

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

AGENDA

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

**Wednesday, April 16, 2014
10:30 a.m. - 2:00 p.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.

	<u>Page</u>
1. CALL TO ORDER	
2. INTRODUCTIONS	
3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)	
4. PUBLIC COMMENTS – 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.	
5. CONSENT CALENDAR	4
*A. Minutes of the January 10, 2014, Board of Directors' Meeting and February 4, 2014, Special Board of Directors' Meeting	5
*B. Warrant Listing from January 31, 2013, through March 31, 2014	15
*C. Treasurer's Report as of December 31, 2013	16
*D. Internal Financial Statements for the Quarter Ended December 31, 2013	37
*E. CARMA Records for Disposal - 2013	45
*F. California Association of Joint Powers Authorities (CAJPA) Journal – Winter 2013 Edition	46
<i>Recommendation: Approval of the Consent Calendar.</i>	

* = Material on agenda item enclosed

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

6. **ADMINISTRATIVE MATTERS**
- *A. Consideration of the Liability Claims Audit Prepared by Farley Consulting Services, LLC **49**
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 **75**
Recommendation: Staff recommends approval to bind the coverage as outlined by Alliant.
- *B. CARMA Memorandum of Coverage (MOC) for the 2014/15 Program Year **77**
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 **106**
Recommendation: Staff recommends the Board accept and file the actuarial study as presented.
- *B. Consideration of the Proposed Annual Budget Scenarios for the 2014/15 Fiscal Year **143**
Recommendation: Staff recommends approval of the 2014/15 Proposed Annual Operating Budget at the 75% confidence level, using a discount factor of 2.0%.
- *C. Consideration of a Change in the Investing Benchmark used in the CARMA Portfolio **167**
Recommendation: Staff recommends approval of the change in its investment portfolio benchmark to the Merrill Lynch 0-5 Year Treasury Index.
9. **CLAIMS MATTERS**
- **A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims **169**
- 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:
- Duenez v. City of Manteca (MPA)
Padgett v. Wright (main case and CARMA arbitration)
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

* = Material on agenda item enclosed

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

11. ADJOURNMENT

- ❖ The next Board of Directors' meeting is scheduled for Wednesday, June 18, 2014, at 10:00 a.m. at the offices of Bickmore, 1750 Creekside Oaks Drive, Suite 200, in Sacramento.

CONSENT CALENDAR

SUBJECT: Consent Calendar

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 10, 2014, Board of Directors' Meeting and February 4, 2014, Special Board of Directors' Meeting
- *B. Warrant Listing from January 31, 2014, through March 31, 2014
- *C. Treasurer's Report as of December 31, 2013
- *D. Internal Financial Statements for the Quarter Ended December 31, 2013
- *E. CARMA Records for Disposal - 2013
- *F. California Association of Joint Powers Authorities (CAJPA) Journal – Winter 2013 Edition

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

**DRAFT MINUTES OF THE BOARD OF DIRECTORS'
MEETING OF JANUARY 10, 2014**

A regular meeting of the Board of Directors of CARMA was held on January 10, 2014, at the Bodega Bay Lodge in Bodega Bay, California.

BOARD MEMBERS PRESENT: Geoff Grote, BCJPIA, President
Jake O'Malley, MPA, Treasurer
Tim Przybyla, CSJVRMA

ALTERNATE MEMBERS PRESENT: Dan Schwarz, BCJPIA
Robert Ewing, MPA

OTHERS PRESENT: Rob Kramer, Bickmore, Executive Director
Karina Garcia, Bickmore, Board Secretary
Nancy Broadhurst, Bickmore, Finance Manager
Craig Farmer, Legal Counsel
Michael Groff, Bickmore, Litigation Manager
Seth Cole, Alliant Insurance Services
Carlos Oblites, Public Financial Management
Jeanette Workman, CSJVRMA Administrator
Adrienne Beatty, BCJPIA Assistant Administrator
Brian Kelley, VCJPA Executive Director
Chrissy Mack, CSJVRMA Assistant Administrator

1. CALL TO ORDER

The January 10, 2014, Board of Directors' meeting was called to order at 9:04 a.m. by President Geoff Grote.

2. INTRODUCTIONS

Those in attendance introduced themselves, and a quorum of the Board was present.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Tim Przybyla moved to approve the agenda as posted. Seconded by Jake O'Malley. Motion passed unanimously by Geoff Grote, Tim Przybyla and Jake O'Malley.

4. **PUBLIC COMMENTS**

None.

5. **CONSENT CALENDAR**

Jake O'Malley moved to approve/accept the following items: A) Minutes of the September 13, 2013, Board of Directors' Meeting; B) Warrant Listings from September 1, 2013, through December 31, 2013; C) Treasurer's Report at September 30, 2013; D) Financial Statements as of September 30, 2013; E) Agreement Between CARMA and Wesco Regarding 2013/2014 Reinsurance Agreement and Rate Stabilization Plan; and F) New Board Alternate Appointed for Central San Joaquin Valley Risk Management Authority – Patrice Hildreth. Seconded by Tim Przybyla. Motion passed unanimously by Geoff Grote, Tim Przybyla, and Jake O'Malley.

6. **ANNUAL WORKSHOP RECAP**

A. **Establishment of Goals and Objectives**

Rob Kramer, Executive Director, reviewed the goals and objectives discussed at the January 9, 2014 Annual Workshop. The goals and objectives are:

1. Continue to develop the use of equity.

Mr. Kramer noted the option of creating a mid-layer pool, which is on this meeting's agenda for further discussion.

2. Continue to market internally and externally.

Mr. Kramer noted the importance of being available for the current members of CARMA as well as being responsive to appropriate opportunities for potential new members.

Tim Przybyla moved to adopt the goals and objectives. Seconded by Jake O'Malley. Motion passed unanimously by Geoff Grote, Tim Przybyla, and Jake O'Malley.

7. **ADMINISTRATIVE MATTERS**

A. **Resolution of Appreciation for Honorable Service of Geoff Grote to CARMA**

CARMA's current President, Mr. Geoff Grote has been serving on the Board since July 2001. Mr. Grote is retiring and therefore will no longer be serving as CARMA's President after the current meeting. Mr. Kramer expressed appreciation for Mr. Grote's years of service to the CARMA Board of Directors. The Board was

requested to approve the Resolution of Honorable Appreciation of Service.

The motion to approve the Resolution No. 1 2013-2014 Expressing Appreciation for Honorable Service of Mr. Geoff Grote to CARMA was passed unanimously by Geoff Grote, Tim Przybyla, and Jake O'Malley.

B. Nomination and Election of CARMA President and Vice President

With Mr. Grote's retirement and because the Vice President position was vacant, the Board held an election to appoint a President and Vice President. Because there were only two meetings remaining in the 2013/2014 program year, staff recommended the individuals be elected to serve the remainder of the 2013/2014 program year as well as the 2014/2015 program year, noting this is an exception to the Bylaws.

Jake O'Malley moved to nominate Tim Przybyla for President for the remainder of the 2013/2014 program year and the 2014/2015 program year. Seconded by Geoff Grote. Motion passed unanimously by Geoff Grote, Tim Przybyla, and Jake O'Malley.

Geoff Grote nominated Dan Schwarz, BCJPIA, for Vice President for the remainder of the 2013/2014 program year and the 2014/2015 program year, pending confirmation that Mr. Schwarz would officially assume the role of Board Member with Mr. Grote retiring. Seconded by Jake O'Malley. Motion passed unanimously by Geoff Grote, Tim Przybyla, and Jake O'Malley.

Tim Przybyla appointed Jake O'Malley as Treasurer for the remainder of the 2013/2014 program year and the 2014/2015 program year.

C. Appointment of CARMA Board Secretary – Ms. Karina Garcia

Effective August 2013, Ms. Karina Garcia was assigned as the CARMA Analyst.

Jake O'Malley moved to appoint Karina Garcia as Board Secretary. Seconded by Geoff Grote. Motion passed unanimously by Geoff Grote, Tim Przybyla, and Jake O'Malley.

D. Commercial Marketing Strategy – Seth Cole

Seth Cole, Alliant Insurance Services, discussed the renewal marketing strategy for the 2014/2015 program year. Mr. Cole reviewed the details of the reinsurance contract that CARMA signed with AmTrust for the 2012/2013 fiscal year. The contract specified a two-year premium guarantee with a 2% premium increase written into the Rate Stabilization Plan. Mr. Cole noted there are three ways AmTrust could opt out of this Plan:

1. If CARMA's reported losses exceed the pooled layer by \$1,000,000; or

2. If CARMA expands outside of cities and/or special districts; or
3. If the payroll CARMA reported changes by more than 10%.

Mr. Cole noted that Alliant does not anticipate any of these factors occurring for CARMA, but if they did, Alliant would be ready to market the coverage.

Mr. Cole advised that if the Board decides to add a mid-layer pool covering losses from \$4 to \$5 million, he can have AmTrust price that alternative and will present that option at the April 2014 Board of Directors' Meeting.

Mr. Cole explained that Colony is the second layer excess carrier. He noted that the market is improving, so Alliant will aggressively market the coverage in hopes of finding some premium savings for CARMA in that layer.

E. Reaffirmation of the CARMA Conflict of Interest Code

Mr. Kramer advised that the Fair Political Practices Commission (FPPC) requires a review of the Conflict of Interest Code biennially. There were no recommended changes to CARMA's Conflict of Interest Code.

Jake O'Malley moved to reaffirm CARMA's Conflict of Interest Code. Seconded by Tim Przybyla. Motion passed unanimously by Geoff Grote, Tim Przybyla, and Jake O'Malley.

8. FINANCIAL MATTERS

A. Review of CARMA Investment Policy

Mr. Carlos Oblites, Public Financial Management (PFM), advised that while there were no changes to the California Government Code that would require changes to CARMA's Investment Policy, PFM has been working to have all of their clients' investment policies be in alignment with industry standards, as reflected by the Government Finance Officers Association (GFOA) and Association of Public Treasurers of the US and Canada (APTUSC). The recommended changes are as follows:

1. Objectives: Note that the objectives are in priority order.
2. Internal Control: Add a statement that there will be an annual independent review of investments by an auditor. The auditor would look at the investments and verify that CARMA is complying with the standards it purports to comply with, as well as comparing what the investment advisor is posting versus what the custodian is posting.
3. Investment Pools/Money Market Funds: Add a statement that a thorough investigation of investment pools and money market funds is required prior to investing, and on a continual basis.
4. Allowable Investment Instruments: Add a statement that if CARMA has an investment where the credit rating falls below the minimum rating required at the

time of purchase, the Treasurer will perform a timely review and make a recommendation on whether to sell or hold the investment.

Tim Przybyla moved to approve the CARMA Investment Policy as amended. Seconded by Jake O'Malley. Motion passed unanimously by Geoff Grote, Tim Przybyla, and Jake O'Malley.

B. California Asset Management Program Portfolio Review

Mr. Oblites presented on the activity in CARMA's portfolio:

- Interest rates in the past eight or nine months have been driven by "Taper Talk": The Federal Reserve System (the Fed) had been making \$85 billion monthly purchases of treasuries and mortgages to drive the prices up and push the yield down, stimulating the economy by making it cheaper for people to borrow. The Fed is tapering off their purchases, saying that the economy has stabilized enough.
- Maintained the portfolio duration shorter than the benchmark duration, meaning interest rate exposure was lowered.
- Went into yield advantage sectors, in order to enhance the yield.
- Bought a callable security, Federal Home Loan Banks, toward the end of the year, which will provide a high yield, whether it is called or not.

Mr. Oblites presented a study looking at alternative strategies and approaches to lengthening the average duration of the portfolio to a longer duration target. He addressed the questions:

- Will a longer duration structure provide higher returns?
 - Yes, however CARMA would have to be able to withstand the volatility and would need to have money to invest that it doesn't need to keep liquid.
- Will a longer duration structure provide the necessary liquidity?
 - Mr. Kramer noted that the liquidity could be impacted by the Board's decision on whether or not to return equity to members, which is next on the agenda.
- Is this the right time to extend?
 - In a 0-5 or 1-5 year Treasury, CARMA would see some punishment on the front end due to interest rates rising, but in the long run it will likely perform very well – better than CARMA's current 1-3 Year Treasury.
 - If CARMA wants to enter into a Long-Term Investment, it may want to do so gradually over a six-month period, or longer.

Nancy Broadhurst, Finance Manager, noted that it may be wise to go into a Zero to Five Year Treasury because of the additional liquidity factor.

Mr. Oblites' recommendation was for the Board to determine whether they are comfortable with reporting negative returns to their members at the front end of a long-term investment. If so, the longer approach does better over time.

After some discussion, Mr. Grote suggested that the issue be brought back for the next Board of Directors' meeting, since only three of the five Board members were present. Agreement with this suggestion was unanimous.

C. Return of Equity

Mr. Kramer advised that staff has the following recommendations:

1. A return of equity for all eligible years at the 80% confidence level, for a total of \$5,432,715.
2. Include an assessment at the 70% confidence level for the more current ineligible years. The only year that this would affect is 2011/2012, for a total of \$173,859.
3. CARMA not collect \$37,346 that would be owed by MBASIA, but instead record that as a receivable to be netted against future dividends.
4. Accrue a payable for the equity allocated to PARSAC, a withdrawn member, for program years 2006/2007 and 2007/2008 and release those funds as each program year becomes more than seven years old.
5. Further consider development of a Mid-Layer Pool. Details will be provided at the September 2014 Board of Directors' meeting, with a goal of making a decision at the January 2015 meeting.

Jake O'Malley moved to approve staff's recommendations for the return of equity at the 80% confidence level for program years 2001/2002 through 2007/2008, inclusive of the assessment at the 70% confidence level for the 2011/2012 program year. Seconded by Tim Przybyla. Motion passed unanimously by Geoff Grote, Tim Przybyla and Jake O'Malley.

9. 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 10:15 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:

- Shen v. City of San Ramon

B. Report from Closed Session

The Board of Directors reconvened to open session at 10:43 a.m., and it was reported that direction was provided by the Board to Michael Groff, Litigation Manager.

10. **CLOSING COMMENTS**

A. Board


None.

B. Staff

None.

11. **ADJOURNMENT**

The January 10, 2014, Board of Directors' meeting adjourned at 10:45 a.m. by general consensus of the Board.


Karina Garcia, Board Secretary

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

**DRAFT MINUTES OF THE SPECIAL BOARD OF DIRECTORS'
MEETING OF FEBRUARY 4, 2014**

A special meeting of the Board of Directors of CARMA was held on February 4, 2014, via teleconference.

BOARD MEMBERS PRESENT: Tim Przybyla, CSJVRMA, President
Dan Schwarz, BCJPIA, Vice President
Jake O'Malley, MPA, Treasurer

ALTERNATE MEMBERS PRESENT: Rene Mendez, MBASIA

OTHERS PRESENT: Rob Kramer, Bickmore, Executive Director
Jaesa McCulligan, Bickmore, Board Secretary
Karina Garcia, Bickmore
Craig Farmer, Legal Counsel
Michael Groff, Bickmore, Litigation Manager
Robert Gay, VCJPA (unable to vote due to location requirements)
Rick Buys, MPA, Claims Manager

1. CALL TO ORDER

The February 4, 2014, Special Board of Directors' meeting was called to order at 10:34 a.m. by President Tim Przybyla.

2. INTRODUCTIONS

Those in attendance introduced themselves, and a quorum of the Board was present.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Rene Mendez moved to approve the agenda as posted. Seconded by Jake O'Malley. A roll call was taken and the motion passed unanimously by Tim Przybyla, Jake O'Malley, Dan Schwarz, and Rene Mendez.

4. **PUBLIC COMMENTS**

None.

5. **ADMINISTRATIVE MATTERS**

A. **Consideration to Rescind the Motion Appointing Ms. Karina Garcia as CARMA Board Secretary**

Mr. Rob Kramer, Executive Director, informed the Board that Ms. Karina Garcia, CARMA's Board Secretary, had been promoted and assigned to other accounts within Bickmore and Ms. Jaesa McCulligan, CARMA's previous Board Secretary, has been reassigned to the CARMA account. Mr. Kramer advised that staff is recommending the Board rescind the motion appointing Ms. Garcia, which will reinstate Ms. McCulligan to the position.

Jake O'Malley moved to rescind the motion appointing Ms. Karina Garcia as Board Secretary. Seconded by Rene Mendez. A roll call was taken and the motion passed unanimously by Tim Przybyla, Jake O'Malley, Dan Schwarz, and Rene Mendez.

6. **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 10:36 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:

- Mitchell vs. City of Pittsburg
- Duenez vs. City of Manteca

B. **Report from Closed Session**

The Board of Directors reconvened to open session at 11:15 a.m., and it was reported that the Board heard information on the two claims listed above and instructed the Litigation Manager on how to proceed.

7. **CLOSING COMMENTS**

A. Board

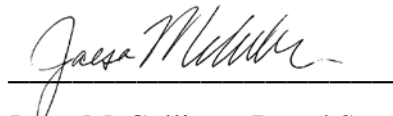
None.

B. Staff

None.

8. **ADJOURNMENT**

The February 4, 2014, Special Board of Directors' meeting adjourned at 11:16 a.m. by general consensus of the Board.

A handwritten signature in cursive script, reading "Jaesa McCulligan", is written over a horizontal line.

Jaesa McCulligan, Board Secretary

Ranges: From: To: From: To:
 Check Number First Last Check Date 1/1/2014 3/31/2014
 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
1943	BI100	Bickmore	1/8/2014	CBT GENERAL	PMCHK00000127	\$26,102.08
1944	FA115	Farmer Smith and Lane, LLP	1/8/2014	CBT GENERAL	PMCHK00000127	\$3,377.50
1945	HO100	Howard Rome Martin and Ridley	1/8/2014	CBT GENERAL	PMCHK00000127	\$1,450.11
1946	JA105	JAMS, Inc.	1/8/2014	CBT GENERAL	PMCHK00000127	\$2,500.00
1947	BI100	Bickmore	2/6/2014	CBT GENERAL	PMCHK00000128	\$29,831.13
1948	BO100	Bodega Bay Lodge	2/6/2014	CBT GENERAL	PMCHK00000128	\$5,537.52
1949	FA115	Farmer Smith and Lane, LLP	2/6/2014	CBT GENERAL	PMCHK00000128	\$3,325.00
1950	HO100	Howard Rome Martin and Ridley	2/6/2014	CBT GENERAL	PMCHK00000128	\$56.98
1951	PR115	Tim Przybyla	2/6/2014	CBT GENERAL	PMCHK00000128	\$271.26
1952	BC100	BCJPIA	3/5/2014	CBT GENERAL	PMCHK00000129	\$2,156,567.00
1953	BI100	Bickmore	3/5/2014	CBT GENERAL	PMCHK00000129	\$26,102.08
1954	CS100	CSJVRMA	3/5/2014	CBT GENERAL	PMCHK00000129	\$647,487.00
1955	MP100	Municipal Pooling Authority	3/5/2014	CBT GENERAL	PMCHK00000129	\$479,837.00
1956	PA105	PARSAC	3/5/2014	CBT GENERAL	PMCHK00000129	\$1,289,022.00
1957	PE100	PERMA	3/5/2014	CBT GENERAL	PMCHK00000129	\$1,318.00

Total Checks: 15 Total Amount of Checks: \$4,672,784.66
 =====


California Affiliated Risk Management Authorities
Treasurer's Report
As of December 31, 2013

	Book Value	Market Value	% of Total	Effective Yield
California Bank & Trust – General Operating	6,274	6,274	0.02%	0.00%
State of California Local Agency Investment Fund	4,077,185	4,078,358	11.48%	0.26%
CAMP - Money Market	92,573	92,573	0.26%	0.06%
CAMP - Investments managed by PFM	31,497,630	31,344,306	88.24%	0.58%
Total Cash and Investments	\$ 35,673,662	\$ 35,521,511	100.00%	0.54%

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, 2013**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00

CAMP Pool	
Opening Market Value	68,460.13
Purchases	2,485,674.77
Redemptions	(2,461,561.50)
Unsettled Trades	0.00
Change in Value	0.00

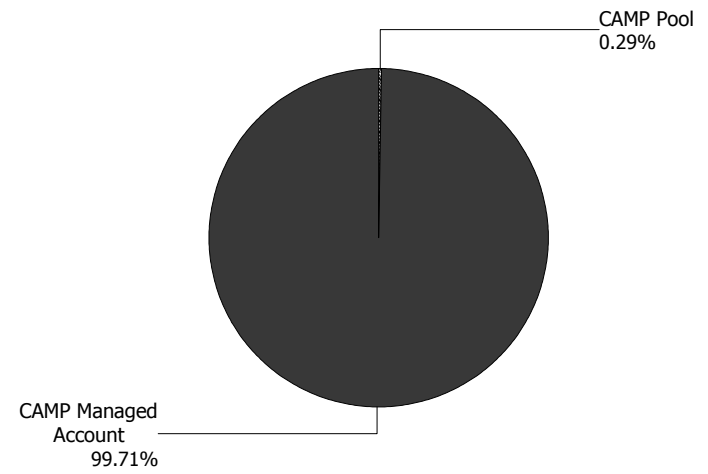
Closing Market Value	\$92,573.40
Cash Dividends and Income	6.52

CAMP Managed Account	
Opening Market Value	31,307,723.66
Purchases	624,812.50
Redemptions	(515,136.72)
Unsettled Trades	0.00
Change in Value	(73,093.33)

Closing Market Value	\$31,344,306.11
Cash Dividends and Income	89,740.77

Asset Summary		
	December 31, 2013	November 30, 2013
CAMP Pool	92,573.40	68,460.13
CAMP Managed Account	31,344,306.11	31,307,723.66
Total	\$31,436,879.51	\$31,376,183.79

