CARMA

A California Public Agency

California Affiliated Risk Management Authorities
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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
BOARD OF DIRECTORS

AGENDA

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

Wednesday, June 22, 2011
10:00 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 Ramona Buchanan at (916) 244-1185 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 will also be available on the agency's website at www.carmajpa.org.

Page

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 **1**

*A.	Minutes of the April 20, 2011, Board of Directors' Meeting	**2**
*B.	Warrant Listings from April 1, 2011, through May 31, 2011	**15**
*C	Treasurer's Report as of March 31, 2011	**16**
*D.	Internal Financial Statements for the Nine Months Ended March 31, 2011	**37**
*E.	Amended California Affiliated Risk Management Authorities (CARMA) Bylaws – JPA's Physical Address	**48**

Recommendation: Approval of the Consent Calendar.

6. ADMINISTRATIVE MATTERS

*A. Resolution of the Board of Directors of CARMA Establishing Meeting Dates for the 2011/2012 Program Year **66**

Recommendation: The Board adopts Resolution No. 4-2010/2011, as presented.

*B. 2012 Expanded CARMA Liability Claims Audit – Inclusion of PARSAC in the Claims Audit **68**

Recommendation: The Board discusses if it desires an expanded CARMA Liability Claims Audit in 2012, which would include PARSAC, and provides direction to staff.

7. FINANCIAL MATTERS

*A. Quota Share Renewal Consideration **69**

Recommendation: Mr. Mike Simmons and Ms. Susan Adams, Alliant Insurance Services, will discuss the quotation results for the CARMA Quota Share option for the 2011/2012 program year at the meeting. Staff will have a recommendation at that time.

*B. Renewal Rates for Specific Reinsurance and Excess Coverage for the 2011/2012 Program Year **73**

Recommendation: Mr. Mike Simmons and Ms. Susan Adams, Alliant Insurance Services, will provide rates and options for the CARMA reinsurance and excess coverage for the 2011/2012 program year at the meeting. Staff will have a recommendation at that time.

*C. Consideration of the Proposed Annual budget Scenarios for the 2011/2012 Program Year **78**

Recommendation: Staff recommends approval of one of the four Proposed Annual Operating Budgets as presented.

*D. Retrospective Adjustment Calculations – Closure of Program Years **101**

Recommendation: The Board approves the closure of program years 1996/97 - 2000/01 and the application of member's allocation of pool equity for those years to be applied to the 2004/05 program year.

8. COVERAGE MATTERS

*A. Discussion Regarding Cyber Liability Coverage and Reporting Requirements **106**

Recommendation: The Board of Directors: (1) approves the language specifically excluding Cyber Liability under the CARMA Memorandum of Coverage, effective July 1, 2011; and (2) the Board of Directors approves the proposed language clarifying the requirements for reporting cases or claims involving alleged civil rights violations.

*B. Draft Memorandum of Coverage (MOC) for the 2011/2012 Program Year **109**

Recommendation: The Board reviews and accepts revisions to the Memorandum of Coverage (MOC), as presented.

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

*C. Continuation of the Measurement of Litigation Management Performance Report **130**

Recommendation: The Board of Directors approves discontinuation of the Measurement of Litigation Management Performance Report.

9. ELECTION AND APPOINTMENT OF OFFICERS

*A. Nomination and Election of President and Vice President and Appointment of Treasurer for the 2011/2012 Program Year **131**

Recommendation: Staff recommends the Board of Directors nominates and elects a President and a Vice-President, with the President then appointing the Treasurer, to serve for the 2011/2012 program year.

10. CLAIMS MATTERS

A. Closed Session Pursuant to Government Code Section 54957(b) – Review of Legal Counsel **134**

Pursuant to Government Code Section 54957(b), the Board will hold a closed session for public employee performance review of the Legal Counsel position.

B. Report from Closed Session

Pursuant to Government Code Section 54957.1, the Board must report in open session any action, or lack thereof, taken in closed session.

11. 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

12. ADJOURNMENT

<u>NOTICES</u>

- Pending approval of the Resolution of the Board of Directors of CARMA Establishing Meeting Dates for the 2011/2012 Program Year, the next Board of Directors' meeting is scheduled for Friday, September 9, 2011, at 9:00 a.m. at the Embassy Suites in South Lake Tahoe, California.
- The California Association of Joint Powers Authorities (CAJPA) Conference is scheduled to be held on September 6 through September 9, 2011, in South Lake Tahoe, California. If you would like a registration packet or assistance with accommodations, please contact Ms. Ramona Buchanan, CARMA Board Secretary, at (800) 541-4591, extension 1185.

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 April 20, 2011, Board of Directors' Meeting
*B. Warrant Listings from April 1, 2011, through May 31, 2011
*C Treasurer's Report as of March 31, 2011
*D. Internal Financial Statements for the Nine Months Ended March 31, 2011
*E. Amended California Affiliated Risk Management Authorities (CARMA) Bylaws – JPA's Physical Address.

Agenda Item 5.A.-E.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
(CARMA)

DRAFT MINUTES OF THE BOARD OF DIRECTORS'
MEETING OF APRIL 20, 2011

A regular meeting of the Board of Directors of CARMA was held on April 20, 2011, at Bickmore Risk Services, Sacramento, California.

BOARD MEMBERS PRESENT:	Geoff Grote, BCJPIA, President John Stroh, VCJPA, Vice President Jake O'Malley, MPA, Treasurer (left at 2:20 p.m.) Robert Galvan, MBASIA
BOARD MEMBERS ABSENT:	Linda Abid-Cummings, CSJVRMA
ALTERNATE MEMBERS PRESENT:	Robert Gay, VCJPA (left at 2:05 p.m.) Bill Lewis, CSJVRMA (left at 1:30 p.m.)
OTHERS PRESENT:	Karen Thesing, Executive Director Nancy Broadhurst, Accounting Manager Linzie Kramer, Litigation Manager Michael Groff, Litigation Manager Craig Farmer, Legal Counsel Chrissy Mack, Bickmore Risk Services Sandra Spiess, Bickmore Risk Services Rob Kramer, Bickmore Risk Services Jeanette Workman, Bickmore Risk Services Brian Kelley, Bickmore Risk Services Mike Simmons, Alliant Insurance Services Susan Adams, Alliant Insurance Services Tim Farley, Farley Consulting Services Jack Joyce, Bay Actuarial Consultants Gerry Preciado, Bickmore Risk Services

1. CALL TO ORDER

The April 20, 2011, Board of Directors' meeting was called to order at 10:05 a.m. by President Geoff Grote.

