta								1,165,708	1,017,460	1,005,545	965,664	941,780	883,195	862,249
32	Sutter-Yuba								978,461	965,060	925,370	883,581	912,009	898,482	875,806
33	Tehama County								306,007	295,768	304,343	312,116	302,416	283,650	291,986
34	Turlock								737,212	748,429	756,485	749,291	773,849	760,025	703,520
35	West Valley								983,222	957,313	941,318	956,643	954,097	993,315	849,599
<b>TOTALS</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$47,527,581</b>	<b>\$46,999,945</b>	<b>\$46,286,921</b>	<b>\$45,758,398</b>	<b>\$43,685,667</b>	<b>\$41,950,723</b>	<b>\$37,619,142</b>
<b>Losses from \$100k &amp; capped at \$1 million *</b>									<b>1.12%</b>	<b>1.54%</b>	<b>1.16%</b>	<b>4.74%</b>	<b>4.14%</b>	<b>11.51%</b>	<b>4.57%</b>

**CLAIMS MATTERS**

**SUBJECT: Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims**

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**BACKGROUND AND STATUS:**

Due to the content of the Litigation Manager's Report, staff has been advised to place this report within the parameters of closed session.

Pursuant to Government Code section 54956.95(a), the Board of Directors will hold a closed session to discuss the claims for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority.

By placing the Litigation Manager's Report as a closed session item, the Board of Directors may discuss any or none of the claims presented.

**REFERENCE MATERIALS ATTACHED:**

- The April 2015 Litigation Manager's Report was e-mailed under separate cover and will be collected at the meeting.