Asset Allocation





Managed Account Detail of Securities Held

For the Month Ending **December 31, 2013**

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

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note												
US TREASURY NOTES	DTD 04/30/2010 2.500% 04/30/2015	912828MZ0	2,450,000.00	AA+	Aaa	09/25/13	09/26/13	2,537,855.47	0.25	10,490.33	2,523,206.39	2,523,977.75
US TREASURY NOTES	DTD 06/30/2010 1.875% 06/30/2015	912828NL0	3,000,000.00	AA+	Aaa	09/25/13	09/26/13	3,083,320.31	0.29	155.39	3,070,877.40	3,072,657.00
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	220,000.00	AA+	Aaa	10/23/12	10/26/12	228,189.84	0.39	1,611.14	224,697.79	225,130.40
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	275,000.00	AA+	Aaa	06/19/13	06/20/13	283,421.88	0.30	2,013.93	281,307.74	281,413.00
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	590,000.00	AA+	Aaa	08/22/12	08/23/12	613,369.53	0.39	4,320.79	602,615.14	603,758.80
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	705,000.00	AA+	Aaa	06/27/12	06/28/12	732,952.15	0.46	5,162.98	719,352.45	721,440.60
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	975,000.00	AA+	Aaa	09/06/12	09/10/12	1,014,761.72	0.33	7,140.29	996,816.66	997,737.00
US TREASURY NOTES	DTD 11/01/2010 1.250% 10/31/2015	912828PE4	2,600,000.00	AA+	Aaa	09/25/13	09/26/13	2,647,937.50	0.37	5,566.30	2,641,862.55	2,643,061.20
US TREASURY NOTES	DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	295,000.00	AA+	Aaa	11/01/12	11/05/12	303,734.77	0.40	356.59	300,455.88	300,704.10
US TREASURY NOTES	DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	600,000.00	AA+	Aaa	11/29/12	12/05/12	618,257.81	0.35	725.27	611,711.98	611,601.56
US TREASURY NOTES	DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	475,000.00	AA+	Aaa	05/10/13	05/15/13	516,933.59	0.41	42.65	508,531.47	506,765.63
US TREASURY NOTES	DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	950,000.00	AA+	Aaa	05/22/13	05/24/13	1,032,048.83	0.44	85.29	1,016,138.77	1,013,531.25
US TREASURY NOTES	DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	950,000.00	AA+	Aaa	05/24/13	05/31/13	1,029,042.97	0.53	85.29	1,014,128.06	1,013,531.25
US TREASURY NOTES	DTD 08/31/2011 1.000% 08/31/2016	912828RF9	625,000.00	AA+	Aaa	08/29/13	08/30/13	628,417.97	0.82	2,123.62	628,032.09	630,859.38



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2013**

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

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
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	1,510,978.34	1,504,804.50
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	1,815,059.84	1,805,765.40
Security Type Sub-Total		18,010,000.00					18,597,314.65	0.41	42,418.33	18,465,772.55	18,456,738.82
Municipal Bond / Note											
METRO WTR DIST AUTH, CA TXBL REV BONDS DTD 06/28/2012 0.616% 07/01/2014	59266THP9	275,000.00	AAA	Aa1	06/21/12	06/28/12	275,000.00	0.62	847.00	275,000.00	275,198.00
UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.528% 05/15/2015	91412GSW6	85,000.00	AA	Aa1	09/26/13	10/02/13	85,000.00	0.53	110.95	85,000.00	84,880.15
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	164,968.65
UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.907% 05/15/2016	91412GSX4	45,000.00	AA	Aa1	09/26/13	10/02/13	45,000.00	0.91	100.90	45,000.00	44,823.60
UNIV OF CAL TXBL REV BONDS DTD 03/14/2013 0.659% 05/15/2016	91412GPX7	100,000.00	AA	Aa1	02/28/13	03/14/13	100,000.00	0.66	84.21	100,000.00	98,488.00
Security Type Sub-Total		670,000.00					670,000.00	0.64	1,232.44	670,000.00	668,358.40
Federal Agency Bond / Note											
FREDDIE MAC GLOBAL NOTES DTD 07/11/2012 0.500% 08/28/2015	3134G3ZA1	1,175,000.00	AA+	Aaa	07/30/12	07/31/12	1,176,371.23	0.46	2,007.29	1,175,741.68	1,177,374.68
FANNIE MAE GLOBAL NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0SB0	550,000.00	AA+	Aaa	11/14/12	11/16/12	548,718.50	0.45	57.29	549,181.81	549,158.50
FHLB (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	624,812.76	623,953.13
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	339,720.49	339,634.50



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2013**

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

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Security Type Sub-Total		2,690,000.00					2,689,514.63	0.45	2,500.81	2,689,456.74	2,690,120.81
Corporate Note											
JP MORGAN CHASE & CO NOTES DTD 05/18/2009 4.650% 06/01/2014	46625HHN3	715,000.00	A	A3	12/16/11	12/21/11	752,873.55	2.41	2,770.63	721,608.34	727,519.65
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	475,000.00	AA+	A1	05/23/12	05/29/12	480,172.75	1.72	4,879.31	477,054.02	483,699.63
BANK OF NEW YORK MELLON (CALLABLE) NOTES DTD 02/21/2012 1.200% 02/20/2015	06406HCC1	150,000.00	A+	A1	02/13/12	02/21/12	149,863.50	1.23	655.00	149,947.68	151,152.15
JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 04/17/2012 0.875% 04/17/2015	24422ERO4	155,000.00	A	A2	04/12/12	04/17/12	154,903.90	0.90	278.78	154,958.23	155,877.77
MCDONALDS CORP NOTES DTD 05/29/2012 0.750% 05/29/2015	58013MEP5	175,000.00	A	A2	05/23/12	05/29/12	174,518.75	0.84	116.67	174,772.15	176,020.43
CATERPILLAR FIN CORP NOTES DTD 05/30/2012 1.100% 05/29/2015	14912L5D9	200,000.00	A	A2	05/22/12	05/30/12	199,936.00	1.11	195.56	199,969.60	201,611.40
TOYOTA MOTOR CREDIT CORP DTD 06/17/2010 3.200% 06/17/2015	89233P4B9	400,000.00	AA-	Aa3	03/27/13	04/01/13	422,524.00	0.63	497.78	414,920.15	415,977.20
CATERPILLAR INC GLOBAL NOTES DTD 06/26/2012 0.950% 06/26/2015	149123BY6	150,000.00	A	A2	06/21/12	06/26/12	149,968.50	0.96	19.79	149,984.28	150,919.35
JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 06/29/2012 0.950% 06/29/2015	24422ERS0	225,000.00	A	A2	06/26/12	06/29/12	224,939.25	0.96	11.88	224,969.52	226,654.65
WELLS FARGO & COMPANY DTD 06/27/2012 1.500% 07/01/2015	94974BFE5	250,000.00	A+	A2	03/26/13	03/28/13	254,326.03	0.73	1,875.00	252,881.83	253,515.50
WELLS FARGO & COMPANY DTD 06/27/2012 1.500% 07/01/2015	94974BFE5	250,000.00	A+	A2	03/27/13	03/28/13	254,252.50	0.74	1,875.00	252,833.01	253,515.50
JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EJR1	550,000.00	A	A3	10/15/12	10/18/12	549,774.50	1.11	1,277.22	549,864.21	552,097.70
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	124,921.80	125,227.00



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2013**

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

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
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	169,957.01	169,118.38
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	149,935.53	149,214.00
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	199,914.04	198,952.00
GLAXOSMITHKLINE CAP INC GLOBAL NOTES DTD 03/18/2013 0.700% 03/18/2016	377372AG2	345,000.00	A+	A1	09/27/13	10/02/13	344,755.05	0.73	690.96	344,779.55	343,535.48
APPLE INC GLOBAL NOTES DTD 05/03/2013 0.450% 05/03/2016	037833AH3	205,000.00	AA+	Aa1	04/30/13	05/03/13	204,628.95	0.51	148.63	204,710.25	203,511.70
GENERAL ELEC CAP CORP (FLOATING) DTD 07/12/2013 0.894% 07/12/2016	36962G7A6	430,000.00	AA+	A1	07/09/13	07/12/13	430,000.00	0.93	854.49	430,000.00	433,016.88
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	1,741.67	329,727.21	332,447.94
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	299,860.78	301,360.80
AMERICAN HONDA FINANCE GLOBAL NOTES DTD 10/10/2013 1.125% 10/07/2016	02665WAB7	195,000.00	A+	A1	10/03/13	10/10/13	194,321.40	1.24	493.59	194,371.63	195,796.97
Security Type Sub-Total		6,145,000.00					6,215,888.08	1.14	20,833.35	6,171,940.82	6,200,742.08
Certificate of Deposit											
STANDARD CHARTERED BK NY LT CD (FLOAT) DTD 03/18/2013 0.325% 03/18/2014	85325BVS0	550,000.00	A-1+	P-1	03/18/13	03/18/13	550,000.00	0.37	54.62	550,000.00	550,016.50
SVENSKA HANDELSBANKEN NY FLOATING LT CD DTD 04/05/2013 0.423% 10/06/2014	86958CVF8	575,000.00	AA-	Aa3	04/03/13	04/05/13	574,912.43	0.48	588.03	574,937.92	575,479.55



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2013**

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

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit												
CREDIT SUISSE NEW YORK CERT DEPOS (FLOAT)	07/15/2013 0.644% 01/15/2015	22549TDK1	550,000.00	A-1	P-1	07/11/13	07/15/13	550,000.00	0.68	766.96	550,000.00	550,738.65
BANK OF NOVA SCOTIA HOUS CERT DEPOS (FLT)	03/06/2013 0.500% 03/06/2015	06417FPL8	575,000.00	A+	Aa2	03/04/13	03/06/13	575,000.00	0.59	209.08	575,000.00	576,721.55
SKANDINAVISKA ENSKILDA NY CERT DEPOS (FLT)	04/16/2013 0.621% 04/16/2015	83051HJH0	525,000.00	A+	A1	04/11/13	04/16/13	525,000.00	0.66	697.11	525,000.00	526,575.00
RABOBANK NEDERLAND NV NY CD	04/29/2013 0.600% 04/29/2015	21684BEP5	550,000.00	AA-	Aa2	04/25/13	04/29/13	550,000.00	0.61	586.67	550,000.00	548,814.75
Security Type Sub-Total			3,325,000.00					3,324,912.43	0.56	2,902.47	3,324,937.92	3,328,346.00
Managed Account Sub-Total			30,840,000.00					31,497,629.79	0.58	69,887.40	31,322,108.03	31,344,306.11
Money Market Fund												
CAMP Pool			92,573.40	AAAm	NR			92,573.40		0.00	92,573.40	92,573.40
Money Market Sub-Total			92,573.40					92,573.40		0.00	92,573.40	92,573.40
Securities Sub-Total			\$30,932,573.40					\$31,590,203.19	0.58%	\$69,887.40	\$31,414,681.43	\$31,436,879.51
Accrued Interest												\$69,887.40
Total Investments												\$31,506,766.91



Managed Account Security Transactions & Interest

For the Month Ending **December 31, 2013**

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
BUY										
11/27/13	12/03/13	US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,800,000.00	(1,815,468.75)	(129.81)	(1,815,598.56)			
12/12/13	12/30/13	FHLB (CALLABLE) GLOBAL NOTES DTD 12/30/2013 0.375% 12/30/2015	3130A0GK0	625,000.00	(624,812.50)	0.00	(624,812.50)			
Transaction Type Sub-Total				2,425,000.00	(2,440,281.25)	(129.81)	(2,440,411.06)			
INTEREST										
12/01/13	12/01/13	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			
12/01/13	12/01/13	JP MORGAN CHASE & CO NOTES DTD 05/18/2009 4.650% 06/01/2014	46625HHN3	715,000.00	0.00	16,623.75	16,623.75			
12/06/13	12/06/13	BANK OF NOVA SCOTIA HOUS CERT DEPOS (FLT DTD 03/06/2013 0.500% 03/06/2015	06417FPL8	575,000.00	0.00	732.97	732.97			
12/17/13	12/17/13	TOYOTA MOTOR CREDIT CORP DTD 06/17/2010 3.200% 06/17/2015	89233P4B9	400,000.00	0.00	6,400.00	6,400.00			
12/18/13	12/18/13	STANDARD CHARTERED BK NY LT CD (FLOAT) DTD 03/18/2013 0.325% 03/18/2014	85325BVS0	550,000.00	0.00	150.10	150.10			
12/21/13	12/21/13	FANNIE MAE GLOBAL NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0SB0	550,000.00	0.00	1,031.25	1,031.25			
12/26/13	12/26/13	CATERPILLAR INC GLOBAL NOTES DTD 06/26/2012 0.950% 06/26/2015	149123BY6	150,000.00	0.00	712.50	712.50			
12/29/13	12/29/13	JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 06/29/2012 0.950% 06/29/2015	24422ERS0	225,000.00	0.00	1,068.75	1,068.75			
12/31/13	12/31/13	US TREASURY NOTES DTD 06/30/2010 1.875% 06/30/2015	912828NL0	3,000,000.00	0.00	28,125.00	28,125.00			
12/31/13	12/31/13	US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	950,000.00	0.00	15,437.50	15,437.50			
12/31/13	12/31/13	US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	950,000.00	0.00	15,437.50	15,437.50			



Managed Account Security Transactions & Interest

For the Month Ending **December 31, 2013**

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
INTEREST										
12/31/13	12/31/13	US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	475,000.00	0.00	7,718.75	7,718.75			
Transaction Type Sub-Total				8,705,000.00	0.00	93,974.32	93,974.32			
SELL										
11/27/13	12/03/13	US TREASURY NOTES DTD 12/15/2011 0.250% 12/15/2014	912828RV4	625,000.00	625,683.59	730.02	626,413.61	3,125.00	1,544.35	SPEC LOT
11/27/13	12/03/13	US TREASURY NOTES DTD 02/01/2010 2.250% 01/31/2015	912828MH0	500,000.00	512,070.31	3,821.33	515,891.64	(15,683.60)	1,345.99	SPEC LOT
11/27/13	12/03/13	US TREASURY NOTES DTD 02/15/2012 0.250% 02/15/2015	912828SE1	700,000.00	700,464.84	523.10	700,987.94	4,101.56	1,942.38	SPEC LOT
12/23/13	12/30/13	US TREASURY NOTES DTD 04/30/2010 2.500% 04/30/2015	912828MZ0	500,000.00	515,136.72	2,071.82	517,208.54	(2,792.97)	134.60	SPEC LOT
Transaction Type Sub-Total				2,325,000.00	2,353,355.46	7,146.27	2,360,501.73	(11,250.01)	4,967.32	
Managed Account Sub-Total					(86,925.79)	100,990.78	14,064.99	(11,250.01)	4,967.32	
Total Security Transactions					(\$86,925.79)	\$100,990.78	\$14,064.99	(\$11,250.01)	\$4,967.32	



Managed Account Security Transactions & Interest

For the Month Ending **November 30, 2013**

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

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
BUY											
	10/31/13	11/01/13	US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,500,000.00	(1,511,601.56)	(5,522.54)	(1,517,124.10)			
	11/27/13	12/03/13	US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,800,000.00	(1,815,468.75)	(129.81)	(1,815,598.56)			

Transaction Type Sub-Total **3,300,000.00** **(3,327,070.31)** **(5,652.35)** **(3,332,722.66)**

INTEREST											
	11/03/13	11/03/13	APPLE INC GLOBAL NOTES DTD 05/03/2013 0.450% 05/03/2016	037833AH3	205,000.00	0.00	461.25	461.25			
	11/15/13	11/15/13	UNIV OF CAL TXBL REV BONDS DTD 03/14/2013 0.659% 05/15/2016	91412GPX7	100,000.00	0.00	441.16	441.16			
	11/18/13	11/18/13	STANDARD CHARTERED BK NY LT CD (FLOAT) DTD 03/18/2013 0.328% 03/18/2014	85325BVS0	550,000.00	0.00	158.90	158.90			
	11/29/13	11/29/13	MCDONALDS CORP NOTES DTD 05/29/2012 0.750% 05/29/2015	58013MEP5	175,000.00	0.00	656.25	656.25			
	11/29/13	11/29/13	CATERPILLAR FIN CORP NOTES DTD 05/30/2012 1.100% 05/29/2015	14912L5D9	200,000.00	0.00	1,100.00	1,100.00			
	11/30/13	11/30/13	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	295,000.00	0.00	2,028.13	2,028.13			
	11/30/13	11/30/13	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	600,000.00	0.00	4,125.00	4,125.00			
	11/30/13	11/30/13	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			

Transaction Type Sub-Total **3,625,000.00** **0.00** **15,533.19** **15,533.19**

SELL											
	10/31/13	11/01/13	FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	375,000.00	376,946.25	304.69	377,250.94	(18.75)	1,369.89	SPEC LOT
	10/31/13	11/01/13	FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	50,000.00	50,259.50	40.62	50,300.12	159.50	229.34	SPEC LOT



Managed Account Security Transactions & Interest

For the Month Ending **November 30, 2013**

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
SELL										
10/31/13	11/01/13	FNMA NOTES (CALLED, OMD 8/7/2015) DTD 08/07/2012 0.500% 11/07/2013	3135GONG4	1,050,000.00	1,050,073.50	1,225.00	1,051,298.50	178.50	74.09	SPEC LOT
11/27/13	12/03/13	US TREASURY NOTES DTD 12/15/2011 0.250% 12/15/2014	912828RV4	625,000.00	625,683.59	730.02	626,413.61	3,125.00	1,544.35	SPEC LOT
11/27/13	12/03/13	US TREASURY NOTES DTD 02/01/2010 2.250% 01/31/2015	912828MH0	500,000.00	512,070.31	3,821.33	515,891.64	(15,683.60)	1,345.99	SPEC LOT
11/27/13	12/03/13	US TREASURY NOTES DTD 02/15/2012 0.250% 02/15/2015	912828SE1	700,000.00	700,464.84	523.10	700,987.94	4,101.56	1,942.38	SPEC LOT
Transaction Type Sub-Total				3,300,000.00	3,315,497.99	6,644.76	3,322,142.75	(8,137.79)	6,506.04	
Managed Account Sub-Total					(11,572.32)	16,525.60	4,953.28	(8,137.79)	6,506.04	
Total Security Transactions					(\$11,572.32)	\$16,525.60	\$4,953.28	(\$8,137.79)	\$6,506.04	

Bolded items are forward settling trades.



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2013**

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
BUY										
09/26/13	10/02/13	UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.907% 05/15/2016	91412GSX4	45,000.00	(45,000.00)	0.00	(45,000.00)			
09/26/13	10/02/13	UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.528% 05/15/2015	91412GSW6	85,000.00	(85,000.00)	0.00	(85,000.00)			
09/27/13	10/02/13	GLAXOSMITHKLINE CAP INC GLOBAL NOTES DTD 03/18/2013 0.700% 03/18/2016	377372AG2	345,000.00	(344,755.05)	(93.92)	(344,848.97)			
10/03/13	10/10/13	AMERICAN HONDA FINANCE GLOBAL NOTES DTD 10/10/2013 1.125% 10/07/2016	02665WAB7	195,000.00	(194,321.40)	0.00	(194,321.40)			
10/31/13	11/01/13	US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,500,000.00	(1,511,601.56)	(5,522.54)	(1,517,124.10)			
Transaction Type Sub-Total				2,170,000.00	(2,180,678.01)	(5,616.46)	(2,186,294.47)			

INTEREST										
10/07/13	10/07/13	SVENSKA HANDELSBANKEN NY FLOATING LT CD DTD 04/05/2013 0.423% 10/06/2014	86958CVF8	575,000.00	0.00	655.37	655.37			
10/15/13	10/15/13	GENERAL ELEC CAP CORP (FLOATING) DTD 07/12/2013 0.894% 07/12/2016	36962G7A6	430,000.00	0.00	1,042.92	1,042.92			
10/15/13	10/15/13	JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EJR1	550,000.00	0.00	3,025.00	3,025.00			
10/15/13	10/15/13	CREDIT SUISSE NEW YORK CERT DEPOS (FLOAT DTD 07/15/2013 0.644% 01/15/2015	22549TDK1	550,000.00	0.00	939.05	939.05			
10/16/13	10/16/13	SKANDINAVISKA ENSKILDA NY CERT DEPOS (FLT DTD 04/16/2013 0.621% 04/16/2015	83051HJH0	525,000.00	0.00	862.16	862.16			
10/17/13	10/17/13	JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 04/17/2012 0.875% 04/17/2015	24422ERO4	155,000.00	0.00	678.13	678.13			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2013**

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									
INTEREST										
10/18/13	10/18/13	STANDARD CHARTERED BK NY LT CD (FLOAT) DTD 03/18/2013 0.336% 03/18/2014	85325BVS0	550,000.00	0.00	155.49	155.49			
10/23/13	10/23/13	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			
10/29/13	10/29/13	RABOBANK NEDERLAND NV NY CD DTD 04/29/2013 0.600% 04/29/2015	21684BEP5	550,000.00	0.00	1,677.50	1,677.50			
10/31/13	10/31/13	US TREASURY NOTES DTD 04/30/2010 2.500% 04/30/2015	912828MZ0	2,950,000.00	0.00	36,875.00	36,875.00			
10/31/13	10/31/13	US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015	912828PE4	2,600,000.00	0.00	16,250.00	16,250.00			
Transaction Type Sub-Total				9,560,000.00	0.00	62,598.12	62,598.12			
SELL										
09/27/13	10/02/13	FANNIE MAE GLOBAL NOTES DTD 04/19/2012 0.500% 05/27/2015	3135G0KM4	305,000.00	306,174.25	529.51	306,703.76	2,055.70	1,645.44	SPEC LOT
10/01/13	10/02/13	US TREASURY NOTES DTD 04/30/2010 2.500% 04/30/2015	912828MZ0	50,000.00	51,779.30	526.49	52,305.79	(13.67)	4.61	SPEC LOT
10/04/13	10/10/13	US TREASURY NOTES DTD 08/31/2011 1.000% 08/31/2016	912828RF9	200,000.00	202,140.63	220.99	202,361.62	1,046.88	1,087.69	SPEC LOT
10/31/13	11/01/13	FNMA NOTES (CALLED, OMD 8/7/2015) DTD 08/07/2012 0.500% 11/07/2013	3135G0NG4	1,050,000.00	1,050,073.50	1,225.00	1,051,298.50	178.50	74.09	SPEC LOT
10/31/13	11/01/13	FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	375,000.00	376,946.25	304.69	377,250.94	(18.75)	1,369.89	SPEC LOT
10/31/13	11/01/13	FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	50,000.00	50,259.50	40.62	50,300.12	159.50	229.34	SPEC LOT
Transaction Type Sub-Total				2,030,000.00	2,037,373.43	2,847.30	2,040,220.73	3,408.16	4,411.06	



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2013**

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									
Managed Account Sub-Total					(143,304.58)	59,828.96	(83,475.62)	3,408.16	4,411.06	
Total Security Transactions					(\$143,304.58)	\$59,828.96	(\$83,475.62)	\$3,408.16	\$4,411.06	

Bolded items are forward settling trades.

<p style="text-align: center;">CARMA LAIF Fair Market Valuation 12/31/13</p>

LAIF Statement Balance	4,077,184.91
-------------------------------	---------------------

FAIR VALUE FACTOR:	
Performance Rate as of 12/31/13	1.00028762

Market Value	<u><u>\$4,078,357.59</u></u>
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Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif

January 15, 2014

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 2013 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
12/9/2013	12/6/2013	RW	1417271	NANCY BROADHURST	-135,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	4,212,184.91
Total Withdrawal:	-135,000.00	Ending Balance:	4,077,184.91



JOHN CHIANG

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

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

As of 01/15/2014, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2013.