2. INTRODUCTIONS

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

3. <u>APPROVAL OF AGENDA AS POSTED (OR AMENDED)</u>

John Stroh moved to approve the agenda as posted. Seconded by Robert Galvan. Motion passed unanimously.

4. <u>PUBLIC COMMENTS</u>

President Grote presented Ms. Sandra Spiess with a plaque of appreciation for her years of service as CARMA's Board Secretary.

5. <u>CONSENT CALENDAR</u>

Jake O'Malley moved to approve/accept the following items: A) Minutes of the January 14, 2011, Board of Directors' Meeting; B) Minutes of the March 14, 2011, Special Board of Directors' Meeting; C) Warrant Listing from January 31, 2011, through March 31, 2011; D) Treasurer's Report as of December 31, 2010; E) Internal Financial Statements for the Quarter Ended December 31, 2010; and F) Legal Client Alert from Ferguson, Praet and Sherman – Supreme Court Decides Retains Heightened Standard for Liability Arising Out of Brady Violations and Training. Seconded by Bill Lewis. Motion passed unanimously.

6. <u>ADMINISTRATIVE MATTERS</u>

A. <u>New Director of Litigation Management for Bickmore Risk Services, Introduction of Mr. Gerry Preciado</u>

It was announced that Mr. Gerry Preciado has replaced Mr. Linzie Kramer as the Director of Litigation Management for Bickmore Risk Services (BRS). Mr. Kramer has retired from BRS, but will continue to serve as a consultant for BRS.

Mr. Preciado addressed the Board and noted that Mr. Michael Groff and Mr. Linzie Kramer will continue to work on CARMA's litigation matters.

B. <u>Presentation of Service Plaque to Ms Sandra Spiess</u>

The plaque was presented to Ms. Spiess under Public Comments.

C. <u>Consideration of the Liability Claims Audit Prepared by Farley Consulting Services</u>

Ms. Karen Thesing, Executive Director, reported that Tim Farley, Farley Consulting Services, conducted a liability claims audit of CARMA and each individual CARMA member. Prior to the meeting, the Board received CARMA's draft claims audit report and comments received from representatives of MPA, CSJVRMA, and BCJPIA regarding their respective claims audits.

Mr. Farley was present at the meeting to review his findings with the Board. He noted, in reviewing CARMA's audit, that BRS has moved to a paperless system which he found efficient. Mr. Farley stated he reviewed 20 claims with no negative findings.

Mr. Farley reported on the audit findings of the individual CARMA members and noted VCJPA has had no claims that have met CARMA's reporting requirements. Mr. Farley informed the Board that along with CARMA and the current individual members, he also conducted an audit of PARSAC, a withdrawn member of the pool.

John Stroh moved to accept and file the liability claims audit as presented. Seconded by Robert Galvan. Motion passed unanimously.

D. Amendment to Litigation Manager Duties in CARMA-BRS Agreement

Ms. Thesing reported that at the January 15, 2011, meeting, the CARMA Board discussed modifications to the Litigation Manager's duties. The Board directed that the Litigation Manager provide a coverage alert document by sending written communication to members notating any potential underlying coverage issues that may be developing during the course of a claim. Ms. Thesing noted Bickmore Risk Services (BRS) is incorporating this additional duty into the pool administration contract between CARMA and BRS. Prior to the meeting, the Board received amendment four to the BRS contract, amending section VI, Scope of Services, Subsection F, Liability Program Services. Ms. Thesing reviewed the exact language contained within the amendment which states, "Identify coverage issues, make an initial determination whether a claim is likely to be covered by CARMA, and when coverage issues are identified determine whether a coverage opinion should be obtained."

It was noted the amendment indicates it has been executed at a regular meeting of the Board held in Bodega Bay and this should be changed to Sacramento. Staff stated they would make the change prior to signing by CARMA and BRS representatives.

Mr. Michael Groff, Litigation Manager, noted that in response to the additional duty, staff has created an intake form that will assist staff in tracking items related to this additional duty.

John Stroh moved to approve amendment number four to the pool administration agreement between CARMA and BRS with the amendment of changing the location where the approval was executed from Bodgea Bay to Sacramento. Seconded by Jake O'Malley. Motion passed unanimously.

7. FINANCIAL MATTERS

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

Prior to the meeting, the Board received the draft actuarial study dated April 2, 2011, prepared by Mr. Jack Joyce, Bay Actuarial Consultants. Mr. Joyce was present at the meeting and reviewed the study with the Board. Mr. Joyce presented the rates for 2011/12 for the $3 million excess of $1 million layer using a 4% discount factor. Mr. Joyce noted at the 80% confidence level, this year's rates represent a 9.9% increase over last year. He explained that higher inflation in liability claims is causing the rate increase. Mr. Joyce noted this is a current trend of liability claims. Mr. Joyce reported that as of June 30, 2011, CARMA's estimated liability is projected at $17.7 million undiscounted and $15.9 million discounted (utilizing 4%). Mr. Joyce noted CARMA's projected liability is $400,000 lower than last year's projection. However, the IBNR liability for every dollar of case reserves has increased from last year.

Mr. Joyce next discussed CARMA's discount factor. He noted that 4% may be too high, and he provided information in the study regarding how the rates would be affected were CARMA to lower the discount factor. Mr. Joyce stated he believes CARMA may want to lower the discount factor to between 1.38% to 2.16%. At a 2.16% discount factor, the funding rate would increase by 10% and the liability would increase 5%. He further noted that if CARMA were to fund utilizing a 2.16% discount factor utilizing the rates contained within the actuarial study, instead of the pool being funded at the 80% confidence level utilizing a 4% discount factor, the pool would be funded around a 73% to 74% confidence level. The Board discussed the discount factor with Mr. Joyce. He noted that his review of the discount factor only looks at the performance of treasury bonds at today's interest rates.