Earnings Ratio		.00000700426120353
Interest Rate		0.26%
Dollar Day Total	\$	386,623,518.96
Quarter End Principal Balance	\$	4,077,184.91
Quarterly Interest Earned	\$	2,708.01

**BILL LOCKYER
TREASURER
STATE OF CALIFORNIA**

LOCAL AGENCY INVESTMENT FUND (LAIF)

LAIF WEBINAR REGISTRATION

PMIA Performance Report

LAIF Performance Report

Quarter Ending 12/31/2014

Apportionment Rate: 0.26%
 Earnings Ratio: .00000700426120353
 Fair Value Factor: 1.00028762
 Daily: 0.26%
 Quarter To Date: 0.26%
 Average Life: 209

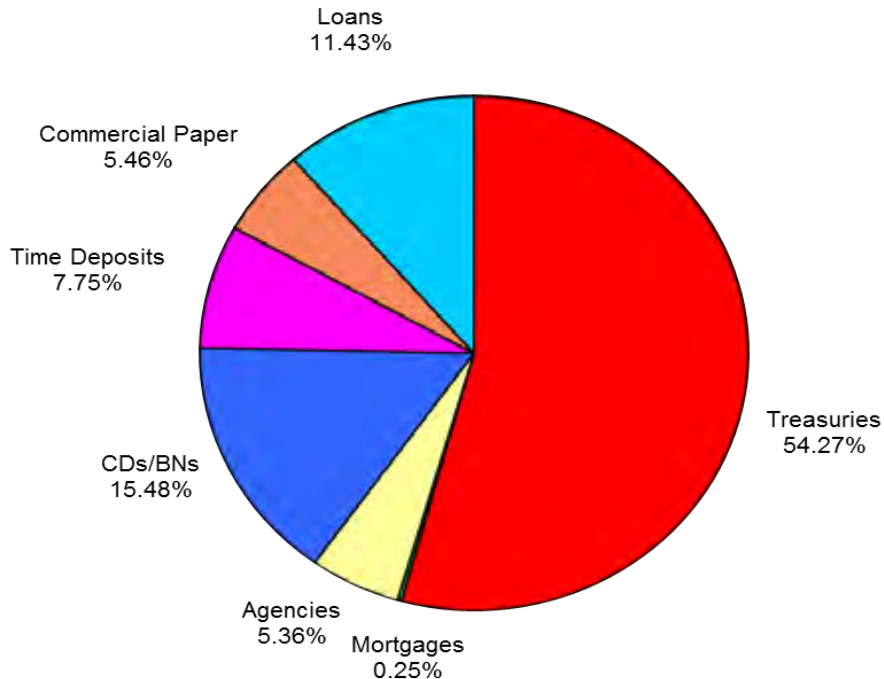
PMIA Average Monthly Effective Yields

DEC 2013 0.264%
 NOV 2013 0.263%
 OCT 2013 0.266%

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
1/1/2014	0.25	0.25	209
1/2/2014	0.26	0.26	219
1/3/2014	0.26	0.26	222
1/4/2014	0.26	0.26	222
1/5/2014	0.26	0.26	222
1/6/2014	0.26	0.26	222
1/7/2014	0.26	0.26	222
1/8/2014	0.26	0.26	225
1/9/2014	0.26	0.26	232
1/10/2014	0.26	0.26	230
1/11/2014	0.26	0.26	230
1/12/2014	0.26	0.26	230
1/13/2014	0.26	0.26	228
1/14/2014	0.25	0.26	228

*Daily yield does not reflect capital gains or losses

**Pooled Money Investment Account
Portfolio Composition
\$57.7 Billion
12/31/13**



**State of California
Pooled Money Investment Account
Market Valuation
12/31/2013**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 14,033,089,088.96	\$ 14,042,579,686.22	\$ 14,045,149,000.00	NA
Notes	\$ 17,263,832,010.85	\$ 17,263,453,805.87	\$ 17,275,491,000.00	\$ 14,779,237.00
Federal Agency:				
SBA	\$ 568,220,869.50	\$ 568,215,900.05	\$ 564,382,161.61	\$ 535,022.23
MBS-REMICs	\$ 143,738,651.70	\$ 143,738,651.70	\$ 154,860,553.48	\$ 685,656.73
Debentures	\$ 1,070,960,367.63	\$ 1,070,943,353.75	\$ 1,070,386,400.00	\$ 3,676,778.16
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 1,298,658,722.26	\$ 1,299,566,777.76	\$ 1,299,775,000.00	NA
GNMA	\$ -	\$ -	\$ -	\$ -
Supranational Debentures	\$ 149,896,019.16	\$ 149,896,019.16	\$ 149,684,500.00	\$ 174,305.50
CDs and YCDs FR	\$ -	\$ -	\$ -	\$ -
Bank Notes	\$ -	\$ -	\$ -	\$ -
CDs and YCDs	\$ 8,925,006,100.02	\$ 8,925,006,100.02	\$ 8,920,838,516.80	\$ 3,824,763.92
Commercial Paper	\$ 3,149,185,159.79	\$ 3,149,397,111.11	\$ 3,148,819,402.79	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,471,640,000.00	\$ 4,471,640,000.00	\$ 4,471,640,000.00	NA
AB 55 & GF Loans	\$ 6,592,720,682.49	\$ 6,592,720,682.49	\$ 6,592,720,682.49	NA
TOTAL	\$ 57,666,947,672.36	\$ 57,677,158,088.13	\$ 57,693,747,217.17	\$ 23,675,763.54

Fair Value Including Accrued Interest

\$ 57,717,422,980.71

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 (**1.00028762**).
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 \$20,005,752.41 or \$20,000,000.00 x **1.00028762**.

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

www.treasurer.ca.gov/pmia-laif

January 15, 2014

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 2013 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
11/14/2013	11/14/2013	RW	1415805	NANCY BROADHURST	-35,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	4,247,184.91
Total Withdrawal:	-35,000.00	Ending Balance:	4,212,184.91

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

www.treasurer.ca.gov/pmia-laif
 January 15, 2014

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 2013 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
10/11/2013	10/10/2013	RW	1411014	NANCY BROADHURST	-75,000.00
10/15/2013	10/11/2013	QRD	1412826	SYSTEM	5,892.34

Account Summary

Total Deposit:	5,892.34	Beginning Balance:	4,316,292.57
Total Withdrawal:	-75,000.00	Ending Balance:	4,247,184.91

California Affiliated Risk Management Authorities
~ BALANCE SHEET ~
As of December 31, 2013
(Unaudited)

ASSETS

CURRENT ASSETS

Cash in Bank	\$	6,274	
Local Agency Investment Fund		4,077,185	
Market Valuation - LAIF		1,173	
Investments - Managed Portfolio		2,245,359	
Market Valuation - Investment		(22,572)	
Accounts Receivable		0	
Interest Receivable		72,595	
Prepaid Expenses		28,500	
Prepaid Insurance		863,043	
		863,043	
TOTAL CURRENT ASSETS			7,271,556

NONCURRENT ASSETS

Investments - Managed Portfolio (Net of Rate Stabilization Fund)		29,253,046	
Market Valuation - Investment		(130,751)	
		(130,751)	
TOTAL OTHER ASSETS			29,122,295
TOTAL ASSETS			<u><u>\$ 36,393,851</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$	6,210	
Deferred Revenue		3,509,685	
Reserve for Claims		2,400,000	
		2,400,000	
TOTAL CURRENT LIABILITIES			5,915,895

NONCURRENT LIABILITIES

Reserve for Claims		1,032,713	
Reserve for IBNR		13,687,432	
		13,687,432	
TOTAL NONCURRENT LIABILITIES			14,720,145
TOTAL LIABILITIES			20,636,041

NET POSITION

Unrestricted Net Assets - Prior Years		17,318,391	
Net Position - Current Year		(1,560,580)	
		(1,560,580)	
TOTAL NET POSITION			15,757,811
TOTAL LIABILITIES AND NET POSITION			<u><u>\$ 36,393,851</u></u>

California Affiliated Risk Management Authorities
~ INCOME STATEMENT ~
For the Second Quarter Ended December 31, 2013
(Unaudited)

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
OPERATING REVENUES				
Deposit Premium	\$3,509,685	\$ 7,019,369	50%	\$ 3,509,685
Investment Income	170,803	0		(170,803)
Misc Income	15	0		(15)
TOTAL OPERATING REVENUES	<u>3,680,502</u>	<u>7,019,369</u>	<u>52%</u>	<u>3,338,867</u>
OPERATING EXPENSES				
Direct Expenses				
Claims Paid	\$ 100,182	4,863,704	* { 86%	697,964
Incr/(Decr) in Reserves	4,065,558			
Subtotal Claims Expense	<u>4,165,740</u>	<u>4,863,704</u>	<u>86%</u>	<u>697,964</u>
Reinsurance	598,333	1,196,666	50%	598,333
Excess Insurance	264,192	528,384	50%	264,192
Subtotal All Direct Expenses	<u>5,028,265</u>	<u>6,588,754</u>	<u>76%</u>	<u>1,560,489</u>
General & Administrative Expenses				
Program Management	156,313	312,625	50%	156,312
Membership Dues	997	1,600	62%	603
Financial Audit	8,750	8,750	100%	0
Claims Audit	4,725	18,900	25%	14,175
Actuarial Services	0	7,140	0%	7,140
Legal Services	24,175	30,000	81%	5,825
Marketing, Consultants and Website	300	1,000	30%	700
Board Meetings	1,152	2,000	58%	848
Annual Retreat	0	10,000	0%	10,000
Fidelity Bond	518	1,100	47%	583
Accreditation	1,425	1,500	95%	75
Investment Management Fees	14,060	26,000	54%	11,940
Genex Reporting Fees	0	0		-
Bank Fees	403	0		(403)
Contingency	0	10,000	0%	10,000
Subtotal General & Admin Expenses	<u>212,818</u>	<u>430,615</u>	<u>49%</u>	<u>217,797</u>
Member Equity Distribution	0	0		0
TOTAL OPERATING EXPENSES	<u>5,241,082</u>	<u>7,019,369</u>	<u>75%</u>	<u>1,778,287</u>
CHANGE IN NET POSITION	<u><u>\$ (1,560,580)</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, 2013
(Unaudited)

Assets:	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	Total
Cash, L.A.I.F. & Investments	308,489	1,413,130	2,941,411	733,062	(1,585,722)	2,116,320	3,891,981	3,594,370	4,254,712	4,220,662	3,991,781	4,544,009	5,157,664	35,581,864
Market Valuation-LAIF & Investments													(152,151)	(152,151)
Prepaid Expenses													891,543	891,543
Interest Receivable													72,595	72,595
Accounts Receivable													0	0
Total Assets	308,489	1,413,130	2,941,411	733,062	(1,585,722)	2,116,320	3,891,980	3,594,370	4,254,712	4,220,662	3,991,781	4,544,009	5,969,651	36,393,851 *

* Total Assets do not include Rate Stabilization Funds of \$91,797 as of December 31, 2013

Liabilities:														
Accounts Payable													6,210	6,210
Deferred Revenue													3,509,685	3,509,685
Return of Equity													0	0
Equity Payable													0	0
Reserve for Claims (1)	0	99,654	71,351	0	0	0	737,807	0	0	2,523,900	0	0	0	3,432,713
Reserve for IBNR (2)	0	291,035	459,388	221,263	314,655	621,921	500,145	397,187	950,730	1,093,150	3,469,361	3,406,146	1,962,459	13,687,432
Total Liabilities	0	390,689	530,739	221,263	314,655	621,921	1,237,952	397,187	950,730	3,617,050	3,469,361	3,406,146	5,478,353	20,636,040

Retained Earnings:														
Reserve for Adverse Development (3)	0	0	0	0	0	185,644	662,840	7,265	361,260	926,419	1,927,479	1,975,565	1,119,721	7,166,194
Contingency Funds (4)	308,489	1,022,441	2,410,672	511,800	(1,900,377)	1,308,755	1,991,188	3,189,918	2,942,722	(322,807)	(1,405,059)	(837,702)	(628,423)	8,591,617
Total Retained Earnings	308,489	1,022,441	2,410,672	511,800	(1,900,377)	1,494,398	2,654,028	3,197,183	3,303,982	603,612	522,421	1,137,863	491,298	15,757,811
Total Liabilities and Retained Earnings	308,489	1,413,130	2,941,411	733,062	(1,585,722)	2,116,320	3,891,980	3,594,370	4,254,712	4,220,662	3,991,781	4,544,009	5,969,651	36,393,851

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 \$3,752,058 by \$319,345 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 Second Quarter Ended December 31, 2013

(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	Total
Deposit Premiums													3,509,685	3,509,685
Interest Income	1,547	7,085	14,758	3,675	(7,950)	10,611	19,946	18,021	21,332	21,145	19,971	21,263	5,340 *	156,743 *
Misc Income													15	15
Total Revenue	1,547	7,085	14,758	3,675	(7,950)	10,611	19,946	18,021	21,332	21,145	19,971	21,263	3,515,039	3,666,442
													<i>* Net of Investment Management Fees and Rate Stabilization Funds interest</i>	
Direct Expenses:														
Claims Paid	0	0	3,133	0	0	0	97,048	0	0	0	0	0	0	100,182
Incr./(Decr.) in Reserves	(0)	0	(3,074)	(0)	0	0	(93,827)	0	0	2,200,000	0	0	1,962,459	4,065,558
Incr./(Decr) in Rate Stab Due Member														0
Dividend/Assessment/Equity Distribution														0
Reinsurance / Excess													862,525	862,525
Total Direct Expenses	(0)	0	59	(0)	0	0	3,221	0	0	2,200,000	0	0	2,824,984	5,028,265
Indirect Expenses:														
General Management													156,313	156,313
Membership Dues													997	997
Financial Audit													8,750	8,750
Claims Audit													4,725	4,725
Actuarial Services													0	0
Legal Services**													24,175	24,175
Marketing/Consultants/Website													300	300
Board Meetings													1,152	1,152
Annual Retreat													0	0
Fidelity Bond													518	518
Accreditation Fees													1,425	1,425
Genex Reporting Fees													0	0
Bank Fees													403	403
Contingency													0	0
Total Indirect Expenses	0	0	0	0	0	0	0	0	0	0	0	0	198,757	198,757
Net Income/(Loss)	1,547	7,085	14,699	3,676	(7,950)	10,610	16,725	18,021	21,332	(2,178,855)	19,970	21,263	491,298	(1,560,580)

** 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, 2013

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
2001/2002:	BCJPIA	97,556	0	97,556	0	97,556
	CSJVRMA	67,287	0	67,287	0	67,287
	MPA	69,584	0	69,584	0	69,584
	PARSAC	61,515	0	61,515	0	61,515
	VCJPA	12,546	0	12,546	0	12,546
	PERMA	0	0	0	0	0
	Total	<u>308,489</u>	<u>0</u>	<u>308,489</u>	<u>0</u>	<u>308,489</u>
2002/2003:	BCJPIA	264,674	0	264,674	0	264,674
	CSJVRMA	231,590	0	231,590	0	231,590
	MPA	301,832	0	301,832	0	301,832
	PARSAC	186,460	0	186,460	0	186,460
	VCJPA	37,885	0	37,885	0	37,885
	PERMA	0	0	0	0	0
	Total	<u>1,022,441</u>	<u>0</u>	<u>1,022,441</u>	<u>0</u>	<u>1,022,441</u>
2003/2004	BCJPIA	648,817	0	648,817	0	648,817
	CSJVRMA	623,595	0	623,595	0	623,595
	MBASIA	72,136	0	72,136	0	72,136
	MPA	570,848	0	570,848	0	570,848
	PARSAC	411,637	0	411,637	0	411,637
	VCJPA	83,640	0	83,640	0	83,640
	Total	<u>2,410,672</u>	<u>0</u>	<u>2,410,672</u>	<u>0</u>	<u>2,410,672</u>
2004/2005*	BCJPIA	961,548	0	961,548	0	961,549
	CSJVRMA	(705,758)	0	(705,758)	0	(705,758)
	MBASIA	(140,469)	0	(140,469)	0	(140,469)
	MPA	(681,608)	0	(681,608)	0	(681,608)
	PARSAC	961,900	0	961,900	0	961,900
	VCJPA	114,869	0	114,869	0	114,869
	PERMA*	1,318	0	1,318	0	1,318
	Total	<u>511,800</u>	<u>0</u>	<u>511,800</u>	<u>0</u>	<u>511,801</u>
2005/2006	BCJPIA	(471,584)	0	(471,584)	0	(471,584)
	CSJVRMA	(458,948)	0	(458,948)	0	(458,948)
	MBASIA	(72,440)	0	(72,440)	0	(72,440)
	MPA	(495,766)	0	(495,766)	0	(495,766)
	PARSAC	(329,176)	0	(329,176)	0	(329,176)
	VCJPA	(72,463)	0	(72,463)	0	(72,463)
	Total	<u>(1,900,377)</u>	<u>0</u> *	<u>(1,900,377)</u>	<u>0</u> *	<u>(1,900,377)</u>

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of December 31, 2013

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
2006/2007	BCJPIA	344,212	0	344,212	(42,760)	301,452
	CSJVRMA	432,246	0	432,246	(53,696)	378,550
	MBASIA	53,073	0	53,073	(6,593)	46,480
	MPA	344,989	0	344,989	(42,857)	302,132
	PARSAC	254,940	0	254,940	(31,670)	223,269
	VCJPA	64,937	0	64,937	(8,067)	56,870
	Total	<u>1,494,398</u>	<u>0</u>	<u>1,494,398</u>	<u>(185,644)</u>	<u>1,308,755</u>
2007/2008	BCJPIA	575,579	(0)	575,579	(143,751)	431,829
	CSJVRMA	758,909	(0)	758,909	(189,536)	569,372
	MBASIA	87,865	(0)	87,865	(21,944)	65,921
	MPA	628,000	(0)	628,000	(156,842)	471,158
	PARSAC	494,714	(0)	494,714	(123,554)	371,160
	VCJPA	108,961	(0)	108,961	(27,213)	81,748
	Total	<u>2,654,028</u>	<u>(0)</u>	<u>2,654,027</u>	<u>(662,840)</u>	<u>1,991,187</u>
2008/2009	BCJPIA	692,207	0	692,207	(1,573)	690,632
	CSJVRMA	863,788	0	863,788	(1,963)	861,825
	MBASIA	107,264	0	107,264	(244)	107,020
	MPA	762,200	0	762,200	(1,732)	760,468
	PARSAC	650,020	0	650,020	(1,477)	648,543
	VCJPA	121,704	0	121,704	(277)	121,427
	Total	<u>3,197,183</u>	<u>0</u>	<u>3,197,183</u>	<u>(7,265)</u>	<u>3,189,917</u>
2009/2010	BCJPIA	1,163,305	0	1,163,305	(127,197)	1,036,108
	CSJVRMA	1,087,671	0	1,087,671	(118,927)	968,744
	MBASIA	142,773	0	142,773	(15,611)	127,162
	MPA	794,402	0	794,402	(86,861)	707,542
	VCJPA	115,832	0	115,832	(12,665)	103,167
	PARSAC	0	0	0	0	0
	Total	<u>3,303,983</u>	<u>0</u>	<u>3,303,983</u>	<u>(361,260)</u>	<u>2,942,722</u>
2010/2011	BCJPIA	226,010	(82,155)	143,855	(346,876)	(120,866)
	CSJVRMA	168,639	(61,301)	107,338	(258,827)	(90,188)
	MBASIA	24,379	(8,862)	15,517	(37,416)	(13,038)
	MPA	162,372	(59,023)	103,349	(249,209)	(86,837)
	VCJPA	22,212	(8,074)	14,138	(34,091)	(11,879)
	PARSAC	0	0	0	0	0
	Total	<u>603,612</u>	<u>(219,415)</u>	<u>384,197</u>	<u>(926,419)</u>	<u>(322,807)</u>

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of December 31, 2013

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
2011/2012	BCJPIA	199,447	(258,198)	(58,751)	(735,864)	(536,417)
	CSJVRMA	137,086	(177,468)	(40,381)	(505,783)	(368,696)
	MBASIA	23,213	(30,051)	(6,838)	(85,646)	(62,433)
	MPA	141,708	(183,451)	(41,743)	(522,834)	(381,126)
	VCJPA	20,966	(27,141)	(6,176)	(77,353)	(56,387)
	PARSAC	0	0	0	0	0
	Total		<u>522,420</u>	<u>(676,309)</u>	<u>(153,889)</u>	<u>(1,927,479)</u>
2012/2013	BCJPIA	436,984	(274,700)	162,284	(758,694)	(321,710)
	CSJVRMA	298,724	(187,786)	110,938	(518,646)	(219,922)
	MBASIA	48,564	(30,529)	18,035	(84,317)	(35,753)
	MPA	310,224	(195,015)	115,209	(538,612)	(228,389)
	VCJPA	43,367	(27,262)	16,106	(75,295)	(31,927)
	PARSAC	0	0	0	0	0
	Total		<u>1,137,863</u>	<u>(715,291)</u>	<u>422,572</u>	<u>(1,975,565)</u>
2013/2014	BCJPIA	165,791	(139,210)	26,581	(377,855)	(212,064)
	CSJVRMA	148,178	(124,421)	23,757	(337,715)	(189,536)
	MBASIA	21,822	(18,323)	3,499	(49,735)	(27,913)
	MPA	136,066	(114,250)	21,815	(310,108)	(174,043)
	VCJPA	19,441	(16,324)	3,117	(44,309)	(24,867)
	PARSAC	0	0	0	0	0
	Total		<u>491,298</u>	<u>(412,529)</u>	<u>78,769</u>	<u>(1,119,721)</u>
Total:	BCJPIA	5,304,545	(754,262)	4,550,282	(2,534,569)	2,769,975
	CSJVRMA	3,653,008	(550,976)	3,102,032	(1,985,092)	1,667,916
	MBASIA	368,180	(87,765)	280,415	(301,507)	66,673
	MPA	3,044,852	(551,739)	2,493,113	(1,909,055)	1,135,797
	PARSAC	2,692,009	(0)	2,692,009	(156,701)	2,535,308
	VCJPA	693,896	(78,802)	615,094	(279,269)	414,627
	PERMA	1,318	0	1,318	0	1,318
Total Equity		<u>15,757,811</u>	<u>(2,023,544)</u>	<u>13,734,266</u>	<u>(7,166,194)</u>	<u>8,591,617</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, 2013

Member	Original Balance @ 7/1/2002	Cumulative Interest 2002/2003 - 2005/2006	2006/2007			2007/2008			Cumulative Interest 2008/2009 - 2011/2012	2012/2013	2013/2014	Balance @ 12/31/13
			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**		YE Interest as of 6/30/13	YE Interest as of 12/31/13	
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	8,428	345	460	91,797
CSJVRMA	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
MPA	0	0	0	0	0	0	0	0	0	0	0	0
Total	610,155	54,150	12,319	286,321	35,201	70,679	(992,616)	6,354	8,428	345	460	91,797

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
Totals	240,417	1,234,321	(254,477)	(610,106)	610,155

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
There are no Administration boxes for destruction for 2013.