It was questioned if the actuarial studies prepared by Mr. Joyce ever include the assets of the JPA. While CARMA's internal financial statements contain this information, the actuarial study does not. Mr. Joyce stated it is not included as he does not take the JPA assets into consideration when developing the rates, however, he can include this information. The Board agreed it would be helpful when the study is presented to have this information included, either within the actuarial study or staff's report, regarding how any increases or decreases in the rates effect the overall funding of the program.

John Stroh moved to accept and file the actuarial study. Seconded by Robert Galvan.

Ms. Broadhurst stated that once the Board selects the discount factor for 2011/2012 12, when the budget is discussed later in the meeting, she would like to request Mr. Joyce's study be amended, if necessary, to utilize the discount factor adopted by the Board. The Board agreed.

Motion passed unanimously.

B. Clarification of "Member Equity" Definition and Allocation of Member Equity

Ms. Thesing reminded the Board that this matter stems from the January meeting. Ms. Nancy Broadhurst, Finance Manager, noted that at the January meeting, a retrospective adjustment plan was presented to formally establish a process of annually analyzing the pool's equity to determine whether dividends can be issued to the members. While developing the plan, it was noted there were inconsistencies in the historical calculation of dividends and assessments and the method set forth in the governing documents. Staff was directed to review this matter and ensure consistency with respect to the governing documents and the financial statements.

Ms. Broadhurst further reminded the Board that also at the January meeting, it was discussed that the governing documents do not grant members an interest in the equity of CARMA until such time as the Board takes action to distribute such equity in the form of a dividend or re-allocation of equity. Therefore, it was directed staff replace the term "Members' Equity" with a better term. Ms. Broadhurst stated staff is recommending the term "Member Allocation of Pool Equity" be used.

In addition, Ms. Broadhurst stated CARMA's governing documents do not formally define member equity or the allocation method by which a member's equity should be calculated. The Master Plan Document provides for the process of calculating dividends and assessments based on each member's percentage of annual premium for the program year being adjusted. However, since inception, the member allocation of pool equity has been performed based on different components of budgeted revenues and expenses. Ms. Broadhurst provided the Board with the exact historical methodology at the meeting and noted this method was also used as the basis for determining all past dividends, assessments, and reallocation of equity. She noted, as directed by the Board, all components used to calculate the "Member Allocation of Pool Equity" will now be allocated according to the percentage of premium instead of the historical method. She noted that that this has resulted in a change to each member's previously allocated equity in each program year. Ms. Broadhurst noted that dividends were issued for each of CARMA's three closed program years, 1993/94, 1994/95, and 1995/96, and in two of the years, equity was re-allocated. The dividends and re-allocated equity for these three years totals $5,065,098. Ms. Broadhurst provided the Board with the effect, by member, the change in the allocation method would have on these program years. Ms. Broadhurst stated staff is recommending that no adjustments be made to the previous equity transactions for both open and closed program years since members have recorded the financial effects of the transactions.

Ms. Broadhurst next reviewed a revised equity allocation for each member as of September 30, 2010, which the Board received prior to the meeting. She noted this document contains the adjusted allocation of pool equity, with the exception of the equity transactions that already occurred for program years 1993/94 through 1995/96, and reflects the calculated difference of each member's allocated share of equity for each open program year and in total, as compared to the historical allocation method. She explained that the "expected fund balance" shown is based on the new allocation method and the "previous calculated fund balance" is based on the historical allocation method. She next reviewed a spreadsheet reflecting the calculated difference between the historical method and the new method. For program years 1996/97, 1997/98, and 2000/01, the allocation of dividends and assessments were allocated utilizing the historical method since any equity was already distributed to members. This has caused some members to have negative equity in years that have total positive balances. Because the equity transactions were already distributed to members, staff is recommending no adjustments be made.

Further, the change will not have an effect on the future closing of program years, as the final dividend issued will "true up" each member's share to correspond with the allocation according to premium percentage. The Board reviewed the new allocation and balances with Ms. Broadhurst. It was noted the members do not have rights to the equity until the Board takes action to provide for dividends or assessments, as stipulated in the Master Plan Document.

Robert Galvan moved to approve: 1) the title of "Member Allocation of Pool Equity" for future equity reports, and 2) the premium percentage allocation method to calculate a member's share of equity. Seconded by Bill Lewis. Motion passed unanimously.

C. Revised Proposed Retrospective Adjustment Policy

Ms. Thesing stated that at the January meeting, a proposed retrospective adjustment policy was presented to the Board. However, due to the allocation of member equity matter that needed to be addressed by the Board; this item was postponed to this meeting. Prior to the meeting, the Board received a revised proposed retrospective adjustment policy and a revised retrospective adjustment calculation as of September 30, 2010.

Ms. Broadhurst informed the Board the purpose of the Policy is to formalize a process to provide for an annual analysis of the pool's equity by program year and in the aggregate to determine whether dividends can be distributed and/or program years closed. Ms. Broadhurst stated the proposed policy, if approved, will be used in conjunction with the Target Equity Benchmark Ratios to assist the Board in making funding decisions. Ms. Broadhurst noted:

- Equity at the expected, 70%, and 80% confidence levels are calculated for each program year and in total;
- The 70% fund balance for all program years that are a full five years old are summed to determine if a net dividend is available. She noted 70% is utilized as this is the fund balance at which the Board has determined equity can be released;
- If a current program year has negative equity, the year must be factored into the calculation before arriving at the Final Cumulative Net Dividend. This is to help avoid providing a dividend in one year and having to assess members the next year;
- The allocation of pool equity amongst members according to percentage of premium by program year will be calculated to determine each member's share; and
- Equity may be exchanged between eligible program years. The transfer of equity will be performed so that the individual member's share of equity is separately applied so as to maintain the integrity of each member's balance. This will allow the closure of old years in conjunction with the application of equity to a program year(s) in a deficit position.

Ms. Broadhurst noted one of the purposes of the calculations is to determine if program years can be closed.

The Board reviewed the calculation as of September 30, 2010, with staff. It was questioned whether the policy is based on discounted or undiscounted numbers. Ms. Broadhurst stated that it is based on discounted numbers, as are the financial statements. It was noted the information provided at this meeting is to assist the Board in determining whether to approve the revised retrospective adjustment policy. Ms. Broadhurst noted the retrospective adjustment calculations will be presented to the Board at the next meeting in June utilizing the March 31, 2011, financial statements at which time the Board can approve any dividends or assessments.