CARMA Accounting - Destruction Boxes

Dept	File Name/Description	Date Range From	Date Range To
Accounting	Void Checks 2004/05	7/1/2004	6/30/2005
Accounting	Petty Cash Checks 2004/05	7/1/2004	6/30/2005
Accounting	Petty Cash Reimbursements 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements Back Up 1st Quarter 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements Back Up 2nd Quarter 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements Back Up 3rd Quarter 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements Back Up 4th Quarter 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements A-C 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements D-G 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements H-K 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements L-O 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements R-S 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements T-Z 2004/05	7/1/2004	6/30/2005
Accounting	Invoices 2004/05	7/1/2004	6/30/2005
Accounting	Transfers 2004/05	7/1/2004	6/30/2005
Accounting	Cash Receipts 2004/05	7/1/2004	6/30/2005
Accounting	Budget Prep 2004/05	7/1/2004	6/30/2005
Accounting	Audit 2003/05	7/1/2004	6/30/2005
Accounting	Accounting Workpapers 2004/05	7/1/2004	6/30/2005

CARMA Litigation - Destruction Boxes

Dept	File Name/Description	Date Range From	Date Range To
Litigation	Closed Case Files	11/13/2006	11/13/2006
Litigation	Closed Case Files	4/20/2006	12/5/2006
Litigation	Closed Case Files	1/12/2006	1/17/2007
Litigation	Closed Case Files	4/5/2006	2/5/2007

Presented in the Consent Agenda for the 4/16/14 CARMA BOD Meeting Packet



CAJPA Journal Winter 2013 Edition

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Robert's Rules in Real Life](#)

[CAJPA Fall Conference &
Training Seminar](#)

Upcoming Events

LITL Southern California Program: January 30, 2013

Accreditation Committee Meeting:
February 12, 2013

Legislative Committee Meeting:
March 6, 2013

Legislative Action Day: April 10, 2013

Legislative Committee Meeting: June 12, 2013

Legislative Committee Meeting:
August 7, 2013

2013 CAJPA Fall Conference & Training Seminar: September 10-13, 2013

Legislative Committee Meeting:
November, 13, 2013

Recently Accredited JPAs

CalTIP: California
Transit Insurance
Programs JPA

North Bay Schools

President's Letter

By Martin Brady, Executive Director, Schools Insurance Authority



At the start of each New Year, many of us resolve to hit the reset button in one or more aspects of our lives. The urge to start anew can apply not only for individuals but to those of us in the public sector as we confront and attempt to "reset" the myriad challenges we face.

The power of pause and reflection can help to achieve the reset we may be seeking. The brain's intelligence is served by merging it with instinct and creativity, which often requires a more expansive process. In this momentary pause, two questions might assist us in cultivating greater creativity: 1) what brings meaning to me in my work? 2) What meaning do I bring to others in my work? This simple act may move us into strategic, innovative thinking and operating as noted by Kevin Cashman in The Pause Principle:

"Fast thinking is the domain of management transaction, whereas slow thinking is the leadership domain of strategic, innovative transformation."

Author Richard Bach had this to say of problems: "Every problem has a gift for you in its hands." Hit the reset button, pause, and reflect. Ask yourself how you can expand your perspective. You may notice that when you take time to reflect you are less in the "Do" mode and more in "Be" mode. Employees who see creative, reflective leadership are inspired to bring that out within themselves. Reset, Reflect, and Renew!

Legislative Update

By Julianne Broyles, CAJPA Legislative Advocate, California Advocates



Legislature Rolls Back into Sacramento

December 3, 2012, marked the official beginning of what may prove to be one of the most interesting legislative sessions in many years. On that day, newly elected Assembly and Senate members were sworn in. While no session days were held in December, new and incumbent members set up offices, hired new staff and met within party caucuses to prepare for the new session priorities.

The November 2012 elections sent 10 new members to the Senate and 38 new members to the Assembly. Democrats in both the Assembly and the Senate were able to achieve a long-desired two-thirds majority. The new makeup of the state Senate is 29 Democrats and 11 Republicans. The state Assembly now has 55 Democrats and 25 Republicans. www.calchamber.com/governmentrelations/documents/elected_officials_roster.pdf

Supermajorities make it possible for one party to control all issues moving through the legislature, as supermajority votes permit changes to taxes, fees, local

Insurance Authority

SAWCX II: Schools
Alliance Comp. Excess

Southern California
Schools Employee
Benefits Association

SCSRM: Southern
California Schools Risk
Management

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government voting requirements, the placement of constitutional amendments on statewide ballots and overrides of gubernatorial vetoes.

Continue Reading

Master Your Meetings: Robert's Rules in Real Life

By Ann G. Macfarlane, Professional Registered Parliamentarian, Jurassic Parliament



Newly elected chairs of risk pools and joint powers authorities are sometimes expected to start running their meetings with little or no training. Instead, it is assumed that they have "picked it up" as they attended earlier meetings of the group. While experience teaches us much, a little study can make a large difference and produce far better meetings.

We recommend reviewing the duties given by parliamentary law to the presiding officer (person running the meeting), and keeping this list handy. It's important to know what your responsibilities are - and what you are not responsible for. Above all, your role is to serve the group and assist it to make up its own mind. You are the facilitator, not the dictator.

Continue Reading



CAJPA Fall Conference & Training Seminar September 10-13, 2013

Planning is in full swing for the CAJPA 2013 Conference! We want to thank all of you who submitted information during our "Call for Topics" and look forward to some great sessions!

Final session selection will happen over the next month, so check the website in March to see our first draft of the agenda and program.

In February, reservations will open for all hotels (the Embassy Suites, Harrah's and Harveys). Embassy Suites always sells out quickly, so if you need to stay on the "California" side, get your reservations in soon. Please note that, as in the past, our hotels have some penalties for cancellations, so keep that in mind. Check the CAJPA website for all particulars on the rates, cancellation fees, and general information.

We look forward to joining you on a great journey September 10-13, 2013, in South Lake Tahoe!

The Journal is a publication of the California Association of Joint Powers Authorities, a nonprofit trade association formed in 1981 to serve as a communication and educational resource to California Joint Powers Authorities.

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ADMINISTRATIVE MATTERS

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

BACKGROUND AND STATUS:

In February 2014, 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 March 18, 2014. Mr. Farley will be present 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 – 2013 for CARMA March 18, 2014



March 18, 2014

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

2013 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 4/16/14 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: 2/28/14).

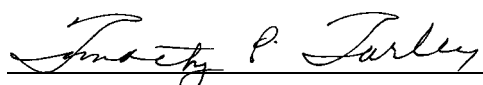
The Executive Summary lists each major finding in condensed form. The remainder of the report discusses those points and other findings in more detail. A chapter is devoted to each member JPA. A separate chapter is devoted to the review of the files reportable to CARMA's administrator, Bickmore.

The Public Agency Risk Sharing of California (PARSAC) former member was contacted. Only the Ruiz claim is stagnant as the responsible party was convicted of vehicular manslaughter and has appealed the decision. No significant claims remain during its coverage period that ended 7/1/09.

FCS appreciates the opportunity to provide this analysis to CARMA.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by 

Timothy P. Farley, CPCU
President



Liability Claims Audit – 2013

for

California Affiliated Risk Management Authorities

March 18, 2014

FARLEY CONSULTING SERVICES
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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 Bickmore, 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.

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 not ill advised.

All audited entities are reporting excess qualifying claims timely.

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 is effectively administering BCJPIA claims. York acquired the account from a prior administrator effective 7/1/12. Minor deficiencies in the key areas of case reserve accuracy, timely litigation status updates, and claim investigation are noted. Specific claims handling performance findings are discussed in Chapter II, which is devoted exclusively to BCJPIA.

Specific observations and recommendations are:

1. BCJPIA's primary claims adjustor, Steve Kochly, has administered BCJPIA claims for several years. This continuity is invaluable to BCJPIA. Two other York adjustors assist with BCJPIA claims. York is properly staffed to administer BCJPIA claims.
2. All but one of the claims reviewed are accurately reserved. The deficient claim may be reserved accurately, but the clarity of the actual reserve is not apparent when comparing data in the claim material with loss information data. The claim is discussed in more detail on page 7.
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 files of settled claims.

4. The audit identified one claim with a minor investigation deficiency. That claim is discussed on page 8.
5. Twenty-three of the claims reviewed are litigated. One of these claims lacks timely status updates from defense counsel. That claim is discussed on page 8.
6. All of the claims reviewed adhere to industry standards for diary review. No diary deficiencies are identified.
7. The BCJPIA loss run provided to FCS by York reconciles with data appearing in the claims information system accessed for this audit for all but one claim. That claim is discussed in Section II.A (page 7) of this report.
8. York is clearly documenting BCJPIA claim activity into the Claims Connect information system. City of Berkeley claims had lacked consistent incorporation of vital claims handling documents in past audits, but that deficiency has been improved significantly. One claim, discussed on page 10 exhibits documentation deficiencies.
9. Eight of the claims reviewed qualify for excess reporting to the JPA. Six of these are reportable to CARMA. All six qualifying claims were reported to the CARMA excess administrator timely.

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

FCS reviewed all 11 open VCJPA claims administered by Bickmore. One of the claims was closed just prior to the review.

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

1. All but one of the claims reviewed are accurately reserved. The deficient claim is discussed on page 10.
2. The files reviewed comply with industry standards for investigation. No investigation deficiencies are identified.
3. Four of the claims reviewed involve some element of litigation. Bickmore's management of the litigation process is thorough on all of those claims. No litigation management deficiencies are identified.

Correspondence to defense counsel is timely on all litigated claims.

4. Information for all claims was presented via electronic flash drive device. The material viewed is organized and in chronological order. Information observed on the loss run provided reconciles with information documented in the claim files.
5. Two of the claims reviewed do not comply with industry standards for diary review. Those claims are discussed on page 11.

6. None of the claims reviewed qualify for excess reporting to Bickmore, CARMA's excess administrator.

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. The categories of case reserve accuracy and diary maintenance generated multiple deficiencies. 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. That deficient claim is discussed on page 13.
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 files are routinely litigated. One claim, discussed on page 13, lacks timely status update from defense counsel.

4. Two of the claims reviewed do not comply with diary maintenance requirements. Those claims are discussed on page 13.
5. The claim files are organized and in chronological order. One claim lacks a copy of an executed release.
6. Thirty-eight claims reviewed qualify for reporting to CSJVRMA due to potential excess exposure. Twenty of these were also reported to CARMA. All of these claims were timely reported to CSJVRMA and the CARMA excess administrator.
7. Information contained on the loss run provided reconciles with all payment/reserve information appearing in the claim files.

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 all adjustors are below the recommended maximum of 150. Specific observations and recommendations are:

1. One claim reviewed requires reserve adjustment. That claim is discussed on page 15.
2. Investigation is thorough and clearly documented in the claim files. 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. Activity on all claims reviewed complies with industry standards for diary/case closure. No deficiencies are identified.
5. The claim files reviewed are organized. There are no documentation deficiencies, but one claim appears to list the wrong claimant name. That claim is discussed on page 16.
6. Seven 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 all 17 active claims with incurred costs of \$10,000 or more 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 was conducted with Mr. Maiolini on 1/8/14.

Specific findings and recommendations are:

1. All claims reviewed are accurately reserved.
2. All files reviewed are thoroughly investigated. No investigation deficiencies are identified.
3. Seven of the claims involve some degree of litigation. Litigation management is effective. Status updates from defense counsel are timely on all claims.
4. All files reviewed exhibit compliance with timely diary maintenance.
5. All files reviewed are clearly documented and chronologically accurate. No file documentation deficiencies are identified.
6. Ten of the claims reviewed were reported to MBASIA and CARMA. All 10 were reported timely.

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

FCS reviewed 21 open claims at Bickmore in Sacramento. All 21 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. The files clearly document Bickmore's litigation management activity. Still, two of the claims reviewed lack updated status reports from defense counsel to Bickmore staff. Those claims are discussed on page 19.
3. All CARMA (Bickmore) files exhibit timely diary activity.
4. The open loss run provided by CARMA (Bickmore) reconciles with financial information and general claim information appearing on all 21 claim files reviewed.

II. Bay Cities Joint Powers Insurance Authority (BCJPIA)

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

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

All of the claims reviewed seem to be reserved accurately, but the following claim generated questions:

- BCJP 16281A1 (City of Redwood City) – The claimant was struck by a vehicle. The injuries are significant, but not fatal. The reserve information on the York claims system exhibits a loss reserve of \$150,000, but there is reference to a reserve of \$500,000 in claim activity notes. The reserve should be \$500,000 pending further discovery.

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.

Files 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 several 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.

One claim exhibits deficiencies:

- BCJP-17389A (City of Pleasanton) – The claimant tripped and fell on a City sidewalk. Claim material exhibits photographs of the claimant's injured hand, but no photographs of the accident scene.

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.

Twenty-three of the claims reviewed involve some element of litigation. Claim number BCJP-17193A (City of Berkeley) lacks an updated status reports from defense counsel.

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. All claims reviewed comply with diary standards.

F. Risk Management Information System (RMIS)

The BCJPIA loss run provided by York reconciles with data in the claim files for all claims except BCJP-16281A1 (City of Redwood City) discussed on page 7. Another claim (BCAP-17272A; City of Los Altos) exhibits an incorrectly dated letter to the claimant's attorney. The date of the letter was past the date the claim was reviewed for this project. All audited entities are reporting excess qualifying claims timely.

G. Excess Reporting

Eight of the claims reviewed qualify for excess reporting to the JPA. Six of these qualified for reporting to CARMA. All six files were reported timely to the excess administrator.

III. Vector Control Joint Powers Agency (VCJPA)

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

FCS reviewed 10 open claims and 1 recently closed VCJPA claim administered by Bickmore in Sacramento. The one closed claim was designated as open on the loss information provided, but had been closed just days prior to this review.

Bickmore is complying with industry standards for all elements of claims handling. One claim lacks thorough litigation management. It is discussed within this chapter. This conclusion is based on analysis of the following claims handling categories.

A. Case Reserving Accuracy

Case reserves are accurate on all but one claim.

- 13-005 (Orange County VCD) – The claimant was injured as a result of a motor vehicle accident with an insured vehicle. The claimant is represented by counsel. The current bodily injury reserve of \$1,000 should be increased to \$10,000.

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

Four of the claims reviewed involve some element of litigation. Bickmore's management of the litigation process is thorough on all of these claims. No litigation management deficiencies are identified.

Correspondence with defense counsel is clearly documented in all files.

D. File Organization/Documentation

The files reviewed do not house paper documentation because Bickmore utilizes a paperless file process. This process is efficient. VCJPA claim file correspondence is organized. FCS was able to evaluate all elements of the handling of VCJPA claims. There are no deficiencies.

E. Diary/File Closure

Two claims do not comply with industry standards for diary review:

- 12-019 (Consolidate MAD) – The incident occurred on 6/15/13. As of the date of this audit (2/20/14) no formal claim had been presented. This incident can now be closed. The claim could have been closed any time after 12/15/13 (the expiration of the government statutory claim presentation period).
- 13-002 (Kings MAD) – The date of this incident is 7/18/13. No formal claim has been presented. The incident should have been closed any time after 1/18/14.

F. Excess Reporting

None of the files reviewed qualify for excess reporting to Bickmore, CARMA's excess administrator.

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

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

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 has been no change to staff since last year's audit. Two of the claims handling staff have caseloads that exceed the recommended maximum of 150. Bob Smoke's caseload is 176. Suzanne Johnson's caseload is 151. The audit can identify no negative claims administration activity resulting from these excessive caseloads. All AIMS staff have requisite public entity claims handling experience.

Based on the review of these claims, FCS concludes that AIMS is in compliance with CARMA and industry standards for claims handling techniques.

Specific findings are detailed in the remainder of this chapter.

A. Case Reserve Accuracy

Two claims exhibit inaccurate case reserves:

- 93451 (City of Shafter) – The claimant alleges excess force by City police. Defense counsel has indicated that liability is possible. Medical documentation indicates damages approaching \$300,000. The current bodily injury reserve of \$20,000 should be increased to \$100,000.
- 93978 (City of Escalon) – The "loss" financial category on AIMS's information system shows an outstanding reserve of \$16,250 and payments of \$16,250. The payment is correct, as the claim was settled for that amount in October 2013. The current outstanding reserve should be eliminated.

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 files 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 93135 (City of Atwater) exhibits deficiencies. The claimant was struck and killed while in a crosswalk. The claimant's estate alleges a dangerous condition existed at the time. The claim file contains no photographs of the accident scene.

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.

Claim number 92249 (City of Tulare) exhibits no litigation status update since September 2013.

D. Diary/File Closure

Industry standards require that some adjusting activity be conducted and documented every 30 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 on most claims. Still, two claims lack compliance:

- 92249 (City of Tulare) – The tardiness of a litigation status update discussed in the previous section of this report was not identified by AIMS.
- 93243 (City of Arvin) – Claim activity notes indicate this claim was settled in August 2013, yet an outstanding reserve of \$15,000 still appears on the financial screen of AIMS's information system.

E. File Organization/Documentation

CSJVRMA claim files are organized and chronologically accurate. Claim number 93243 (City of Arvin) lacks a copy of an executed release alluded to in claim activity notes.

F. Excess Reporting

CARMA provides excess coverage above the layer of coverage provided by the members' retention and 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-eight of the claims reviewed qualify for reporting to CSJVRMA. Twenty of these qualify for reporting to the CARMA excess administrator. All 20 were reported timely.

V. Municipal Pooling Authority (MPA)

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

Forty files 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. One claim requires reserve adjustment:

- GL-010062; City of Moraga – The current outstanding bodily injury reserve of \$200,000 should be increased to \$350,000. The claimant sustained significant injuries from a motor scooter accident. He alleges the City created a dangerous condition. Claim activity notes indicate authority to settle up to the recommended reserve amount was provided.

B. Investigation

Investigation is thorough and clearly documented in the files 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 claims. No deficiencies are identified.

D. Diary/File Closure

FCS recommends that some activity take place every 30 days on open active claims. All of the files 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/Documentation

MPA claim files are organized. No documentation deficiencies are identified.

F. Risk Management Information System

MPA provided a current loss run during the on-site auditing. Information documented on the loss run provided reconciles with documentation appearing in the respective claim files and the iVOS claims management information system, but claim number GL-009724 (City of Lafayette) exhibits inconsistent documentation of the case reserve. The claim file shows \$75,000 for the bodily injury, but the information system lists \$175,000 (the apparent actual reserve).

G. 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.

Seven of the claims reviewed meet criteria warranting reporting to the CARMA administrator. All seven 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 administers MBASIA claims.

All 17 claims with incurred costs of \$10,000 or more were reviewed on January 8, 2014 at RMS in Cotati. Thirteen of these claims have been reported to the CARMA excess administrator.

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 claims reviewed are accurately reserved. There are no deficiencies.

B. Investigation

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

C. Litigation Management

Seven 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.

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 are consistently organized and chronologically accurate. No claim documentation deficiencies are identified.

F. Excess Reporting

Ten claims qualify for reporting to MBASIA and CARMA on an excess basis. All 10 claims were reported to CARMA timely.

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

FCS reviewed 21 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
- File documentation (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).

This review acknowledges that Ms. Rebecca Ventura, who was intricately involved in the administration of CARMA excess claims for several years, left Bickmore employment just prior to this review. This audit can identify no deterioration in the quality of claims administration.

A. Case Reserve Accuracy

Only four of the claims reviewed have established case reserves. All four 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.

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 not consistently providing timely case status updates to Mr. Groff. Two claims exhibit deficiencies:

- Carroll (City of Hollister; MBASIA) – This claim appears to have been rejected in May 2013. The statutory response period expired in November. The underlying administrator has not provided an indication of a suit being filed during the statutory response period. It is likely this claim can be closed.
- Evans (Twenty-Nine Palms; PARSAC) – The last status from counsel is dated in May 2013. Discussions with the PARSAC administrator indicate this claim may have been closed. Mr. Groff is still waiting for confirmation of case dismissal.

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 CARMA (Bickmore) claim files exhibit timely diary activity. No deficiencies are identified.

E. File Organization/Documentation

The files reflect consistent documentation of the notices generated by underlying administrators to CARMA. Material on claims received recently is scanned and incorporated into Bickmore's information system. Minor typographical errors are apparent on a minimal number of claims. This did not affect the competent administration of CARMA excess claims.

F. Risk Management Information System (RMIS)

The open loss run provided by CARMA (Bickmore) reconciles with financial information claim information appearing on all 21 claim files reviewed. No RMIS inconsistencies are identified.

Appendix

CARMA Excess Audit File List

CARMA Excess

	JPA	Member	Claimant
1.	BCJPIA	Emeryville	McClendon, Cara
2.	BCJPIA	Monte Sereno	Padgett, Darla
3.	BCJPIA	Union City	Skinner, et al.
4.	CSJVRMA	Madera	Torres, Everado
5.	CSJVRMA	Merced	Abston, Richard
6.	CSJVRMA	Merced	Thao-Xiong
7.	CSJVRMA	Porterville	Bowles, Joseph
8.	CSJVRMA	Tehachapi	Crowder, Heath
9.	CSJVRMA	Tracy	Davila, Edwin
10.	CSJVRMA	Tulare	Bonzales, Samuel
11.	MBASIA	Hollister	Carroll, Grady
12.	MBASIA	Marina	Farren, Kirsten
13.	MPA	Antioch	Canady, Dana
14.	MPA	Martinez	Gilson, Eric
15.	MPA	Moraga	Holbrook, Stephen
16.	MPA	Orinda	Skoumbas
17.	MPA	Pittsburg Antioch	Mitchell, Pакette
18.	MPA	Richmond	Moore, Gary
19.	MPA	San Ramon	Shen/Tsui
20.	MPA	Walnut Creek	Banta
21.	PARSAC	29 Palms	Evans, Trevor

COVERAGE MATTERS

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

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 10, 2014, Board meeting, Mr. Seth Cole, Alliant Insurance Services (Alliant), discussed the expectations of renewal for the CARMA excess insurance for the 2014/15 program year. The Board directed Alliant to bring to the April 16, 2014, 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 2014/15 Renewal Update – Alliant Insurance Services

March 31, 2014

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

CARMA 2014/2015 RENEWAL UPDATE

Dear Rob:

This letter provides Bickmore staff and the CARMA Board with updated information regarding CARMA's upcoming FY 2014/2015 excess liability renewal. Currently, AmTrust provides the first \$10M in limits in excess of the CARMA pooled layer. Coverage for the 2013/14 fiscal year renewed with a *2-year premium guarantee*. The excess liability premium for the 2013/14 fiscal year was \$1,083,333. The excess liability premium for the 2014/15 fiscal year will be 2% higher or \$1,105,000 in accordance with the 2-year Rate Stabilization Plan. Although we see no issue, as a reminder of the Plan terms, AmTrust can opt out of this Plan if:

- reported losses excess of the pooled layer exceed \$1,000,000;
- CARMA expands outside of cities and/or special districts; or
- the payroll reported changes by more than 10%.

At the January 10th CARMA Board meeting, the Board requested that AmTrust provide premium indications at various retention levels (\$3M and \$5M), so that CARMA can evaluate different layers going forward. AmTrust has provided the following non-bindable premium indications:

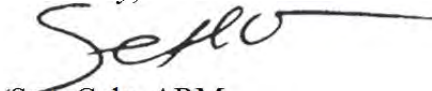
\$10M x 3M: \$2,125,000

\$10M x 5M: \$ 950,000

Colony provides the Second Layer Excess and has committed to providing competitive pricing for the renewal. If this were to change, the second layer excess would be aggressively marketed.

I will be prepared to discuss this in more detail with you and the Board on April 16th.

Sincerely,



Seth Cole, ARM
First Vice President
scole@alliant.com

cc: Michael Simmons, Vice Chairman – Public Entities
msimmons@alliant.com

COVERAGE MATTERS

SUBJECT: CARMA Memorandum of Coverage (MOC) for the 2014/15 Program Year

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.

As part of our analysis of the underlying member's MOC at the recent strategic planning session, none of the members have requested consideration of any specific changes for the 2014/15 program year.

Staff has requested that Mr. Craig Farmer, Legal Counsel, review the MOC and provide any suggestions. Mr. Farmer has a few proposed changes for consideration, which are included in the memorandum attached. In addition to Mr. Farmer's changes, the only other recommended changes to the MOC are changes to the Declarations Page, and Endorsement #1, that include the program year, the policy number, and date of approval.

Mr. Rob Kramer, Executive Director; Mr. Craig Farmer, Board Counsel; and Mr. Michael Groff, Litigation Manager; will be present to discuss the proposed changes to the 2014/15 MOC with the Board.

RECOMMENDATION:

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

REFERENCE MATERIALS ATTACHED:

- Memorandum from Mr. Craig Farmer with Proposed Changes to the 2014/15 MOC
- 2013/14 CARMA MOC
- ACCEL Staff Report Regarding Railroad Quiet Zones and Nurse Practitioners

FARMER SMITH & LANE LLP

Craig E. Farmer
cfarmer@farmersmithlaw.com
(916) 679-6565 ext. 208

March 24, 2014

Via Email and First Class Mail

jmcculligan@bickmore.net

Ms. Jaesa McCulligan
Analyst, Program Administration
Bickmore Risk Services
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

Re: *Review of CARMA 2014/2015 MOC*

Dear Ms. McCulligan:

I have reviewed the final draft of the CARMA MOC for the 2014/2015 program year as requested in your email of 3/18/2014. The following are my thoughts regarding the draft you enclosed.

On page 4, the MOC defines "Covered Party". The definition continues onto page 5. Please note Definition 7.(a) defines this to include a "*Member of the Authority*." Thereafter, Definition 7.(b) includes as a "Covered Party", "a member of a Joint Powers Authority (JPA) which is a *Member* of the *Authority* herein, which participates in said JPA's liability program."

Later in the definition of "Covered Party" at paragraph 7.(h) states, "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* (including a member entity of a *Member* Joint Powers Authority) is not broader than the *Member's* duty to defend and indemnify its official, employee or volunteer pursuant to..." The other subparagraphs of Definition 7. go on to use the term "*Member*" without clearly distinguishing between a JPA that is a Member of the CARMA Authority and an entity that is a member of one of the JPA's which is a *Member* of the CARMA Authority.

Consideration might be given to providing a distinct and separate definition for an entity who is a member of any JPA that is a *Member* of CARMA perhaps by calling it an *Entity*. Entity would be defined in paragraph 7.(b). Then by using the correct

Ms. Jaesa McCulligan
Re: *Review of CARMA 2014/2015 MOC*
March 24, 2014
Page 2

reference (whether it be *Member*, *Entity* or both) in subparagraph (b) and in following subparagraphs within the definition of “Covered Party”, the Covered Party *Member* or Covered Party *Entity* can be set out. Note Definition 14 on page 7 of the MOC defines “*Member*” to mean an organization that is a party to the Agreement creating CARMA. It would seem that other cities or JPAs that make up or happened to have joined one of the CARMA Agreement *Members* might be defined separately as an Entity.

On page 7, the MOC defines “Occurrence” at Definition 16. In paragraph 16.(b) the proper wording should be, with respect to *Personal Injury*: An offense as described in the “definition of that term” not “definitions of those terms.”

In subparagraph (c) of Definition 16 which appears at page 8, the language should also read “definition of that term” not “the definitions of the term.”

On page 10 under the heading, “SECTION V-COVERAGE PERIOD AND TERRITORY”, the word “declaration” should read, “Declaration.”

Finally, in Exclusion 7 at page 13, the words read, “claims arising out of any professional *Medical Malpractice*.” The term “*Medical Malpractice*” is defined on page 7. There is no term defined as “professional *Medical Malpractice* in the MOC.” Therefore, the term “professional” in Exclusion 7 should be dropped.

If you would like me to provide an example rewording the “*Covered Party*” definition to separate activities carried on by the *Member* as distinguished from an *Entity* that is associated with one of the *Member* JPAs, please let me know.

Otherwise, I see no other suggested changes to the CARMA MOC for the 2014/2015 program year.

Very truly yours,

FARMER SMITH & LANE, LLP


Craig E. Farmer

CEF:llb
36950

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

MEMORANDUM OF COVERAGE

LIABILITY COVERAGE

DECLARATIONS

POLICY NO. CARMA 2013-19GL

NAMED COVERED PARTY: California Affiliated Risk Management Authorities, et al., as per
Endorsement No. 1

1750 Creekside Drive, Suite 200
Sacramento, CA 95833

POLICY PERIOD: From 7-1- 2013 to 7-1-2014
12:01 A.M. Pacific Standard Time

LIMITS OF COVERAGE: CARMA Self Insured Layer: \$3,000,000 Excess of \$1,000,000
Each Occurrence except as otherwise delineated in the 2013/2014
Memorandum of Coverage

AmTrust Insurance Group (purchased): \$10,000,000 Excess of
\$4,000,000; Policy No. WPP1028723 02*

Colony National Insurance Company (purchased): \$15,000,000
Excess of \$14,000,000; Policy No. AR6460089

*Reinsurance coverage is subject to some Conditions that
may differ from this MOC

FORM AND ENDORSEMENTS: Form No. CARMA 2013-19GL, Endorsement No. 1

Forming Part of the Policy at Inception

ON BEHALF OF CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES



AUTHORIZED REPRESENTATIVE

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

MEMORANDUM OF COVERAGE

FOR THE 2013/2014 PROGRAM YEAR

EFFECTIVE JULY 1, 2013

**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 entities 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) A member of a joint powers authority (JPA) which is a *Member* of the *Authority* herein, which participates in said JPA's liability program. This includes all entities named in its Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board), or similar entities coming under the *Member's* direction or control, or for which the *Member's* board member sits as the governing body, except a hospital board or commission, regardless of how such body is denominated.
- (c) Any person or *Member* 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 person or *Member* is a *Covered Party* only for *Occurrences* arising out of the described activity.
- (d) Any person who is an official, employee, or volunteer of a person or *Member* covered by (a), (b), or (c) herein, whether or not compensated, while acting in an official capacity for or on behalf of such person or *Member*, including while acting on any outside board at the direction of such person or *Member*, 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 person or *Member* 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* 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 *Member* created under any joint powers agreement by the named *Member*), and (3) who is acting for or on behalf of a *Member* 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, agency, 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* (including a member entity of a *Member* joint powers authority) is not broader than the *Member'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* 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* 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* 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* 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 definitions of those

terms 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 professional *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.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

MEMORANDUM OF COVERAGE

LIABILITY COVERAGE

ENDORSEMENT #1

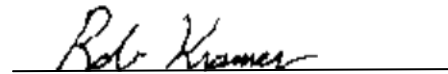
It is understood that the Named Covered Party of the Declarations is completed as follows:

California Affiliated Risk Management Authorities
Bay Cities Joint Powers Insurance Authority
Central San Joaquin Valley Risk Management Authority
Monterey Bay Area Self Insurance Authority
Municipal Pooling Authority of Northern California
Vector Control Joint Powers Agency
and their members participating in their Liability Program

Attached to and forming part of Policy No. CARMA 2013-19GL

Effective Date: July 1, 2013

Endorsement No.: 1



AUTHORIZED REPRESENTATIVE



Item No.
Board of Directors
April 10 & 11, 2014

BURBANK RAILROAD QUIET ZONE

ISSUE: The City of Burbank is considering entering into an agreement with Metrolink and the Southern California Regional Rail Authority to create a “Quiet Zone” in the City. The indemnification language in the agreement places the responsibility on the City in the case of any liability arising from the quiet zone. The City is interested in ACCEL’s position on the issue, and the experiences of other Cities (such as Anaheim who has established quiet zones and Bakersfield which has quiet zones grandfathered) so Burbank can understand what kind of indemnification language they use.

RECOMMENDATION: There is no recommendation, this is an informational item.

FISCAL IMPACT: None

BACKGROUND: New rules for railroad quiet zones were created in the early 2000’s. These rules allow for the reduced use of train horns and are intended to reduce noise pollution along rail corridors. Unless a quiet-zone was set up before the rules went into effect, such as at the City of Bakersfield, there are now a uniform set of rules that must be followed. Setting up a quiet zone requires the participation of many different jurisdictions, and the rules are very stringent to keep risk at an acceptable level.

ATTACHMENT: Federal Railroad Administration Guide to Setting up a Railroad Quiet Zone; Metrolink Quiet Zone Guidelines and Procedures; Excerpt from City of Boulder, Colorado.



**Item No.
Board of Directors
April 10 & 11, 2014**

911 NURSE PRACTITIONERS/MEDICAL MAL-PRACTICE

ISSUE: The City of Anaheim is reviewing a proposal to add *nurse practitioners* to their staff. This exposure involves when calls come in to the 911 center - - an incident triage would immediately occur to determine if the situation 1) requires immediate transport to an emergency room by paramedics, or 2) if the situation that be handled by sending out a *nurse practitioner*. The City of Anaheim needs to understand whether this risk is excluded by the ACCEL M.O.C., as well as excluded by the first layer of excess insurance coverage with STARR. The City is also interested in any experience anyone might have with this issue.

RECOMMENDATION: The Program Administrators recommend that the Board direct the Underwriting committee to draft language changes (for the July 2014 renewal) in the MOC to clearly state that this risk is covered by ACCEL, and to confirm, in writing, with the excess layer that this risk is covered by them also.

FINANCIAL IMPACT: None

BACKGROUND: Using a nurse-practitioner to decide if someone requesting emergency services needs to be transported will reduce strain on the emergency response system, as well as reducing costs for both the City and potential patients. But it does bring up an issue of liability. Below are excerpts from the ACCEL MOC and the SILC Excess Policy.

From the MOC:

IV. WHAT THE AUTHORITY WILL NOT COVER (EXCLUSIONS)

This Memorandum does not apply:

- K. To liability arising out of medical professional services provided by any doctor, nurse, or dentist employed by or contracted by the Member Agency, including:
 - 1. Rendering, or failure to render:
 - A. Medical, surgical, dental, x-ray or nursing service or treatment or the furnishing of foods or beverages in connection therewith.
 - B. Any service or treatment conducive to health or of a professional nature.
 - C. Any cosmetic or tonsorial service or treatment.



2. Furnishing of, or dispensing of, drugs or medical, dental, or surgical supplies or appliances.

This exclusion does not apply to the activities of paramedics, emergency medical dispatchers, technicians or similar personnel.

- L. To liability arising out of the ownership or operation of any hospital or medical clinic.

From ANML:

D. EXCLUSIONS

As respect to the "ultimate net loss", this policy does not apply:

13. To liability arising out of the operation of any hospital, clinic, or health care facility, owned or operated by any "insured". This includes, but is not limited to:

- a. The rendering or failure to render:

1. Medical, surgical, dental, x-ray or nursing service or treatment, or the furnishing of food or beverages in connection therewith;
2. Any service or treatment related to physical or mental health or of a professional nature; or
3. Any cosmetic or tonsorial service or treatment.

- b. The furnishing of or dispensing of drugs or medical, dental or surgical supplies or appliances.

This exclusion does not apply to any liability arising out of:

1. Ambulance operations, occupational physical examinations, non-clinic nursing services or services of the "insured's" employees who are nurses, paramedics, emergency medical technicians, speech therapists, speech pathologists, nutritionists, psychologists, audiologists, or physical therapists;
2. "Unfair employment practices" liability;
3. "First aid" to any person;
4. Any nursing services clinic that does not perform invasive surgery of any kind ;
or
5. Operations performed by coroners;

14. To any obligation of any "insured" under the "Employment Retirement Income Security Act Of 1974" and any law amendatory thereto or any similar federal, state or local statute;

ATTACHMENT: None

FINANCIAL MATTERS

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

BACKGROUND AND STATUS:

Mr. Jack Joyce of Bay Actuarial Consultants has completed the actuarial analysis dated April 1, 2014, and will be in attendance 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 2014/15 program year. Part two is a review of the estimates of the ultimate liabilities of the CARMA program projected to June 30, 2014.

Part One – Loss Forecasting Analysis

The discounted contribution rate required to collect at the 75% confidence level for the upcoming 2014/15 program year, .474, is an increase of approximately 3.9% over the prior study's 75% rate of .456. The proposed discount factor is 2.0%, the same factor featured in last year's study, and used in the 2013/14 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 decreased by 0.05% or \$222,235. Despite significant swings in several years, overall, the ultimate loss projection for the program as a whole has held fairly steady.

The oldest five and the most current three years experienced a decrease in ultimate loss projection. 2007/08 to 2010/11 experienced increases, especially the 2007/08 and 2010/11 program years, which each had significant adverse development.

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 April 1, 2014					
Program Year	Status+	(Prior Year) Ultimate Loss as of 6/30/13	(Current Year) Ultimate Loss as of 6/30/14	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	2,000,000	1,780,000	(220,000)	-11.0%
2003/2004	Open	1,200,000	850,000	(350,000)	-29.2%
2004/2005	Open	7,059,652	6,845,307	(214,345)	-3.0%
2005/2006	Open	6,400,000	6,078,222	(321,778)	-5.0%
2006/2007	Open	3,026,970	2,385,698	(641,272)	-21.2%
2007/2008	Open	3,300,000	4,340,000	1,040,000	31.5%
2008/2009	Open	2,700,000	2,980,000	280,000	10.4%
2009/2010	Open	1,000,000	1,330,000	330,000	33.0%
2010/2011	Open	1,500,000	4,300,000	2,800,000	186.7%
2011/2012	Open	3,700,000	1,790,000	(1,910,000)	-51.6%
2012/2013	Open	3,700,000	2,730,000	(970,000)	-26.2%
2013/2014	Open	3,944,840 *	3,900,000	(44,840)	-1.1%
Totals		\$ 41,520,082	\$ 41,297,847	\$ (222,235)	-0.5%

+ Only open program years are shown
* Calculated based on undiscounted rate at expected * Payrol 1 / 100

RECOMMENDATION:

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

REFERENCE MATERIALS ATTACHED:

- Draft Actuarial Study Dated April 1, 2014, Prepared by Bay Actuarial Consultants

California Affiliated Risk Management Authorities

Actuarial Review and Funding Recommendation

DRAFT

BAY ACTUARIAL CONSULTANTS

Moraga, California

April 2, 2014

Bay Actuarial Consultants

April 2, 2014

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

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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 2014-15 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, 2014.

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.

We relied upon data that Bickmore provided. 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. This uncertainty is unavoidable because many of the events that will

affect claims costs have not yet taken place, and cannot be evaluated with certainty. 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. 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

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California Affiliated Risk Management Authorities

Actuarial Review and Funding Recommendation

Management Summary

Rates for 2014-15

This report documents the calculation of the recommended funding rates for 2014-15 and our projection of CARMA's liability for unpaid losses as of June 30, 2014. The analysis is based upon claims data evaluated as of December 31, 2012. Table 1 shows the projected **\$3 million excess of \$1 million** rates for 2014-15 (per \$100 of payroll):

Table 1: \$3M xs \$1M Rates for 2014-15 Discounted at 2.0% Interest

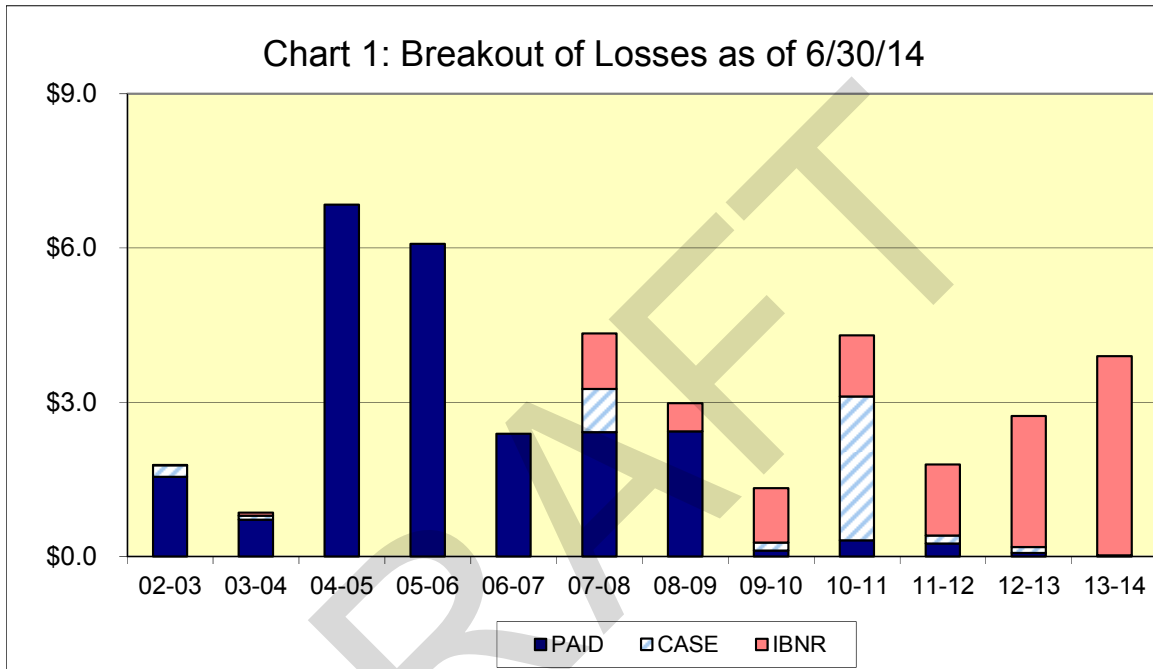
LAYER	Probability level						
	50%	60%	Central Estimate	75%	80%	85%	90%
\$3M x \$1M	26.0¢	32.9¢	34.6¢	47.4¢	54.0¢	62.6¢	75.4¢

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 adjustment factors should CARMA decide to discount at other than 2.0%. There is a 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 34.6¢ in Table 1 would be 38.4¢ had it not been discounted. This undiscounted central estimate 3x1 base rate is 4.1% higher than the corresponding rate we projected for 2013-14 one year ago. The undiscounted 75% probability level rate is 4.0% higher. As usual, we recalculated the probability distributions for claims of different sizes using the 12/31/13 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, 2014

We project the estimated liability for unpaid losses as of June 30, 2014 at **\$16.1 million** if undiscounted or **\$15.1 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 \$3.5 higher than last year's projection of the June 30, 2013 liability. Chart 1 shows our projected breakout of estimated losses as of June 30, 2014 (\$ millions):



As of 12/31/13, the evaluation date of the data used in this analysis, we estimate that there was \$3.08 of IBNR liability for every dollar of case reserves in the CARMA retained layer. Last year the IBNR to case reserve ratio at 12/31/12 was \$3.91. The projected 6/30/14 case reserves and IBNR are \$4.40 million and \$11.74 million, respectively, which produces a projected 6/30/14 IBNR to case reserves ratio of \$2.67.

Table 2 shows the projected liabilities at various probability levels as of June 30, 2014.

**Table 2: Projected Liability for Unpaid Losses
as of June 30, 2014
(Dollars in Thousands)**

Probability Level	Undiscounted	Discounted at 2.0% Interest
Central Estimate	\$16,084	\$15,123
60%	15,763	14,821
70%	18,336	17,240
75%	19,945	18,753
80%	22,036	20,719
90%	28,148	26,465

The difference between the top number in the discounted column in Table 2 and the 75% probability level amount is \$3.63 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 6/30/14. 90% probability would require \$11.34 million in capital. These probabilities are based on the assumption that CARMA's investment portfolio will earn a return of 2.0% per year from July 1, 2014 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, 2014

We project that CARMA will discharge approximately \$2.8 million of its June 30, 2014 liability during 2014-15. The discounted short-term liability is \$28,000 lower (1% lower). Actual expenditures during 2013 were only \$123,000, unusually low.