Jake O'Malley moved to approve the revised retrospective adjustment policy. Seconded by John Stroh. Motion passed unanimously.

The Board adjourned for lunch from 11:45 a.m. to 12:30 p.m.

D. Signature on General Fund Checking Account

Ms. Thesing noted that in accordance with CARMA's governing documents, the Bylaws and Resolution 2-98/99, the President, Vice President, Treasurer, and Administrator are authorized to sign checks for the general fund account. Checks are processed monthly and have historically been routed to two signers, the President, Vice President, and/or Treasurer. The Administrator usually does not sign these checks. To create efficiency, Ms. Thesing determined that she will be the first signer and the checks will then be routed to one other person to sign. Ms. Thesing noted the only potential conflict would be when CARMA makes a payment to Bickmore Risk Services (BRS). However, the payments that are made are approved by the Board in advance by approving any contracts, the checks will contain a second signature, and the check listing is placed on the consent calendar of each Board meeting.

The Board agreed having the Administrator routinely sign on the general fund checks will create more efficiency.

E. Consideration of the Proposed Annual Budget for the 2011/2012 Program Year

Prior to the meeting, the Board received a proposed budget for the 2011/2012 program year at the 80% confidence level utilizing a discount factor of 4%, which is the same parameters as the 2010/2011 budget. Ms. Broadhurst reviewed this proposed budget with the Board and noted the budget reflects an overall increase of 4.1% over last year. Ms. Broadhurst informed the Board the funding rate, as noted previously by the actuary, has increased by approximately 9.8% from the current year's funding rate. She further noted that actual payroll for 2010 has been utilized which reflects a decrease of 3.48% in overall payroll from the current year. The budget assumes funding for losses of $3 million excess of $1 million; a 5% estimated increase in rates for the reinsurance layer and the excess insurance layer, and a decrease in the administration budget. She reviewed the various reasons for the decrease in the administration budget.

Ms. Broadhurst next reviewed the experience modification calculation. She stated the calculation is being performed in the same manner as previous years, with one exception. Ms. Broadhurst explained that for the past five years, the JPA experience modification factor (ex-mod) has been applied to the full reinsurance premium which currently covers the $10 million excess of $4 million layer. In the proposed budget, the allocation has been revised to apply two-thirds of the premium to the JPA ex-mod. The Board previously approved changing this process of applying the ex-mod to the reinsurance premium over a three-year period, therefore, next year the allocation will be reversed, and in the following year the ex-mod will no longer be applied to the reinsurance layer. Ms. Broadhurst informed the Board the ex-mod is 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.

Ms. Broadhurst noted for the 2011/2012 budget, she consolidated the member's budget pages containing the payroll and loss information from two pages to one.

Ms. Broadhurst next reviewed an alternative proposed budget for program year 2011/2012 at the 75% confidence level and a 3.5% discount rate. She noted, as was discussed under the actuarial study, ERMA may want to utilize a lower discount rate due to the current low rate of return on investments.

The Board discussed the proposed budgets with Ms. Broadhurst. It was questioned why the amount budgeted for investment management services is increasing. Ms Broadhurst noted the increase is due to CARMA transferring money from LAIF into the investment portfolio. The amount paid for investment management services correlates with the total amount of funds managed by the investment management firm.

Discussion ensued regarding the discount rate for the 2011/2012 program year. It was noted that while the actuary believes CARMA should be utilizing a discount rate of 2.16%, this is based solely on treasury investments and CARMA's portfolio historically receives a better rate of return on investments. After some discussion, it was agreed CARMA should proceed with a 3.5% discount rate.

The Board next discussed the confidence level of 75% vs. 80%. It was agreed that the 75% confidence level still provides for a good level of funding and assists the entities by keeping the rate increase for the members to a minimum.

President Grote noted the budget will be presented to the Board again in June for formal approval.

It was questioned if Vector Control Joint Powers Agency (VCJPA) was to opt out of the excess insurance coverage, at the $15 million excess of $14 million layer, what effect that would have on the excess insurance rate and ability to obtain coverage. It was noted that CARMA has never dealt with this issue; however, it would be too late for VCJPA to opt out of the excess insurance for 2011/2012. However, it can be addressed for 2012/2013. Mr. Mike Simmons, Alliant Insurance Services, noted that at this level of coverage, the cost of the coverage would most likely remain the same if one member option out. Therefore, the remaining members would pay more for their coverage. It was agreed staff would research the governing documents and determine whether it is possible for a member to opt out of coverage as a first step. It was discussed that since VCJPA is a unique member, CARMA may want to consider allowing more flexibility for VCJPA than is offered to the other members, as VCJPA is not exposed to the same risks.

Ms. Broadhurst noted she would email the budget to the members at the 75% confidence level and a 3.5% discount rate following the meeting.

8. COVERAGE MATTERS

A. Discussion Regarding Cyber Liability Coverage

Ms. Thesing informed the Board the issue of Cyber Liability Coverage was recently discussed by one of CARMA's members, the Bay Cities Joint Powers Insurance Authority (BCJPIA). Alliant Insurance Services made a presentation to the BCJPIA Board regarding Cyber Liability Coverage afforded through BCJPIA's purchased property coverage and how it related to their Liability and Property Memoranda of Coverage. This prompted CARMA to also review the issue.

Mr. Groff explained Cyber Liability Coverage, or Technology Errors & Omissions Coverage, provides limited first party property and third party liability coverage for breaches of confidential data of employees or third parties in the community. These breaches can be from theft, hacking, fraud, or accidental loss. Mr. Groff stated a lot of personal information is being stored on computers and can be vulnerable. Mr. Groff explained a first party loss would involve the employer incurring costs of a damaged computer system. A third party loss involves someone alleging a violation of their privacy.

Mr. Groff stated that in their discussions, BCJPIA has determined they will define and exclude third party cyber liability in their Memorandum of Coverage. As CARMA's Liability Memorandum of Coverage essentially "follows form" when possible to the coverage of its pool members, it was determined this matter should be discussed by CARMA. CARMA does not current specifically exclude Cyber Liability coverage and it is not believed it was ever the intent to provide coverage. CARMA has not endeavored to fund this exposure.