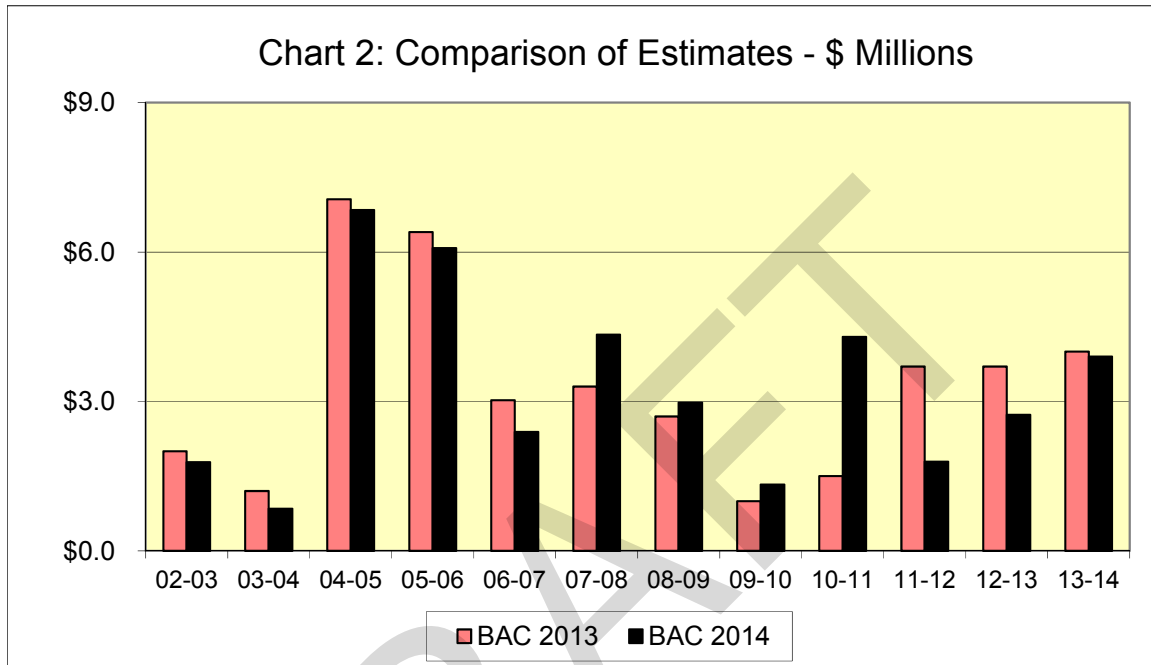
Different Interest Rates

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:

Int. Rate	0.0%	1.0%	1.5%	1.7%	2.0%	2.5%
Rate Adjustment	+10.9%	+5.4%	+2.6%	+1.4%	+0.0%	-2.6%
Liability Adjustment	+6.4%	+3.1%	+1.5%	+0.9%	+0.0%	-1.5%

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 reduction for all years including 2013-14 was \$278,000. After six months of loss experience in 2013-14 we lowered last year's initial projection for that year by \$100,000. The overall change for 2012-13 and prior was a reduction of \$178,000.

Technical Approach

The technical approach is similar to last year's. We continued with a 4% annual claims inflation assumption and with the assumption that "primary" first dollar claim frequency has been declining at 2% 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 two of these exceed \$5 million when trended to 2014-15. This data contains another five 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 12/31/12 & 12/31/13 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 12/31/12 liability at \$12.106 million. Claims expenditures during calendar year 2012 were \$123,000. We increased our estimate of the losses incurred through 12/31/12 by \$308,000. We estimate the losses incurred during calendar year 2013 at \$3.315 million.

Starting with the \$12.106 million 12/31/12 liability, subtracting the claims, adding the change in the estimates for the older years, and adding the estimated losses for 2013 produces \$15.606 million, which matches our estimate of the 12/31/13 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 2014-15. The 2013 calendar year payroll was \$1.072 billion and we assume that payroll will continue at this amount in through 2013-14 and 2014-15 except for member additions or departures. Projected contributions, discounting the contribution rate at 2.0% interest, are \$3.72 million. Those same contributions using undiscounted rates would be \$4.13 million, or \$413,000 higher. This difference needs to be made up through future interest earnings.

We matched the projected timing of the payments on the 2014-15 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 portfolio of treasuries yielded 1.70% interest. We did a similar analysis of the projected payment pattern for the 6/30/14 liabilities. A portfolio of treasuries that would mature to pay off the liability as payments are made would yield only 0.99%.

The interest rate adjustment Table on page 8 shows that rates would need to be 1.4% higher if they were discounted at 1.70% instead of 2.0%. The estimated liability would be 3.2% higher if it was discounted at 0.99% 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 2014-15

\$3 Million Excess of \$1 Million Layer

(1) Discounted Loss Rate: Loss Rates
\$0.346
(as of July 1, 2014, 2.0% interest rate)

<u>Probability Levels</u>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.75	0.260
0.60	0.95	0.329
Central Estimate	1.00	\$0.346
0.70	1.21	0.419
0.75	1.37	0.474
0.80	1.56	0.540
0.85	1.81	0.626
0.90	2.18	0.754

* Multiply by 1.111 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 2014-15

\$2 Million Excess of \$1 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2014, 2.0% interest rate)

Loss Rates
\$0.301

<u>Probability Levels</u>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.60	0.96	0.289
Central Estimate	1.00	\$0.301
0.70	1.21	0.364
0.75	1.36	0.409
0.80	1.55	0.467
0.85	1.80	0.542
0.90	2.15	0.647

* Multiply by 1.111 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 2014-15

\$4 Million Excess of \$1 Million Layer

(1) Discounted Loss Rate: Loss Rates
\$0.367
(as of July 1, 2014, 2.0% interest rate)

<u>Probability Levels</u>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.75	0.275
0.60	0.95	0.349
Central Estimate	1.00	\$0.367
0.70	1.21	0.444
0.75	1.37	0.503
0.80	1.56	0.573
0.85	1.81	0.664
0.90	2.18	0.800

* Multiply by 1.111 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 2014-15

\$1 Million Excess of \$2 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2014, 2.0% interest rate)

Loss Rates
\$0.097

<u>Probability Levels</u>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.50	0.73	0.071
0.60	0.95	0.092
Central Estimate	1.00	\$0.097
0.70	1.24	0.120
0.75	1.42	0.138
0.80	1.64	0.159
0.85	1.93	0.187
0.90	2.34	0.227

* Multiply by 1.111 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 2014-15

\$2 Million Excess of \$2 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2014, 2.0% interest rate)

Loss Rates
\$0.143

<u>Probability Levels</u>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.50	0.67	0.096
0.60	0.94	0.134
Central Estimate	1.00	\$0.143
0.70	1.25	0.179
0.75	1.45	0.207
0.80	1.69	0.242
0.85	2.01	0.287
0.90	2.46	0.352

* Multiply by 1.111 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 2014-15

\$3 Million Excess of \$2 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2014, 2.0% interest rate)

Loss Rates
\$0.164

<u>Probability Levels</u>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.50	0.67	0.110
0.60	0.94	0.154
Central Estimate	1.00	\$0.164
0.70	1.25	0.205
0.75	1.45	0.238
0.80	1.69	0.277
0.85	2.01	0.330
0.90	2.46	0.403

* Multiply by 1.111 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 2014-15

\$1 Million Excess of \$3 Million Layer

(1) Discounted Loss Rate: Loss Rates
\$0.046
(as of July 1, 2014, 2.0% interest rate)

<u>Probability Levels</u>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.31	0.014
0.60	0.90	0.041
Central Estimate	1.00	\$0.046
0.70	1.33	0.061
0.75	1.57	0.072
0.80	1.85	0.085
0.85	2.23	0.103
0.90	2.78	0.128

* Multiply by 1.111 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 2014-15

\$2 Million Excess of \$3 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2014, 2.0% interest rate)

Loss Rates
\$0.067

<u>Probability Levels</u>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.60	0.56	0.038
Central Estimate	1.00	\$0.067
0.70	1.20	0.080
0.75	1.55	0.104
0.80	1.94	0.130
0.85	2.39	0.160
0.90	3.03	0.203

* Multiply by 1.111 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 2014-15

\$1 Million Excess of \$4 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2014, 2.0% interest rate)

Loss Rates
\$0.021

<u>Probability Levels</u>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.70	0.22	0.005
Central Estimate	1.00	\$0.021
0.75	1.18	0.025
0.80	2.10	0.044
0.85	2.82	0.059
0.90	3.67	0.077

* Multiply by 1.111 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	\$0.232	\$0.108	\$0.041	\$0.018
G-150K - 1M	0.219	0.082	0.034	0.014
E-400K - 800K	0.233	0.108	0.041	0.018
G-400K - 800K	0.208	0.083	0.034	0.015
E-100K - 1M	0.232	0.107	0.041	0.018
G-100K - 1M	0.226	0.082	0.032	0.013
E-250K - 1000K	0.233	0.108	0.041	0.018
G-250K - 1000K	0.213	0.082	0.034	0.015
E-0 - 1M	0.236	0.109	0.042	0.018
G-0 - 1M	0.249	0.069	0.021	0.007
E-0 - 2M	0.235	0.109	0.042	0.018
G-0 - 2M	0.247	0.068	0.021	0.007
Indicated:	\$0.226	\$0.108	\$0.041	\$0.018
2013:	\$0.216	\$0.103	\$0.051	\$0.028
SELECTED	\$0.226	\$0.108	\$0.051	\$0.023

Cumulative Rates

	\$1M x \$1M	\$2M x \$1M	\$3M x \$1M	\$4M x \$1M
SELECTED	\$0.226	\$0.334	\$0.385	\$0.408

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, 2014

Net After 25% Quota Share Cession

(1) Projected Unpaid Losses as of 6/30/14:	\$16,084,474
(2) Discounted Unpaid Losses as of 6/30/14: (2.0% Interest Rate)	\$15,123,109

Probability Level (3)	Undiscounted Probability Level Funding (4)	Discounted Probability Level Funding (5)
30%	\$10,133,218	\$9,527,559
40%	11,741,666	11,039,870
50%	13,671,803	12,854,643
60%	15,762,784	14,820,647
Central Estimate	\$16,084,474	\$15,123,109
70%	18,336,300	17,240,344
75%	19,944,747	18,752,655
80%	22,035,729	20,718,659
90%	28,147,829	26,465,441

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, 2014

Gross Without Regard to Quota Share Cession

(1) Projected Unpaid Losses as of 6/30/14:	\$16,142,674
(2) Discounted Unpaid Losses as of 6/30/14: (2.0% Interest Rate)	\$15,177,830

Probability Level (3)	Undiscounted Probability Level Funding (4)	Discounted Probability Level Funding (5)
30%	\$10,169,884	\$9,562,033
40%	11,784,152	11,079,816
50%	13,721,273	12,901,156
60%	15,819,820	14,874,274
Central Estimate	\$16,142,674	\$15,177,830
70%	18,402,648	17,302,727
75%	20,016,915	18,820,510
80%	22,115,463	20,793,628
90%	28,249,679	26,561,203

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, 2014

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California Affiliated Risk Management Authorities
Liability Program

Limited Liabilities after Quota Share

As of 06/30/14

Fiscal Year	Projected Direct Liabilities at 06/30/14 (1)	Effect of Quota Share (2)	Projected Limited Liability After Quota Share (3)
2002-03	\$232,800	75.0%	\$174,600
2003-04	135,764	100.0%	135,764
2004-05	0	100.0%	0
2005-06	0	100.0%	0
2006-07	0	100.0%	0
2007-08	1,924,044	100.0%	1,924,044
2008-09	547,798	100.0%	547,798
2009-10	1,216,397	100.0%	1,216,397
2010-11	3,985,182	100.0%	3,985,182
2011-12	1,539,791	100.0%	1,539,791
2012-13	2,660,897	100.0%	2,660,897
2013-14	3,900,000	100.0%	3,900,000
Total	\$16,142,674		\$16,084,474

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, 2014

Before Quota Share

70% Probability Level

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/14 (2)	Projected Case Reserves @ 6/30/14 (3)	Projected Reported Losses @ 6/30/14 (4)	Projected IBNR Liability @ 6/30/14 (5)	Projected Unpaid Losses @ 6/30/14 (6)
2002-03	\$1,780,000	\$1,547,200	\$224,937	\$1,772,137	\$7,863	\$232,800
2003-04	850,000	714,236	81,867	796,103	53,897	135,764
2004-05	6,845,307	6,845,307	0	6,845,307	0	0
2005-06	6,078,222	6,078,222	0	6,078,222	0	0
2006-07	2,385,698	2,385,698	0	2,385,698	0	0
2007-08	4,340,000	2,415,956	843,585	3,259,541	1,080,459	1,924,044
2008-09	2,980,000	2,432,202	0	2,432,202	547,798	547,798
2009-10	1,548,951	113,603	159,044	272,647	1,276,304	1,435,348
2010-11	4,738,370	314,818	2,799,101	3,113,919	1,624,451	4,423,552
2011-12	2,128,754	250,209	158,254	408,463	1,720,291	1,878,546
2012-13	3,315,397	69,103	115,426	184,529	3,130,869	3,246,294
2013-14	4,719,000	0	19,549	19,549	4,699,451	4,719,000
Total	\$41,709,700	\$23,166,554	\$4,401,763	\$27,568,317	\$14,141,384	\$18,543,147

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, 2014

Before Quota Share

80% Probability Level

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/14 (2)	Projected Case Reserves @ 6/30/14 (3)	Projected Reported Losses @ 6/30/14 (4)	Projected IBNR Liability @ 6/30/14 (5)	Projected Unpaid Losses @ 6/30/14 (6)
2002-03	\$1,780,000	\$1,547,200	\$224,937	\$1,772,137	\$7,863	\$232,800
2003-04	850,000	714,236	81,867	796,103	53,897	135,764
2004-05	6,845,307	6,845,307	0	6,845,307	0	0
2005-06	6,078,222	6,078,222	0	6,078,222	0	0
2006-07	2,385,698	2,385,698	0	2,385,698	0	0
2007-08	4,340,000	2,415,956	843,585	3,259,541	1,080,459	1,924,044
2008-09	2,980,000	2,432,202	0	2,432,202	547,798	547,798
2009-10	2,278,790	113,603	159,044	272,647	2,006,142	2,165,187
2010-11	5,575,258	314,818	2,799,101	3,113,919	2,461,339	5,260,440
2011-12	2,837,058	250,209	158,254	408,463	2,428,595	2,586,850
2012-13	4,406,365	69,103	115,426	184,529	4,221,836	4,337,262
2013-14	6,123,000	0	19,549	19,549	6,103,451	6,123,000
Total	\$46,479,698	\$23,166,554	\$4,401,763	\$27,568,317	\$18,911,382	\$23,313,145

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, 2014

Before Quota Share

90% Probability Level

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/14 (2)	Projected Case Reserves @ 6/30/14 (3)	Projected Reported Losses @ 6/30/14 (4)	Projected IBNR Liability @ 6/30/14 (5)	Projected Unpaid Losses @ 6/30/14 (6)
2002-03	\$1,780,000	\$1,547,200	\$224,937	\$1,772,137	\$7,863	\$232,800
2003-04	850,000	714,236	81,867	796,103	53,897	135,764
2004-05	6,845,307	6,845,307	0	6,845,307	0	0
2005-06	6,078,222	6,078,222	0	6,078,222	0	0
2006-07	2,385,698	2,385,698	0	2,385,698	0	0
2007-08	6,321,765	2,415,956	843,585	3,259,541	3,062,225	3,905,809
2008-09	3,763,351	2,432,202	0	2,432,202	1,331,150	1,331,150
2009-10	3,446,531	113,603	159,044	272,647	3,173,884	3,332,928
2010-11	7,049,775	314,818	2,799,101	3,113,919	3,935,856	6,734,957
2011-12	4,068,891	250,209	158,254	408,463	3,660,428	3,818,683
2012-13	6,295,602	69,103	115,426	184,529	6,111,073	6,226,499
2013-14	8,580,000	0	19,549	19,549	8,560,451	8,580,000
Total	\$57,465,144	\$23,166,554	\$4,401,763	\$27,568,317	\$29,896,827	\$34,298,590

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, 2014

Before Quota Share

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/14 (2)	Projected Case Reserves @ 6/30/14 (3)	Projected Reported Losses @ 6/30/14 (4)	Projected IBNR Liability @ 6/30/14 (5)	Projected Unpaid Losses @ 6/30/14 (6)
2002-03	\$1,780,000	\$1,547,200	\$224,937	\$1,772,137	\$7,863	\$232,800
2003-04	850,000	714,236	81,867	796,103	53,897	135,764
2004-05	6,845,307	6,845,307	0	6,845,307	0	0
2005-06	6,078,222	6,078,222	0	6,078,222	0	0
2006-07	2,385,698	2,385,698	0	2,385,698	0	0
2007-08	4,340,000	2,415,956	843,585	3,259,541	1,080,459	1,924,044
2008-09	2,980,000	2,432,202	0	2,432,202	547,798	547,798
2009-10	1,330,000	113,603	159,044	272,647	1,057,353	1,216,397
2010-11	4,300,000	314,818	2,799,101	3,113,919	1,186,081	3,985,182
2011-12	1,790,000	250,209	158,254	408,463	1,381,537	1,539,791
2012-13	2,730,000	69,103	115,426	184,529	2,545,471	2,660,897
2013-14	3,900,000	0	19,549	19,549	3,880,451	3,900,000
Total	\$39,309,227	\$23,166,554	\$4,401,763	\$27,568,317	\$11,740,911	\$16,142,674

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, 2014

Before Quota Share

Program Year	Paid Losses @ 12/31/13 (1)	Projected Losses Paid 1/1/14 - 6/30/14 (2)	Projected Paid Losses @ 6/30/14 (3)	Reported Losses @ 12/31/13 (4)	Projected Losses Reported 1/1/14 - 6/30/14 (5)	Projected Reported Losses @ 6/30/14 (6)
2002-03	\$1,469,470	\$77,729	\$1,547,200	\$1,772,137	\$0	\$1,772,137
2003-04	668,830	45,406	714,236	741,936	54,167	796,103
2004-05	6,845,307	0	6,845,307	6,845,307	0	6,845,307
2005-06	6,078,222	0	6,078,222	6,078,222	0	6,078,222
2006-07	2,385,698	0	2,385,698	2,385,698	0	2,385,698
2007-08	2,019,550	396,406	2,415,956	2,786,501	473,039	3,259,541
2008-09	2,286,599	145,603	2,432,202	2,286,599	145,603	2,432,202
2009-10	0	113,603	113,603	0	272,647	272,647
2010-11	0	314,818	314,818	2,685,000	428,919	3,113,919
2011-12	0	250,209	250,209	0	408,463	408,463
2012-13	0	69,103	69,103	0	184,529	184,529
2013-14	0	0	0	0	19,549	19,549
Total	\$21,753,677	\$1,412,877	\$23,166,554	\$25,581,401	\$1,986,916	\$27,568,317

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, 2013

Before Quota Share

Program Year	Estimated Ultimate Losses (1)	Paid Losses @ 12/31/13 (2)	Case Reserves @ 12/31/13 (3)	Reported Losses @ 12/31/13 (4)	Estimated IBNR Liability @ 12/31/13 (5)	Estimated Unpaid Losses @ 12/31/13 (6)
2002-03	\$1,780,000	\$1,469,470	\$302,667	\$1,772,137	\$7,863	\$310,530
2003-04	850,000	668,830	73,106	741,936	108,064	181,170
2004-05	6,845,307	6,845,307	0	6,845,307	0	0
2005-06	6,078,222	6,078,222	0	6,078,222	0	0
2006-07	2,385,698	2,385,698	0	2,385,698	0	0
2007-08	4,340,000	2,019,550	766,952	2,786,501	1,553,499	2,320,450
2008-09	2,980,000	2,286,599	0	2,286,599	693,401	693,401
2009-10	1,330,000	0	0	0	1,330,000	1,330,000
2010-11	4,300,000	0	2,685,000	2,685,000	1,615,000	4,300,000
2011-12	1,790,000	0	0	0	1,790,000	1,790,000
2012-13	2,730,000	0	0	0	2,730,000	2,730,000
2013-14	1,950,000	0	0	0	1,950,000	1,950,000
Total	\$37,359,227	\$21,753,677	\$3,827,724	\$25,581,401	\$11,777,826	\$15,605,551

Notes:

- (1) Page 33, Column (4).
2012-13 adjusted to reflect half-year exposure through 12/31/13.
- (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	\$1,772,137	\$0	\$1,772,137	\$1,780,000
2003-04	741,936	103,295	845,231	850,000
2004-05	6,845,307	313,555	7,158,862	6,845,307
2005-06	6,078,222	500,501	6,578,723	6,078,222
2006-07	2,385,698	664,622	3,050,320	2,385,698
2007-08	2,786,501	1,545,839	4,332,340	4,340,000
2008-09	2,286,599	1,385,450	3,672,049	2,980,000
2009-10	0	1,328,007	1,328,007	1,330,000
2010-11	2,685,000	1,607,738	4,292,738	4,300,000
2011-12	0	1,786,204	1,786,204	1,790,000
2012-13	0	2,721,777	2,721,777	2,730,000
2013-14	0	3,895,352	3,895,352	3,900,000
Total	\$25,581,401	\$15,852,340	\$41,433,741	\$39,309,227

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 Scenarios for the 2014/15 Fiscal Year

BACKGROUND AND STATUS:

Attached is the Proposed Annual Budget for the 2014/15 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 \$272,774, or 3.89%, 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 .474 per \$100 of payroll; an increase of approximately 3.9% over the prior study's 75% rate of .456;
- Discount rate of 2.0%;
- Actual 2013 payroll for all JPAs, representing a 0.6% increase from 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);
- A decrease in the administration budget of 4.5%. Variances include:
 - Program Administration – 2.5% contractual increase;
 - Financial Audit – 2.3% contractual increase;
 - Claims Audit scope – 58.7% biennial increase - Audit for CARMA and underlying members, estimated due to RFP process not yet finalized; and
 - Actuarial Review – 2.0% contractual increase.

Experience Modification (ex-mod) Calculation:

- 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 2007/2008 and 2010/2011.
- The losses are valued as of 12/31/2013.
- 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, with the exception of inverse condemnation claims, which are capped at 1.50 at the high end. (Note: All inverse condemnation claims have dropped out of the calculation this year.)

RECOMMENDATION:

Staff recommends approval of the 2014/15 Proposed Annual Operating Budget at the 75% confidence level, using a discount factor of 2.0%.