Mr. Linzie Kramer, Litigation Manager, noted that another CARMA member, Central San Joaquin Valley Risk Management Authority (CSJVRMA) has also begun reviewing this issue. CSJVRMA's Coverage Committee is making a recommendation to their Board that coverage for Cyber Liability be excluded under both their Pooled Liability Program and their Pooled Property Program. Mr. Kramer noted part of their reasoning is the State of California requires public entities to take precautions to protect information. If a public entity fails to do so, they are in violation of the law and coverage would be precluded.

It was questioned if an employee were to bring suit against a city about an alleged violation whether ERMA, the employment practices liability pool, would provide coverage for those entities that are a member. Ms. Thesing responded ERMA would not provide coverage, as it would not be considered an employment wrongful act.

Mr. Simmons noted an exposure the CARMA members have, which could potentially reach the CARMA pooled layer, is theft of HIPPA information which could expose a member to a third party liability claim. Some entities run health clinics and handle this type of information.

The Board directed staff to conduct more research on this issue and bring a recommendation back to the Board at the June meeting.

Alliant requested that Items B and C next on the agenda be addressed in reverse order than listed on the agenda. The Board agreed with this request.

C. <u>Report from Alliant Insurance Services on the Status of the Excess Insurance Renewal for CARMA</u>

Ms. Susan Adams, Alliant Insurance Services, reviewed the current status of the excess insurance renewal for CARMA. Ms. Adams noted for the 2011/2012 program year, the Board has directed Alliant to obtain quotes for the $3 million excess of $1 million pooled layer and the $4 million excess of $1 million pooled layer. The Board also directed Alliant to obtain quotes for various retentions in conjunction with quota sharing and corridor deductible options. Ms. Adams stated that several markets are reviewing the various layers and she has started receiving indications from the carriers. She anticipates receiving quotes by mid-May which she will review with Ms. Thesing prior to the next Board meeting.

Mr. Simmons informed the Board that Everest is the current insurance carrier and C.V. Starr is the managing general agent. C.V. Starr announced in January that they are leaving Everest. Therefore, CARMA received a notice of non-renewal from Everest. With this change, if CARMA renews their excess coverage, they will receive a policy under Starr Indemnity reinsured by Everest at a 50% quota share of Starr Indemnity. The managing general agent will remain the same, C.V. Starr. It was questioned if the reinsurance contacts that are now with Everest will change. Mr. Simmons stated eventually the contacts will change, but not immediately. Most likely it will occur within the next one to two years. It was agreed CARMA representatives should meet with any new carriers to express CARMA's claims philosophy. Ms. Adams noted any good reinsurer will want to meet with CARMA representatives as well.

Ms. Adams reviewed the various responses from the markets on the coverage layers that are willing to provide CARMA with a quote. Ms. Adams noted Selective and

Genesis have expressed a desire to provide a quote in the $3 million excess of $1 million layer, which is the layer of coverage CARMA currently retains.

B. Marketing Excess Insurance Corridor Deductible and the Advantages and/or Disadvantages of Such Deductible From an Actuarial and Excess Perspective

Ms. Thesing stated that marketing options for the excess coverage were reviewed at the January meeting and the idea of a corridor deductible and quota sharing arrangement were briefly discussed. Following the meeting, Alliant pursued these two options to determine whether they are viable for CARMA.

Mr. Simmons reviewed the quota sharing option as well as a corridor deductible option with the Board. With quota sharing, CARMA would retain a percentage of each claim and the insurance carrier would accept the risk for the remaining portion of the claim. It was explained that the quota sharing option can be desirable as it reduces the risk on any one claim which allows an entity to increase their self-insured retention (SIR) when the cost of excess insurance is high. However, there is a significant amount of work involved in monitoring a quota share arrangement. Mr. Simmons stated in marketing this to the insurance carriers, one carrier has indicated a willingness to quote share in the $2 million excess of $2 million layer at approximately 10% below CARMA's expected cost to self-fund the coverage. As CARMA currently self-funds this layer, it would not be advantageous to quota share the entire layer. However, Alliant will investigate whether the carrier will quota share 50%. Another carrier would like to quota share at the $3 million excess of $1 million layer. It does not appear the carriers are interested in a quota sharing arrangement at the higher layers of coverage.

Mr. Simmons next reviewed the corridor deductible option available which provides an aggregate limit, limiting the amount CARMA would pay in a policy year. Mr. Simmons stated this is a concept that works best in a hardening insurance market. It would allow CARMA to assume a finite amount of risk above their SIR. The aggregate could apply to either one loss or a combination of losses. However, because of the increased uncertainty in the higher layers, and due to the fact the excess insurance would most likely be priced at a premium below the actuary's expected/undiscounted amount, this does not appear to benefit CARMA at this time. Mr. Simmons stated that while he does not believe the corridor deductible option is advantageous at this time, a quota share arrangement may be worthwhile. He questioned whether the Board is interested in Alliant pursuing a quota share arrangement for CARMA at 50%. The Board directed Alliant to pursue obtaining quotes for a 50% quota share arrangement.

D. Measurement of Litigation Management Performance

Mr. Groff stated the Board previously requested information regarding closed litigation cases, providing information regarding the reason the claims accelerated to the excess level, why settlement authority was requested, and the outcome of the claims. Prior to the meeting, the Board received a Measurement of Litigation Management Performance Report for claims closed as of December 31, 2010. Mr.

Groff noted there are three claims discussed within the report, and he reviewed the report with the Board.

President Grote stated he will discuss with staff the need for this report in the future.

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 2:05 p.m. to discuss the following claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority:

Affholter, et. al, v. City of Merced, et. al. (CSJVRMA)

B. Closed Session Pursuant to Government Code Section 54956(b) – Review of Legal Counsel)

C. Report from Closed Session

The Board reconvened to open session at 2:20 p.m. and President Grote reported that the Board approved a release agreement. President Grote further reported that due to time constraints, the Board was unable to address item B, Review of Legal Counsel, in closed session and requested staff to place the matter on the next Board agenda.

President Grote announced that a quorum was no longer present.

10. CLOSING COMMENTS

A. Board

None.

B. Staff

Ms. Thesing informed the Board there is a prospective new member effective July 1, 2011, ICRMA. She noted she will continue to work with the prospective new member and they may attend the June meeting if they move forward with their application to CARMA.