REFERENCE MATERIALS ATTACHED:

- 2014/15 Proposed Annual Operating Budget at the 75% CL, 2.0% discount rate
- 2013/14 Final Annual Operating Budget

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ 2014/15 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 2% increase

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

	2013 PAYROLL	FUNDING FOR POOLED LOSSES	EXPERIENCE MOD FACTOR	LOST ADJUSTED FOR EX MOD	OFF-BALANCE FACTOR	ADJUSTED POOLED LOSSES
MEMBER AGENCY	NOTE 1	NOTE 2	NOTE 3	NOTE 4	NOTE 5	NOTE 6
BCJPIA	\$381,319,552	\$1,807,455	0.870	\$1,571,839	1.0416	\$1,637,268
CSJVRMA	\$355,689,086	1,685,966	0.863	1,455,130	1.0416	1,515,701
MBASIA	\$43,221,048	204,868	1.090	223,285	1.0416	232,580
MPA	\$244,546,234	1,159,149	1.250	1,448,936	1.0416	1,509,250
VCJPA	\$47,527,581	225,281	0.801	180,410	1.0416	187,920
TOTALS	\$1,072,303,500	\$5,082,719	0.975	\$4,879,601		\$5,082,719

(average)

LAYER "B" RATE	\$3 X \$1 Rate for Discounted Losses and ALAE (75% Confidence Level)	0.474
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LAYER "C" RATE	Reinsurance Rate + Broker's Fee	\$0.11383
(\$5-14 MIL)	Broker's Fee (included in reinsurance rate)	\$71,400

LAYER "D" RATE	Excess (\$15-\$29 Mil) Insurance Rate	\$0.05259
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	ADJUSTED POOLED LOSSES	Reinsurance PREMIUM \$10 Mil X \$4 Mil	EXCESS PREMIUM \$15Mil x \$14Mil	ADMIN PREMIUM	2014-2015 CARMA PREMIUM	RATE PER \$100 PAYROLL
MEMBER AGENCY	NOTE 6	NOTE 7	NOTE 8	NOTE 9	NOTE 10	
BCJPIA	\$1,637,268	\$434,055	\$200,544	\$83,104	\$2,354,971	\$0.618
CSJVRMA	1,515,701	404,880	187,065	\$82,261	2,189,906	\$0.616
MBASIA	232,580	49,198	22,731	\$109,998	414,507	\$0.959
MPA	1,509,250	278,366	128,612	\$122,988	2,039,216	\$0.834
VCJPA	187,920	54,100		\$51,522	293,542	\$0.618
TOTALS	\$5,082,719	\$1,220,599	\$538,952	\$449,873	\$7,292,143	\$0.680

Reflects estimated 2% increase

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 2011 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)

COMPARISON TO PRIOR YEAR		
2013-14 CARMA PREMIUM	INCREASE (DECREASE)	Percentage INCREASE (DECREASE)
2,368,716	(\$13,745)	-0.58%
2,117,084	\$72,822	3.44%
311,782	\$102,726	32.95%
1,944,023	\$95,194	4.90%
277,764	\$15,778	5.68%
\$7,019,369	\$272,774	3.89%

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

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

~ 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	0.474	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

AmTrust Financial Group			Colony Excess Insurance \$15mil ex \$14mil	
	With Broker Fees	Without Fees	Premium	Rate/\$100 PR
Premium \$10mil ex \$4mil	\$1,220,599	\$1,149,199.32	\$538,951.68	
Rate/\$100 PR	\$0.11383	\$0.10717	\$0.05259	

Reflects Estimated 2% increase

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

**Experience Modification Calculations
~ 2014/15 Proposed Operating Budget ~**

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

	1	2	3	4	5	6	7	8	9	10	
EXPERIENCE MODIFICATION SECTION	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)	%age Change Current to Prior Year
BCJPIA	\$1,626,947	\$401,942,385	0.405	\$2,079,366	0.782	0.599	-0.130	0.870	0.870	0.917	-5.1%
CSJVRMA	1,454,591	369,206,069	0.394	1,910,012	0.762	0.574	-0.137	0.863	0.863	0.889	-2.9%
MBASIA	336,833	44,942,796	0.749	232,502	1.449	0.200	0.090	1.090	1.090	0.868	25.5%
MPA	2,374,295	259,213,145	0.916	1,340,986	1.771	0.481	0.371	1.371	1.250	1.250	0.0%
VCJPA	0	44,420,427	0.000	229,800	0.000	0.199	-0.199	0.801	0.801	0.805	-0.5%
	\$5,792,666	\$1,119,724,822	\$0.517	\$5,792,666	0.953			0.999	0.975	0.946	3.1%
								(Average)	(Average)	(Average)	

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	1,109,771	180,310	0	57,252	60,792	33,183	29,479	\$336,833
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
TOTAL	\$898,002	\$2,660,407	\$5,584,470	\$7,137,867	\$4,857,905	\$5,590,422	\$5,907,243	\$10,208,499	\$2,968,282	\$5,792,666
Change	-66.25%	-52.36%	-21.76%	46.93%	-13.10%	-5.36%	-42.13%	243.92%	-48.76%	

PAYROLL	2013	2012	2011	2010	2009	2008	2007	2006	2005	AVERAGE	% age Change Current to Prior Year
BCJPIA	\$381,319,552	\$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	-0.5%
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	244,546,234	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	1.1%
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%
TOTAL	\$1,072,303,500	\$1,066,279,341	\$1,088,781,359	\$1,110,002,896	\$1,150,540,914	\$1,129,574,120	\$1,051,816,162	\$966,791,365	\$877,926,941	\$1,119,724,822	0.6%
Change	0.56%	-2.07%	-1.91%	-3.52%	1.86%	7.39%	8.79%	10.12%	-21.59%		

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 Proposed 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%	
	\$424,178	\$390,420	\$425,103	\$433,140	\$430,615	\$449,873	4.5%	

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	0.782	\$38,453	30,086	1.0497	\$31,582	83,104
CSJVRMA	\$51,522	0.762	\$38,453	29,284	1.0497	\$30,740	82,261
MBASIA	\$51,522	1.449	\$38,453	55,708	1.0497	\$58,476	109,998
MPA	\$51,522	1.771	\$38,453	68,083	1.0497	\$71,467	122,988
VCJPA	\$51,522	0.000	\$38,453	0	1.0497	\$0	51,522
TOTAL	\$257,609	0.953	\$192,264	\$183,162		\$192,264	449,873

(Average)

NOTES:	
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		
Bickmore Contract Price	\$305,000	\$312,625	\$320,441	\$328,452	\$336,663
Percentage Increase over previous year	5.86%	2.50%	2.50%	2.50%	2.50%
Adjustment for New Members					
Total	\$0	\$0	\$0	\$0	\$0
BICKMORE SHARE OF NEW PAYROLL/\$100	0.02%	0.02%	0.02%	0.02%	0.02%
INCREASE IN ADMIN FEES	\$0	\$0	\$0	\$0	\$0
BICKMORE CONTRACT PREMIUM	\$305,000	\$312,625	\$320,441	\$328,452	\$336,663

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	7,477,328	7,319,645
5 Central Marin PA (TCPA)		\$117,000			\$155,481	\$22,848		5,262,743	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			5,238,595	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
TOTALS	\$735,001	\$1,349,402	\$1,101,785	\$1,192,558	\$2,421,509	\$1,791,937	\$1,223,000	\$381,319,552	\$383,103,780	\$390,729,978	\$401,302,755	\$413,754,180	\$401,982,626	\$381,250,515
								-0.47%	-1.95%	-2.63%	-3.01%	2.93%	5.44%	6.68%
Losses from \$100k & capped at \$1 million *								Est 4Q	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	3,344,135	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
TOTALS	\$0	\$750,096	\$702,010	\$2,970,460	\$1,385,111	\$760,781	\$1,012,868	\$355,689,086	\$350,887,860	\$357,297,500	\$363,564,040	\$379,275,595	\$376,687,142	\$348,761,131
								1.37%	-1.79%	-1.72%	-4.14%	0.69%	8.01%	11.57%
Losses from \$100k & capped at \$1 million *														

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		\$900,000					\$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
TOTALS	\$26,000	\$75,500	\$1,109,771	\$180,310	\$0	\$57,252	\$60,792	\$43,221,048	\$43,315,560	\$45,516,827	\$41,784,220	\$46,702,440	\$ 45,767,695	\$ 43,256,460
								-0.22%	-4.84%	8.93%	-10.53%	2.04%	5.81%	7.55%
Losses from \$100k & capped at \$1 million *														

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	
17	San Pablo			\$371,516	\$467,844			13,318,430	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			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	
	TOTALS	\$137,001	\$485,409	\$2,670,904	\$2,794,539	\$1,051,285	\$2,980,451	\$3,610,583	\$244,546,234	\$241,972,196	\$248,950,133	\$257,593,483	\$267,123,031	\$263,185,935	\$240,928,914
								1.06%	-2.80%	-3.36%	-3.57%	1.50%	9.24%	9.20%	
	Losses from \$100k & capped at \$1 million *														

VCJPA Loss Detail and Payroll

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	
TOTALS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$47,527,581	\$46,999,945	\$46,286,921	\$45,758,398	\$43,685,667	\$41,950,723	\$37,619,142	
Losses from \$100k & capped at \$1 million *								1.12%	1.54%	1.16%	4.74%	4.14%	11.51%	4.57%	

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ 2013/14 FINAL 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 ~

Includes Reduced Payroll for Pleasanton Fire in BCJPIA

MEMBER AGENCY	2012 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	\$383,103,780	\$1,746,953	0.917	\$1,601,416	1.0244	\$1,640,489
CSJVRMA	\$350,887,860	1,600,049	0.889	1,421,776	1.0244	1,456,466
MBASIA	\$43,315,560	197,519	0.868	171,478	1.0244	175,662
MPA	\$241,972,196	1,103,393	1.250	1,379,242	1.0244	1,412,894
VCJPA	\$46,999,945	214,320	0.805	172,514	1.0244	176,723
TOTALS	\$1,066,279,341	\$4,862,234	0.946	\$4,746,425		\$4,862,234

(average)

LAYER "B" RATE	\$3 X \$1 Rate for Discounted Losses and ALAE (75% Confidence Level)	0.456
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LAYER "C" RATE	Reinsurance Rate + Broker's Fee	\$0.11223
(\$5-14 MIL)	Broker's Fee (included in reinsurance rate)	\$70,000

LAYER "D" RATE	Excess (\$15-\$29 Mil) Insurance Rate	\$0.05184
-----------------------	--	------------------

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 2011 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	2013-2014 CARMA PREMIUM NOTE 10	RATE PER \$100 PAYROLL
BCJPIA	\$1,640,489	\$435,689	\$201,178	\$91,359	\$2,368,716	\$0.618
CSJVRMA	1,457,131	390,848	180,473	\$88,633	2,117,084	\$0.603
MBASIA	175,742	48,248	22,279	\$65,512	311,782	\$0.720
MPA	1,413,539	269,528	124,454	\$136,502	1,944,023	\$0.803
VCJPA	176,804	52,352		\$48,608	277,764	\$0.591
TOTALS	\$4,863,704	\$1,196,666	\$528,384	\$430,615	\$7,019,369	\$0.658

COMPARISON TO PRIOR YEAR		
2012-2013 CARMA PREMIUM	INCREASE (DECREASE)	Percentage INCREASE (DECREASE)
2,534,759	(\$166,043)	-6.55%
1,732,770	\$384,315	22.18%
281,700	\$30,081	10.68%
1,799,477	\$144,545	8.03%
251,556	\$26,208	10.42%
\$6,600,262	\$419,107	6.35%

Costs frozen to equal approved budgeted billing

\$2,403,915	BCJPIA original billing
(\$2,368,716)	(Less re-calculated billing)
\$35,199	Refunded to BCJPIA

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Actuarial and Reinsurance Rates
~ 2013/14 FINAL Operating Budget ~

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

~ Excess Purchase \$15 million ex of \$14 million - Colony ~

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		0.276	0.287	0.347	0.390	0.448	0.517	0.620
\$3 mil ex \$1 mil	0.250	0.316	0.333	0.403	0.456	0.523	0.606	0.729
\$4 mil ex \$1 mil	0.268	0.339	0.357	0.432	0.489	0.557	0.650	0.782
\$1 mil ex \$2 mil	0.067	0.087	0.092	0.114	0.131	0.152	0.178	0.217
\$2 mil ex \$2 mil	0.091	0.128	0.138	0.173	0.200	0.235	0.279	0.342
\$3 mil ex \$2 mil	0.098	0.145	0.163	0.202	0.236	0.279	0.333	0.411
\$2 mil ex \$3 mil		0.045	0.071	0.087	0.111	0.136	0.167	0.210

Insurance Rates and Premiums				
AmTrust Financial Group			Colony Excess Insurance	
	With Broker Fees	Without Fees	\$15mil ex \$14mil	
Premium \$10mil ex \$4mil	\$1,196,666	\$1,126,666.00	Premium	\$528,384.00
Rate/\$100 PR	\$0.11223	\$0.10581	Rate/\$100 PR	\$0.05184

0

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Experience Modification Calculations
~ 2013/14 FINAL Operating Budget ~

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

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	2012/13 Ex Mod (For comparison)	
BCJPIA	\$1,698,448	\$399,572,519	0.425	\$1,972,380	0.861	0.600	-0.083	0.917	0.917	1.133	-19.1%
CSJVRMA	1,460,811	367,071,977	0.398	1,811,950	0.806	0.575	-0.111	0.889	0.889	0.774	14.8%
MBASIA	74,589	44,377,704	0.168	219,058	0.340	0.200	-0.132	0.868	0.868	0.826	5.1%
MPA	2,247,748	257,207,841	0.874	1,269,636	1.770	0.481	0.371	1.371	1.250	1.250	0.0%
VCJPA	0	42,253,482	0.000	208,573	0.000	0.195	-0.195	0.805	0.805	0.808	-0.4%
	\$5,481,596	\$1,110,483,523	\$0.494	\$5,481,596	0.756			0.970	0.946	0.958	-1.3%
						(Average)			(Average)	(Average)	

LOSSES	11/12	10/11	09/10	08/09	07/08	06/07	05/06	04/05	03-04	AVERAGE	
BCJPIA	\$95,000	\$1,880,605	\$1,294,446	\$2,539,919	\$1,736,427	\$1,223,000	\$6,222,209	\$735,635	\$1,668,373	\$1,698,448	
CSJVRMA	1,165,000	825,470	2,672,907	1,431,268	726,201	1,012,868	2,028,250	755,768	2,051,276	\$1,460,811	
MBASIA	0	970,662	180,310	0	57,252	60,792	33,183	29,479	0	\$74,589	
MPA	7,089	1,280,648	2,165,628	1,091,829	2,122,952	3,610,583	1,924,857	1,447,400	673,088	\$2,247,748	
VCJPA	0	0	0	0	0	0	0	0	0	\$0	
TOTAL	\$1,267,089	\$4,957,385	\$6,313,291	\$5,063,015	\$4,642,833	\$5,907,243	\$10,208,499	\$2,968,282	\$4,392,737	\$5,481,596	
Percentage Change	-74.44%	-21.48%	24.69%	9.05%	-21.40%	-42.13%	243.92%	-32.43%	-19.86%		

PAYROLL	2012	2011	2010	2009	2008	2007	2006	2005	2004	AVERAGE	% age Change Current to Prior Year
BCJPIA	\$383,103,780	\$390,729,978	\$401,302,755	\$413,754,180	\$401,982,626	\$381,250,515	\$357,364,622	\$327,996,526	\$315,827,024	\$399,572,519	-2.0%
CSJVRMA	350,887,860	357,297,500	363,564,040	379,275,595	376,687,142	348,761,131	312,599,759	274,795,881	258,067,089	\$367,071,977	-1.8%
MBASIA	43,315,560	45,516,827	41,784,220	46,702,440	45,767,695	43,256,460	40,218,695	38,352,066	39,268,949	\$44,377,704	-4.8%
MPA	241,972,196	248,950,133	257,593,483	267,123,031	263,185,935	240,928,914	220,634,505	203,649,180	195,402,288	\$257,207,841	-2.8%
VCJPA	46,999,945	46,286,921	45,758,398	43,685,667	41,950,723	37,619,142	35,973,784	33,133,287	29,149,315	\$42,253,482	1.5%
TOTAL	\$1,066,279,341	\$1,088,781,359	\$1,110,002,896	\$1,150,540,914	\$1,129,574,120	\$1,051,816,162	\$966,791,365	\$877,926,941	\$837,714,665	\$1,110,483,523	-2.1%
Percentage Change	-2.07%	-1.91%	-3.52%	1.86%	7.39%	8.79%	10.12%	4.80%	-24.56%		

NOTE: * Losses are claims in excess of \$100,000 and capped at \$1,000,000, with the exception of inverse condemnation claims which are capped at \$1,500,000.
Only the oldest four of the last six years of losses are utilized, 2006/07 through 2009/10

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
~ 2013/14 FINAL Operating Budget ~

BUDGET LINE ITEMS:	ACTUAL COSTS 2009-2010	ACTUAL COSTS 2010-2011	ACTUAL COSTS 2011-2012	PROJECTED COSTS 2012-2013	CARMA BUDGET 2012-2013	CARMA BUDGET 2013-2014	PERCENTAGE CHANGES FROM PRIOR YEAR	BUDGET EXPLANATIONS
1 Management Contracted Services	\$289,053	\$289,000	\$288,480	\$305,000	\$305,000	\$312,625	2.5%	Bickmore Contract - Per contract
2 Membership Dues	1,517	1,498	1,531	1,450	1,600	1,600	0.0%	CAJPA, PRIMA, AGRIP membership
3 Financial Audit	7,800	8,100	8,400	8,550	8,550	8,750	2.3%	Independent financial auditors
4 Claims Audit	18,900	29,900	18,900	29,900	29,900	18,900	-36.8%	Claims audit for CARMA members only
5 Actuarial Services	6,560	6,724	6,858	7,000	7,000	7,140	2.0%	Per 12/15/10 letter, 2% increase per year
6 Legal Services	81,740	50,698	11,265	17,000	40,000	30,000	-25.0%	Coverage matters and legal counsel
7 Marketing/Consultants/Website	1,194	600	600	600	1,000	1,000	0.0%	Expenses for marketing consultants/materials.
8 Board Meeting Expense	1,391	1,558	2,159	2,000	2,000	2,000	0.0%	1 meeting in Tahoe, 2 meetings in Sacramento.
9 Annual Retreat Expense	8,847	7,113	6,423	5,325	10,000	10,000	0.0%	2 day retreat for Board members and staff
10 Fidelity Bond Premiums	1,033	1,033	1,033	1,036	1,100	1,100	0.0%	Bonded coverage for those who control JPA funds.
11 Accreditation Fees	1,500	1,500	1,400	1,425	1,500	1,500	0.0%	Pro-rated CAJPA accreditation fees for 3 years
12 Investment Management Services	19,146	26,218	25,112	26,000	26,000	26,000	0.0%	Investment management and custodial fees
13 Genex Fees			18,259	6,000	6,500	0	-100.0%	Reporting fees for Medicare Set-aside
14 Contingency	52	236	0	0	10,000	10,000	0.0%	Contingency
	\$438,733	\$424,178	\$390,420	\$411,286	\$450,150	\$430,615	-4.3%	

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	\$48,608	0.861	\$37,515	32,305	1.3234	\$42,751	91,359
CSJVRMA	\$48,608	0.806	\$37,515	30,245	1.3234	\$40,025	88,633
MBASIA	\$48,608	0.340	\$37,515	12,774	1.3234	\$16,904	65,512
MPA	\$48,608	1.770	\$37,515	66,416	1.3234	\$87,894	136,502
VCJPA	\$48,608	0.000	\$37,515	0	1.3234	\$0	48,608
TOTAL	\$243,040	0.756	\$187,575	\$141,740		\$187,575	430,615

(Average)

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

BCJPIA Loss Detail and Payroll

BCJPIA Loss Detail and Payroll														
	Losses Valued at 12/31/12*							Payroll						
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	\$2,006
1 Albany			\$245,587			\$32,629		\$6,915,472	\$7,172,226	\$7,541,694	\$7,571,400	\$7,133,602	\$6,719,341	\$6,270,503
2 Albany JPA								1,576,112	1,679,224	1,773,288	2,002,546	1,887,818	1,648,501	1,540,820
3 Berkeley		\$289,000	\$160,460	\$384,962		\$45,750	\$171,522	135,277,380	135,577,653	137,461,012	141,810,019	132,945,068	126,868,098	117,595,615
4 Brisbane								6,728,406	6,580,972	7,198,185	7,608,947	7,477,338	7,319,645	6,895,390
5 Emeryville			\$243,712		\$900,000			5,608,446	7,073,502	6,997,432	6,916,604	7,141,021	6,097,524	5,653,964
6 Emeryville MESA								7,282,298	7,333,130	7,629,193	8,219,556	7,322,533	7,149,257	6,903,006
7 Fairfax							\$401,678	2,361,135	2,412,447	2,524,323	2,555,109	2,557,965	2,375,794	2,218,600
8 Larkspur				\$172,628			\$1,317,308	5,146,643	5,204,604	5,006,762	5,135,174	5,162,446	4,754,855	4,489,663
9 Los Altos (7/1/12)		\$900,000			\$109,490		\$150,000	11,353,102	10,937,602	11,543,237	11,818,666	10,929,358	9,684,636	9,071,118
10 Menlo Park					\$255,092	\$47,500	\$134,306	22,470,728	22,828,825	22,702,024	23,180,947	22,959,814	21,101,406	19,160,987
11 Mill Valley		\$200,000		\$74,832	\$96,581		\$2,049,391	12,787,894	12,959,766	12,705,290	12,785,513	12,145,840	11,465,669	10,866,323
12 Monte Sereno								748,721	734,938	728,211	710,308	675,878	621,996	534,626
13 Novato	\$95,000		\$10,748	\$830,514			\$63,090	15,115,658	16,439,086	19,010,871	20,197,782	20,728,955	19,294,376	17,996,855
14 Piedmont						\$8,790		10,243,266	10,033,574	10,272,372	10,403,144	9,660,940	9,092,265	8,284,421
15 Pleasanton			\$232,763				\$198,739	35,315,090	35,023,054	36,399,043	37,970,188	35,371,912	34,474,058	32,829,920
16 Pleasanton fire								8,579,897	16,914,816	17,449,387	17,805,178	16,930,123	16,260,750	15,314,862
17 Redwood City		\$487,500	\$276,176	\$921,502		\$1,088,331		58,791,435	54,867,896	52,272,619	55,283,166	54,289,688	51,556,200	49,369,650
18 San Anselmo		\$4,105					\$1,736,175	5,035,349	4,901,115	4,809,247	4,886,643	4,703,687	4,393,391	4,392,932
19 Sausalito								6,460,758	7,297,236	6,972,284	6,973,698	6,156,440	5,614,534	5,755,776
20 Twin Cities				\$155,481	\$22,848			3,321,528	3,404,975	3,682,612	3,846,593	3,847,925	3,585,605	3,480,997
21 Union City			\$125,000		\$352,416			21,984,463	21,353,339	26,623,669	26,073,000	31,954,278	31,172,614	28,738,594
TOTALS	\$95,000	\$1,880,605	\$1,294,446	\$2,539,919	\$1,736,427	\$1,223,000	\$6,222,209	\$383,103,780	\$390,729,978	\$401,302,755	\$413,754,180	\$401,982,626	\$381,250,515	\$357,364,622
								-1.95%	-2.63%	-3.01%	2.93%	5.44%	6.68%	8.95%
* Inverse condemnation claims capped at \$1.5 million														
Losses from \$100k & capped at \$1 million *														
								Payroll \$16,621,264 * 51.62%						