11. ADJOURNMENT

The April 20, 2011, Board of Directors' meeting adjourned at 2:25 p.m. by general consensus of the Board.

Chrissy Mack

Chrissy Mack, Acting Board Secretary

California Affiliated Risk Man
VENDOR CHECK REGISTER REPORT
Payables Management

Ranges:	From:	To:		From:	To:
Check Number	First	Last	Check Date	4/1/2011	5/31/2011
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
1738	AG100	AGRIP	4/12/2011	CBT GENERAL	PMCHK00000090	$947.09
1739	BI100	Bickmore Risk Services	4/12/2011	CBT GENERAL	PMCHK00000090	$24,133.34
1740	FA115	Farmer Smith and Lane, LLP	4/12/2011	CBT GENERAL	PMCHK00000090	$652.50
1741	HE100	Michael Patrick Heenan	4/12/2011	CBT GENERAL	PMCHK00000090	$20,000.00
1742	MC100	McNamara, Ney, Beatty, Slatter	4/12/2011	CBT GENERAL	PMCHK00000090	$36,704.93
1743	MU100	Murphy, Campbell, Guthrie and	4/12/2011	CBT GENERAL	PMCHK00000090	$14,297.50
1744	MU200	MultiLingua	4/12/2011	CBT GENERAL	PMCHK00000090	$600.00
1745	OR100	Orrick, Herrington and Sutclif	4/12/2011	CBT GENERAL	PMCHK00000090	$1,260.00
1746	BA100	Bay Actuarial Consultants	5/10/2011	CBT GENERAL	PMCHK00000091	$6,724.00
1747	BI100	Bickmore Risk Services	5/10/2011	CBT GENERAL	PMCHK00000091	$25,314.13
1748	CA105	CAJPA	5/10/2011	CBT GENERAL	PMCHK00000091	$4,250.00
1749	CO105	Copymat Walnut Creek, Inc.	5/10/2011	CBT GENERAL	PMCHK00000091	$2,876.77
1750	DR100	Alliant Insurance Services, In	5/10/2011	CBT GENERAL	PMCHK00000091	$1,033.00
1751	FA115	Farmer Smith and Lane, LLP	5/10/2011	CBT GENERAL	PMCHK00000091	$2,025.65
1752	HA115	Hannibal's Catering and Events	5/10/2011	CBT GENERAL	PMCHK00000091	$332.36
1753	HO100	Howard Rome Martin and Ridley	5/10/2011	CBT GENERAL	PMCHK00000091	$31,123.25
1754	JU115	Jury Impact Inc.	5/10/2011	CBT GENERAL	PMCHK00000091	$21,500.00
1755	SI110	Terry Simpson	5/10/2011	CBT GENERAL	PMCHK00000091	$397.00
1756	US100	U.S. Legal Support	5/10/2011	CBT GENERAL	PMCHK00000091	$2,076.05
1757	ZA100	Zandonella Reporting Service,	5/10/2011	CBT GENERAL	PMCHK00000091	$470.46

Total Checks: 20

Total Amount of Checks: $196,718.03

California Affiliated Risk Management Authorities
Treasurer's Report
As of March 31, 2011

	Book Value	Market Value	% of Total	Effective Yield
California Bank & Trust – Petty Cash	$ 702	$ 702	0.00%	0.00%
California Bank & Trust – General Operating	929,146	929,146	3.24%	0.00%
State of California Local Agency Investment Fund	4,040,240	4,045,339	14.11%	0.50%
CAMP - Money Market	33,654	33,654	0.12%	0.18%
CAMP - Investments managed by PFM	23,645,564	23,651,902	82.52%	1.18%
Total Cash and Investments	**$ 28,649,306**	**$ 28,660,743**	**100.00%**	**1.08%**

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

Nancy Broadhurst
Assistant Treasurer

Accepted,

Jake O'Malley
Treasurer

CAMP

Account Statement - Transaction Summary

For the Month Ending **March 31, 2011**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00

CAMP Pool

Opening Market Value	17,578.07
Purchases	1,411,731.22
Redemptions	(1,395,654.82)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	**$33,654.47**
Cash Dividends and Income	3.35

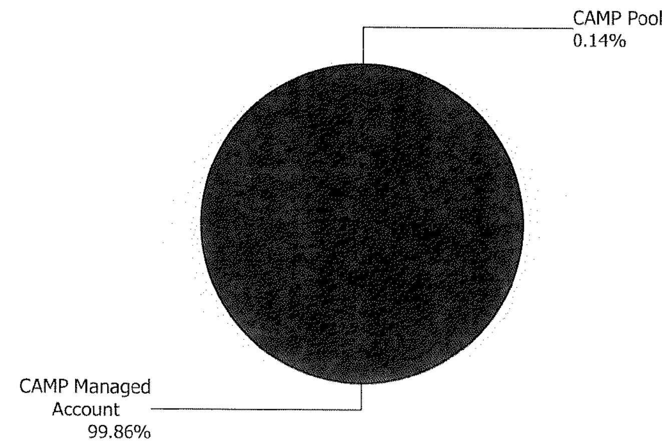
CAMP Managed Account

Opening Market Value	23,698,470.91
Purchases	1,385,994.43
Redemptions	(1,386,820.31)
Unsettled Trades	(11,513.67)
Change in Value	(34,229.34)
Closing Market Value	**$23,651,902.02**
Cash Dividends and Income	15,916.51

Asset Summary

	March 31, 2011	February 28, 2011
CAMP Pool	33,654.47	17,578.07
CAMP Managed Account	23,651,902.02	23,698,470.91
Total	**$23,685,556.49**	**$23,716,048.98**

Asset Allocation



Managed Account Detail of Securities Held

For the Month Ending **March 31, 2011**

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 11/30/2009 0.750% 11/30/2011	912828MM9	250,000.00	TSY	TSY	12/04/09	12/08/09	249,589.84	0.83	628.43	249,861.47	250,869.25
US TREASURY NOTES DTD 11/30/2009 0.750% 11/30/2011	912828MM9	750,000.00	TSY	TSY	06/03/10	06/03/10	750,644.53	0.69	1,885.30	750,288.02	752,607.75
US TREASURY N/B DTD 01/31/2011 0.625% 01/31/2013	912828PR5	2,050,000.00	TSY	TSY	02/01/11	02/04/11	2,051,041.02	0.60	2,123.62	2,050,960.47	2,046,316.15
US TREASURY NOTES DTD 10/15/2010 0.500% 10/15/2013	912828PB0	500,000.00	TSY	TSY	11/10/10	11/12/10	497,851.56	0.65	1,153.85	498,132.17	493,164.00
US TREASURY NOTES DTD 10/15/2010 0.500% 10/15/2013	912828PB0	1,350,000.00	TSY	TSY	11/01/10	11/03/10	1,350,527.34	0.49	3,115.38	1,350,454.86	1,331,542.80
US TREASURY NOTES DTD 11/15/2010 0.500% 11/15/2013	912828PU8	650,000.00	TSY	TSY	11/26/10	11/30/10	644,998.05	0.76	1,229.97	645,562.57	640,199.22
US TREASURY NOTES DTD 03/15/2011 1.250% 03/15/2014	**912828PZ7**	**1,250,000.00**	**TSY**	**TSY**	**03/31/11**	**04/01/11**	**1,250,292.97**	**1.24**	**721.81**	**1,250,292.97**	**1,249,612.50**
Security Type Sub-Total		**6,800,000.00**					**6,794,945.31**	**0.73**	**10,858.36**	**6,795,552.53**	**6,764,311.67**
U.S. Government Supported Corporate Debt											
HSBC USA INC (FDIC) GLOBAL NOTE DTD 12/16/2008 3.125% 12/16/2011	4042EPAA5	375,000.00	AAA	Aaa	07/23/09	07/28/09	388,503.75	1.58	3,417.97	379,064.87	382,512.38
Security Type Sub-Total		**375,000.00**					**388,503.75**	**1.58**	**3,417.97**	**379,064.87**	**382,512.38**
Federal Agency Bond / Note											
FNMA GLOBAL NOTES DTD 10/09/2009 1.000% 11/23/2011	31398AZN5	275,000.00	AAA	Aaa	10/08/09	10/09/09	274,334.50	1.12	977.78	274,796.12	276,281.23
FHLB GLOBAL BONDS DTD 11/16/2009 1.000% 12/28/2011	3133XVRS2	500,000.00	AAA	Aaa	11/18/09	11/23/09	500,115.00	0.99	1,291.67	500,040.62	502,555.50
FNMA NOTES (CALLABLE) DTD 05/25/2010 1.300% 05/25/2012	31398AS37	1,000,000.00	AAA	Aaa	05/24/10	05/25/10	1,000,800.00	1.26	4,550.00	1,000,120.36	1,001,289.00

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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
Federal Agency Bond / Note											
FNMA NOTES (FLOATING) DTD 11/23/2010 0.330% 11/23/2012	31398A6R8	1,250,000.00	AAA	Aaa	11/18/10	11/23/10	1,249,488.25	0.43	434.38	1,249,488.25	1,251,445.00
FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	180,000.00	AAA	Aaa	01/14/10	01/15/10	179,740.80	1.80	341.25	179,839.59	183,012.48
FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	250,000.00	AAA	Aaa	06/03/10	06/03/10	251,970.00	1.45	473.96	251,379.68	254,184.00
FHLMC GLOBAL NOTES DTD 03/04/2010 1.625% 04/15/2013	3137EACJ6	525,000.00	AAA	Aaa	05/26/10	05/27/10	527,341.50	1.47	3,933.85	526,671.66	533,023.05
FHLMC GLOBAL NOTES DTD 03/04/2010 1.625% 04/15/2013	3137EACJ6	1,150,000.00	AAA	Aaa	03/03/10	03/04/10	1,148,390.00	1.67	8,617.01	1,148,943.61	1,167,574.30
FNMA GLOBAL NOTES DTD 05/21/2010 1.500% 06/26/2013	31398AT44	500,000.00	AAA	Aaa	06/03/10	06/03/10	498,630.00	1.59	1,979.17	498,992.79	505,639.50
FHLMC NOTES (CALLABLE) DTD 07/12/2010 1.500% 07/12/2013	3134G1KL7	625,000.00	AAA	Aaa	07/08/10	07/12/10	626,562.50	1.41	2,057.29	625,439.73	625,931.88
FNMA NOTES (CALLABLE) DTD 07/29/2010 1.250% 07/29/2013	31398AZ47	1,050,000.00	AAA	Aaa	08/06/10	08/10/10	1,053,675.00	1.13	2,260.42	1,051,245.42	1,048,206.60
FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	220,000.00	AAA	Aaa	08/09/10	08/10/10	219,832.80	1.02	48.89	219,866.38	219,037.72
FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	1,385,000.00	AAA	Aaa	03/15/11	03/17/11	1,385,994.43	0.97	307.78	1,385,979.76	1,378,942.01
FHLMC NOTES DTD 08/20/2010 0.875% 10/28/2013	3137EACL1	1,100,000.00	AAA	Aaa	09/01/10	09/07/10	1,095,072.00	1.02	5,908.68	1,095,954.81	1,090,840.30
FHLMC GLOBAL REFERENCE NOTES DTD 10/17/2003 4.875% 11/15/2013	3134A4UK8	940,000.00	AAA	Aaa	10/01/10	10/05/10	1,053,636.60	0.92	17,311.67	1,035,994.54	1,029,619.60
Security Type Sub-Total		**10,950,000.00**					**11,065,583.38**	**1.13**	**50,493.80**	**11,044,753.32**	**11,067,582.17**
Corporate Note											