CSJVRMA Loss Detail and Payroll

Losses Valued at 12/31/12*															Payroll				
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	\$2,006					
1 ANGELS CAMP								\$2,121,012	\$2,056,267	\$2,272,058	\$2,420,825	\$2,279,043	\$2,285,453	\$2,226,950					
2 ARVIN								2,701,953	2,963,706	2,875,267	2,737,316	2,354,414	2,439,296	2,087,230					
3 ATWATER		\$5,000		\$3,264			\$218,702	6,002,418	7,621,679	8,454,573	8,042,220	8,950,313	7,721,587	6,864,802					
4 AVENAL								2,729,050	2,563,719	1,721,633	1,308,113	1,234,170	1,286,880	1,254,139					
5 CERES				\$47,208		\$20,000		13,889,098	13,867,847	14,132,375	14,917,938	13,653,640	12,540,069	11,331,810					
6 CHOWCHILLA					\$260,194			3,161,572	2,940,031	3,158,967	4,780,928	4,539,350	4,255,027	3,853,000					
7 CLOVIS			\$33,574		\$165,835			36,667,359	36,573,952	35,064,579	36,319,502	38,855,397	38,576,764	34,633,822					
8 CORCORAN								3,454,923	3,766,259	3,808,284	3,829,517	3,534,289	3,189,863	2,997,544					
9 DELANO			\$503,334					10,651,075	11,044,652	11,374,896	10,942,445	9,709,149	8,832,804	7,804,468					
10 DINUBA				\$78,335				8,899,573	8,051,017	8,258,231	9,344,322	8,860,628	7,941,276	6,749,926					
11 DOS PALOS								1,145,018	1,206,440	1,245,898	1,133,554	1,089,607	1,018,760	931,020					
12 ESCALON	\$10,000							1,909,338	2,005,007	2,097,135	2,422,288	2,595,142	2,357,017	2,079,052					
13 EXETER		\$75,455						2,504,976	2,511,720	2,234,970	2,397,104	2,300,288	2,170,942	2,061,136					
14 FARMERSVILLE					\$5,000			1,653,134	1,743,547	1,809,415	1,875,699	1,846,958	1,579,170	1,320,297					
15 FIREBAUGH								1,925,343	1,917,289	1,790,980	1,882,990	2,026,474	1,725,807	1,565,314					
16 FOWLER								1,691,133	1,753,233	1,776,370	1,816,262	1,870,872	1,739,487	1,540,303					
17 GUSTINE								1,373,180	1,343,202	1,450,672	1,420,455	1,342,969	1,314,186	1,109,548					
18 HUGHSON								886,378	955,665	1,232,118	1,255,328	1,315,594	1,306,046	1,129,113					
19 HURON								991,241	1,041,189	1,111,754	1,392,951	1,455,236	1,195,839	1,250,045					
20 KERMAN								3,315,796	3,343,750	3,328,713	3,241,635	3,240,597	3,006,550	2,674,182					
21 KINGSBURG								2,883,926	3,300,101	3,689,391	3,801,068	3,716,674	3,528,340	3,120,535					
22 LATHROP			\$10,250					4,731,110	4,331,437	4,518,762	5,814,328	5,423,844	5,957,399	4,775,869					
23 LEMOORE								5,338,028	5,466,471	5,814,614	6,185,921	5,732,705	4,870,371	4,834,877					
24 LINDSAY					\$13,160			3,772,110	4,421,318	4,497,494	4,349,077	4,351,353	3,785,606	3,183,603					
25 LIVINGSTON								3,361,821	3,605,351	3,670,396	3,464,551	3,722,610	3,895,504	3,342,949					
26 LOS BANOS	\$900,000					\$50,000		8,658,796	9,134,945	9,170,699	9,445,135	10,097,209	9,168,286	7,631,509					
27 MADERA			\$242,500	\$57,397		\$48,047		14,783,946	15,557,259	14,430,550	15,232,187	14,186,968	14,015,450	12,607,337					
28 MARICOPA								108,986	242,090	303,895	340,524	346,083	335,724	199,663					
29 MCFARLAND		\$91,034						1,778,553	1,871,862	1,719,145	671,940	550,521	528,081	535,830					
30 MENDOTA								1,649,416	1,578,059	1,596,621	1,127,617	934,365	881,901	851,816					
31 MERCED		\$186,481	\$9,509		\$18,000	\$63,576	\$900,000	30,052,390	31,454,022	33,082,749	37,114,632	36,338,116	33,755,250	29,146,632					
32 NEWMAN								1,956,999	1,870,768	1,835,569	2,005,202	1,999,836	1,796,158	1,677,360					
33 OAKDALE					\$138,512	\$59,163		8,335,920	8,540,307	8,924,623	10,237,407	10,072,028	9,639,027	8,432,167					
34 ORANGE COVE								2,007,800	2,104,585	2,071,167	1,030,234	887,119	807,624	759,934					
35 PARLIER							\$29,283	2,480,563	2,547,840	2,519,591	2,421,557	1,963,305	1,775,730	1,619,926					
36 PATTERSON		\$467,500						4,994,353	4,502,653	4,611,441	4,766,127	4,407,064	3,783,753	3,166,806					
37 PORTERVILLE	\$250,000		\$900,000					17,446,565	17,534,832	17,271,465	17,385,018	15,903,701	12,810,276	12,022,507					
38 REEDLEY								6,436,016	6,628,158	6,855,040	6,791,821	6,597,188	6,505,324	5,959,888					
39 RIPON								5,232,922	5,223,221	5,643,488	6,140,871	6,696,074	5,930,533	5,365,558					
40 RIVERBANK						\$15,942	\$592,138	3,244,266	3,514,529	3,725,586	3,661,862	3,656,440	3,302,560	2,788,688					
41 SAN JOAQUIN								674,610	657,486	678,949	625,597	552,657	541,594	432,073					
42 SANGER								6,795,107	7,028,211	7,489,557	7,690,288	8,709,553	8,751,049	8,048,070					
43 SELMA			\$451,739					5,288,865	5,357,188	5,405,021	6,377,988	8,182,282	7,755,647	7,034,762					
44 SHAFTER				\$93,546				5,726,183	5,709,674	4,995,143	4,935,405	4,937,393	4,518,700	4,092,358					
45 SONORA				\$900,000				2,699,520	2,771,786	3,419,489	3,353,387	3,607,299	3,353,858	3,102,431					
46 SUTTER CREEK			\$410,615					879,858	904,123	1,029,321	1,239,742	1,344,060	1,264,324	1,098,462					
47 TAFT								3,313,028	3,205,666	3,327,022	3,221,006	3,088,488	3,081,872	2,906,595					
48 TEHACHAPI								3,354,651	3,198,571	3,098,284	3,091,624	3,344,135	3,020,427	2,312,713					

CSJVRMA Loss Detail and Payroll

CSJVRMA Loss Detail and Payroll														
	Losses Valued at 12/31/12*							Payroll						
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	\$2,006
49 TRACY	\$5,000				\$18,000	\$306,317	\$126,736	38,033,056	37,393,127	38,308,727	41,562,060	40,475,502	36,600,917	32,549,578
50 TULARE			\$16,459					19,795,480	20,036,118	20,046,644	19,393,809	18,633,276	16,801,554	17,910,597
51 TURLOCK					\$107,500	\$449,823	\$152,000	22,085,117	23,121,962	25,129,154	26,752,493	27,536,562	23,792,113	20,777,171
52 WASCO							\$9,391	2,908,322	2,799,962	3,037,427	3,118,786	3,543,932	3,773,283	3,036,834
53 WATERFORD			\$94,928					891,074	890,510	835,840	774,333	713,668	679,225	568,700
54 WOODLAKE				\$251,518				1,514,931	1,523,137	1,612,287	1,670,604	1,381,002	1,270,799	1,242,260
TOTALS	\$1,165,000	\$825,470	\$2,672,907	\$1,431,268	\$726,201	\$1,012,868	\$2,028,250	\$350,887,860	\$357,297,500	\$363,564,040	\$379,275,595	\$376,687,142	\$348,761,131	\$312,599,759
								-1.79%	-1.72%	-4.14%	0.69%	8.01%	11.57%	13.76%
* Inverse condemnation claims capped at \$1.5 million														
Losses from \$100k & capped at \$1 million *														

MBASIA Loss Detail and Payroll

MBASIA Loss Detail and Payroll														
	Losses Valued at 12/31/12*							Payroll						
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	2006
1 Capitola		\$902,000	\$180,310					\$5,079,776	\$5,400,712	\$5,388,301	\$6,057,085	\$5,574,567	\$ 5,450,707	\$ 5,075,270
2 Del Ray Oaks								901,890	938,149	981,337	851,353	826,796	728,430	703,097
3 Gonzales								2,445,800	2,276,473	2,300,829	2,324,012	2,284,153	2,088,521	1,976,732
4 Greenfield								2,677,861	2,858,645	3,051,941	2,926,868	2,701,726	2,733,460	2,733,646
5 Hollister								9,664,561	9,803,583	7,678,611	10,906,537	10,351,750	9,549,691	9,972,732
6 King City		\$68,662				\$57,252		2,395,611	2,513,276	2,789,997	2,785,334	2,799,571	2,607,259	2,238,325
7 Marina								8,756,163	8,519,813	6,537,137	8,407,026	8,136,327	7,372,914	5,988,604
8 Sand City								2,296,451	2,436,058	2,451,156	2,383,774	2,318,657	2,152,756	1,908,987
9 Scotts Valley								4,863,016	4,736,984	4,622,599	4,911,286	4,969,940	5,700,353	5,730,971
10 Soledad								\$33,183	4,234,429	6,033,135	5,982,312	5,149,165	5,804,209	4,872,368
TOTALS	\$0	\$970,662	\$180,310	\$0	\$57,252	\$60,792	\$33,183	\$43,315,560	\$45,516,827	\$41,784,220	\$46,702,440	\$45,767,695	\$ 43,256,460	\$ 40,218,695
								-4.84%	8.93%	-10.53%	2.04%	5.81%	7.55%	4.87%
Losses from \$100k & capped at \$1 million *														

MPA Loss Detail and Payroll

MPA Loss Detail and Payroll															
	Losses Valued at 12/31/12*							Payroll							
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	2006	
1	Antioch	\$168,500	\$207,675	\$42,041	\$272,206	\$2,639,344		\$24,072,622	\$24,204,989	\$26,298,219	\$29,829,993	\$30,971,652	\$28,822,952	\$26,152,973	
2	Brentwood	\$138,275			\$940,293		\$212,336	25,319,380	25,343,162	24,549,012	24,245,162	25,394,950	24,586,213	22,582,127	
3	Clayton				\$41,836	\$900,000		2,049,023	2,181,420	2,104,342	2,101,779	2,034,690	1,907,554	1,701,022	
4	Danville						\$93,496	6,925,327	7,105,116	7,209,408	7,160,897	6,976,211	6,578,450	6,016,579	
5	El Cerrito			\$70,000			\$51,116	16,922,907	16,779,698	16,424,867	15,751,245	15,338,807	14,092,215	12,963,703	
6	Hercules							5,860,900	8,037,293	9,815,688	9,883,697	8,069,811	7,358,694	6,630,507	
7	Lafayette			\$135,000				3,480,721	3,467,526	3,561,889	3,588,147	3,335,073	3,104,041	2,777,007	
8	Manteca		\$600,115			\$27,862		28,766,455	30,026,590	30,138,818	32,209,737	31,824,488	28,211,354	25,582,392	
9	Martinez	\$7,089	\$47,500	\$6,166		\$16,884		11,492,091	11,518,453	11,981,627	12,056,458	11,979,334	11,678,783	10,981,200	
10	Moraga		\$62,500	\$15,000				3,029,754	2,870,942	2,920,429	2,709,640	2,738,533	2,877,265	2,532,920	
11	MPA Staff							1,324,973	1,301,513	1,325,723	1,289,220	1,206,186	1,128,631	1,047,816	
12	Oakley							1,733,029	1,683,461	1,768,337	2,130,148	2,291,053	1,904,418	1,829,761	
13	Orinda		\$50,000	\$532,040		\$9,258	\$315,236	2,930,792	3,141,422	3,073,737	3,044,409	2,913,286	2,592,991	2,462,494	
14	Pinole			\$156,650			\$386,817	9,096,503	9,934,964	11,226,420	12,670,279	12,521,685	11,776,010	10,338,047	
15	Pittsburg		\$8,900	\$23,940	\$67,659	\$1,156,471	\$385,881	20,652,941	21,413,281	22,615,658	23,259,943	25,655,151	22,862,903	21,619,577	
16	Pleasant Hill			\$198,370		\$24,275	\$51,202	11,141,989	11,023,097	11,138,737	11,267,320	10,981,980	10,837,439	10,187,283	
17	San Pablo		\$204,858	\$710,000			\$354,406	12,250,834	12,164,771	12,928,776	12,716,464	12,068,111	10,390,833	10,765,739	
18	San Ramon			\$110,786		\$642,500	\$74,367	24,438,479	25,023,685	25,805,717	25,837,283	23,532,765	18,624,126	14,318,726	
19	Walnut Creek					\$27,500		30,483,476	31,728,750	32,706,079	35,371,212	33,352,168	31,594,043	30,144,633	
TOTALS		\$7,089	\$1,280,648	\$2,165,628	\$1,091,829	\$2,122,952	\$3,610,583	\$1,924,857	\$241,972,196	\$248,950,133	\$257,593,483	\$267,123,031	\$263,185,935	\$240,928,914	\$220,634,505
								-2.80%	-3.36%	-3.57%	1.50%	9.24%	9.20%	8.34%	
* Inverse condemnation claims capped at \$1.5 million															
Losses from \$100k & capped at \$1 million *															

VCJPA Loss Detail and Payroll

VCJPA Loss Detail and Payroll														
Losses Valued at 12/31/12*														
Payroll														
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	2006
1 Alameda County								\$1,048,932	\$1,134,109	\$1,024,684	\$937,596	\$811,940	\$812,103	\$843,338
2 Burney Basin								76,395	73,103	69,237	71,481	70,749	64,888	60,351
3 Butte County								1,256,229	1,220,865	1,155,277	1,046,311	1,056,094	978,350	999,072
4 Coachella Valley								3,581,260	3,435,476	3,595,218	3,517,311	3,094,494	1,912,970	2,092,661
5 Coalinga-Huron								16,900	14,900	15,600	12,675	5,100	11,520	11,630
6 Colusa								173,540	173,870	172,894	170,966	161,077	171,177	122,805
7 Compton Creek								85,563	76,994	76,165	75,065	73,856	72,620	70,067
8 Consolidated								1,149,013	1,190,048	1,180,304	1,168,728	1,119,849	1,068,120	1,046,158
9 Contra Costa County								2,794,749	2,749,771	2,682,779	2,860,890	2,908,166	2,706,044	2,409,863
10 Delta VCD								1,058,417	1,066,091	977,501	896,087	858,333	786,071	
11 Durham								58,405	54,937	55,529	53,286	50,889	48,324	44,180
12 Fresno								521,785	544,000	580,711	642,244	607,954	600,075	561,214
13 Glenn County								117,799	116,087	130,011	126,225	114,887	91,038	56,341
14 Greater Los Angeles County								4,940,975	4,747,297	4,637,545	4,340,120	3,971,323	3,725,632	3,413,940
15 Kings MAD								766,175	755,418	686,872	663,141	549,826		
16 Lake County								601,769	567,736	575,044	519,073	492,481	440,684	403,732
17 Los Angeles County West								2,628,882	2,618,141	2,544,935	2,426,285	2,319,368	2,240,099	2,236,127
18 Marin-Sonoma								3,197,489	2,948,196	2,892,694	2,624,097	2,642,004	2,501,328	2,324,099
19 Napa County								651,661	648,637	687,214	671,668	648,174	586,795	512,719
20 Northern Salinas Valley								485,870	441,260	442,790	465,690	518,945	588,847	940,816
21 Northwest								1,144,918	1,117,782	1,174,803	1,149,878	1,119,015	909,881	886,948
22 Orange County								5,363,381	5,267,574	5,374,748	4,735,074	4,533,410	4,094,636	4,335,195
23 Oroville								70,757	67,957	71,061	45,583	49,518	41,413	32,817
24 Pine Grove								34,105	34,745	36,761	33,520	33,466	34,600	48,630
25 Placer								1,098,553	1,061,024	980,837	790,317	670,988	614,699	609,774
26 Sacramento Yolo								4,293,806	4,416,127	4,357,682	4,286,495	4,339,032	3,991,640	3,818,858
27 San Gabriel Valley								1,627,476	1,609,915	1,481,230	1,519,933	1,550,331	1,430,302	1,319,997
28 San Joaquin County								2,269,192	2,240,799	2,193,677	2,095,112	2,087,338	1,948,166	1,892,964
29 San Mateo County								1,504,818	1,576,242	1,652,723	1,514,017	1,328,087	1,324,771	1,178,899
30 Santa Barbara Costal								397,101	384,758	384,578	342,647	345,362	239,190	326,126
31 Shasta								1,017,460	1,005,545	965,664	941,780	883,195	862,249	834,743
32 Sutter-Yuba								965,060	925,370	883,581	912,009	898,482	875,806	842,924
33 Tehama County								295,768	304,343	312,116	302,416	283,650	291,986	246,905
34 Turlock								748,429	756,485	749,291	773,849	760,025	703,520	680,824
35 West Valley								957,313	941,318	956,643	954,097	993,315	849,599	769,069
TOTALS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,999,945	\$46,286,921	\$45,758,398	\$43,685,667	\$41,950,723	\$37,619,142	\$35,973,784
								1.54%	1.16%	4.74%	4.14%	11.51%	4.57%	8.57%
Losses from \$100k & capped at \$1 million *														

FINANCIAL MATTERS

SUBJECT: Consideration of a Change in the Investing Benchmark used in the CARMA Portfolio

BACKGROUND AND STATUS:

At the January 2014 Annual Workshop, Mr. Carlos Oblites, Senior Managing Consultant with Public Financial Management, Inc. (PFM), presented his annual review of the CARMA investment portfolio, as well as a brief update on the current market conditions.

In addition, at staff's request, Mr. Oblites presented options regarding a potential change in the current investment benchmark from the current Merrill Lynch 1-3 Year Treasury Index to a benchmark with a longer duration. Both the Merrill Lynch 0-5 Year and 1-5 Year Treasury Index options were discussed.

The salient points of Mr. Oblites presentation and the resulting discussion amongst the Board are discussed in the following points.

Rationale for Change

CARMA's portfolio assets comprise of insurance funds, which are not generally tapped for short-term cash needs. The Authority has withdrawn funds from the investment portfolio on only two occasions in the last five years (December 2011 - \$2 million to fund claims payments, and February 2014 - \$5 million to fund the dividend release). CARMA relies on approximately \$4.0 million invested in Local Agency Investment Fund (LAIF) as a source of liquid funds to meet cash needs. As a result, Authority staff recognizes that the current maturity structure of the Authority's investments may be too liquid and represent a mismatch between assets and liabilities. The current maturity structure could also represent an opportunity cost for CARMA, and thus, these funds may be invested in longer maturities in order to enhance portfolio return.

Risk versus Return

Historically, it is observed that longer-duration strategies have generated higher total returns than shorter-duration strategies over long-term periods. For example, over the past five years, a \$20 million investment in U.S. Treasury obligations of maturities between one and three years (similar to the Authority's current strategy) would have generated \$1.1 million of earnings. Had the Authority purchased Treasury securities between overnight and five years, the return would have been in excess of \$1.3 million for the same period. The return would have been \$1.6 million for the same period with investments between one and five years. The returns are higher when observed over ten years.

While longer-duration strategies have generated higher returns than shorter-duration strategies, it must be acknowledged that higher-duration strategies are also associated with increased volatility and interest rate risk. For example, the Authority's benchmark, the Merrill Lynch 1-3

Year U.S. Treasury Index, experienced negative total returns in four quarters out of the last twenty quarters, while the longer Merrill Lynch 0-5 Treasury Index experienced negative returns during six out of the last twenty quarters. The even longer Merrill Lynch 1-5 Treasury Index had negative returns in seven out of the last twenty quarters observed.

Conclusion

Staff believes that CARMA has enough liquid funds invested in LAIF for future cash flows. Therefore, a longer-duration approach is not expected to impact the Authority's ability to meet its cash obligations. The Authority may increase its investment income by targeting a longer duration than its current duration target of 1.83 years, and utilizing a longer-duration index than the Merrill Lynch 1-3 Year Treasury Index. A change to the 0-5 Year Treasury Index provides additional opportunity for increased earnings, but less volatility than the 1-5 Year Treasury Index. However, the Authority should recognize that interest rates are on the rise and may continue to rise in the coming year. As such, longer-duration strategies may exhibit lower returns in the short-run, but provide higher returns in the long-run. The Authority must be comfortable with the increased volatility that comes with following longer-duration strategies. Below is a grid that outlines the specifics of the three indexes:

Risk/Return of Various Benchmarks 10 Years Ended December 31, 2013				
Merrill Lynch Index	Duration (Years)	Annualized Total Return	Cumulative Value of \$30 million	Quarters With Negative Return
1-3 Year Treasury	1.83	2.56%	\$38,651,300	7 out of 40
0-5 Year Treasury	2.17	2.81%	\$39,571,700	9 out of 40
1-5 Year Treasury	2.64	3.09%	\$40,673,200	12 out of 40

RECOMMENDATION:

Staff recommends approval of the change in its investment portfolio benchmark to the Merrill Lynch 0-5 Year Treasury Index.

REFERENCE MATERIALS ATTACHED:

None.

CLAIMS MATTERS

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

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 Litigation Manager's Report dated April 3, 2014, was mailed under separate cover with the agenda packet and will be collected at the meeting.
- April 1, 2014, memo from Mr. Mark Bonino to Mr. Craig Farmer was mailed under separate cover with the agenda packet and will be collected at the meeting
- April 3, 2014, memo from Mr. Craig Farmer to Mr. Mark Bonino was mailed under separate cover with the agenda packet and will be collected at the meeting
- April 3, 2014, memo from Mr. Craig Farmer to Mr. Mark Bonino was mailed under separate cover with the agenda packet and will be collected at the meeting