CAMP

Managed Account Detail of Securities Held

For the Month Ending **March 31, 2011**

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											
WELLS FARGO & COMPANY GLOBAL SR NOTES DTD 01/31/2008 4.375% 01/31/2013	949746NY3	500,000.00	AA-	A1	09/02/08	09/05/08	481,800.00	5.31	3,706.60	491,936.10	526,652.00
BANK OF NEW YORK MELLON GLOBAL NOTES DTD 03/27/2008 4.500% 04/01/2013	06406HBJ7	360,000.00	AA-	Aa2	06/11/10	06/16/10	386,647.20	1.77	8,100.00	379,229.46	383,703.48
WAL MART STORES INC GLOBAL NOTES DTD 04/15/2008 4.250% 04/15/2013	931142CL5	500,000.00	AA	Aa2	03/22/10	03/25/10	535,025.00	1.88	9,798.61	523,594.21	531,822.50
GECC GLOBAL NOTES (FL RATE LIB+15) DTD 05/08/2007 0.462% 05/08/2013	36962G2U7	500,000.00	AA+	Aa2	11/02/10	11/05/10	491,240.00	1.28	326.90	492,589.33	496,548.50
US BANCORP NOTE (CALLABLE) DTD 09/13/2010 1.375% 09/13/2013	91159HGY0	500,000.00	A+	Aa3	09/08/10	09/13/10	499,355.00	1.42	343.75	499,471.25	499,075.50
GENERAL ELECTRIC CAPITAL CORP NOTES DTD 09/16/2010 1.875% 09/16/2013	36962G4Q4	400,000.00	AA+	Aa2	09/13/10	09/16/10	399,396.00	1.93	312.50	399,502.54	399,862.80
JPMORGAN CHASE & CO NOTES DTD 09/30/2010 1.650% 09/30/2013	46623EJD2	750,000.00	A+	Aa3	09/27/10	09/30/10	749,910.00	1.65	34.38	749,924.78	748,698.00
BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	125,000.00	AA+	Aa2	01/03/11	01/11/11	124,665.00	1.59	416.67	124,689.34	124,669.63
BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	325,000.00	AA+	Aa2	01/03/11	01/11/11	324,697.75	1.53	1,083.33	324,719.72	324,141.03
XTO ENERGY INC (CALLABLE) DTD 01/22/2004 4.900% 02/01/2014	98385XAD8	230,000.00	AAA	Aaa	01/13/11	01/19/11	253,795.80	1.40	1,878.33	252,255.90	251,051.44
Security Type Sub-Total		**4,190,000.00**					**4,246,531.75**	**2.07**	**26,001.07**	**4,237,912.63**	**4,286,224.88**
Certificate of Deposit											
BARCLAYS BANK PLC NY CERT DEPOS DTD 09/07/2010 0.900% 09/02/2011	06740MNK5	575,000.00	A-1+	P-1	09/02/10	09/07/10	575,000.00	0.90	2,961.25	575,000.00	576,270.92
BANK OF NOVA SCOTIA HOUSTON YCD (FLOAT) DTD 11/09/2010 0.562% 11/09/2012	06417DSG1	575,000.00	AA-	Aa1	11/04/10	11/09/10	575,000.00	0.54	457.80	575,000.00	575,000.00

Managed Account Detail of Securities Held

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											
Security Type Sub-Total		**1,150,000.00**					**1,150,000.00**	**0.72**	**3,419.05**	**1,150,000.00**	**1,151,270.92**
Managed Account Sub-Total		**23,465,000.00**					**23,645,564.19**	**1.18**	**94,190.25**	**23,607,283.35**	**23,651,902.02**
Money Market Fund											
CAMP Pool		33,654.47	AAAm	NR			33,654.47		0.00	33,654.47	33,654.47
Money Market Sub-Total		**33,654.47**					**33,654.47**		**0.00**	**33,654.47**	**33,654.47**
Securities Sub-Total		**$23,498,654.47**					**$23,679,218.66**	**1.18%**	**$94,190.25**	**$23,640,937.82**	**$23,685,556.49**
Accrued Interest											**$94,190.25**
Total Investments											**$23,779,746.74**

Bolded items are forward settling trades.

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										
03/15/11	03/17/11	FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	1,385,000.00	(1,385,994.43)	(6,694.17)	(1,392,688.60)			
03/31/11	**04/01/11**	**US TREASURY NOTES DTD 03/15/2011 1.250% 03/15/2014**	**912828PZ7**	**1,250,000.00**	**(1,250,292.97)**	**(721.81)**	**(1,251,014.78)**			
Transaction Type Sub-Total				**2,635,000.00**	**(2,636,287.40)**	**(7,415.98)**	**(2,643,703.38)**			
INTEREST										
03/13/11	03/13/11	US BANCORP NOTE (CALLABLE) DTD 09/13/2010 1.375% 09/13/2013	91159HGY0	500,000.00	0.00	3,437.50	3,437.50			
03/16/11	03/16/11	GENERAL ELECTRIC CAPITAL CORP NOTES DTD 09/16/2010 1.875% 09/16/2013	36962G4O4	400,000.00	0.00	3,750.00	3,750.00			
03/23/11	03/23/11	FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	220,000.00	0.00	1,100.00	1,100.00			
03/23/11	03/23/11	FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	1,385,000.00	0.00	6,925.00	6,925.00			
03/30/11	03/30/11	JPMORGAN CHASE & CO NOTES DTD 09/30/2010 1.650% 09/30/2013	46623EJD2	750,000.00	0.00	6,187.50	6,187.50			
Transaction Type Sub-Total				**3,255,000.00**	**0.00**	**21,400.00**	**21,400.00**			
SELL										
03/15/11	03/17/11	US TREASURY NOTES DTD 11/15/2010 0.500% 11/15/2013	912828PU8	1,400,000.00	1,386,820.31	2,359.12	1,389,179.43	(1,148.44)	(2,408.38)	FIFO
03/31/11	**04/01/11**	**US TREASURY NOTES DTD 11/30/2009 0.750% 11/30/2011**	**912828MM9**	**750,000.00**	**752,607.42**	**1,885.30**	**754,492.72**	**3,837.88**	**3,023.02**	**FIFO**
03/31/11	**04/01/11**	**US TREASURY NOTES DTD 08/31/2006 4.625% 08/31/2011**	**912828FS4**	**500,000.00**	**509,199.22**	**2,010.87**	**511,210.09**	**(19,394.53)**	**5,139.49**	**FIFO**

CAMP

Managed Account Security Transactions & Interest

For the Month Ending **March 31, 2011**

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
Transaction Type Sub-Total				2,650,000.00	2,648,626.95	6,255.29	2,654,882.24	(16,705.09)	5,754.13	
Managed Account Sub-Total					12,339.55	20,239.31	32,578.86	(16,705.09)	5,754.13	
Total Security Transactions					$12,339.55	$20,239.31	$32,578.86	($16,705.09)	$5,754.13	

Bolded items are forward settling trades.

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										
02/01/11	02/04/11	US TREASURY N/B DTD 01/31/2011 0.625% 01/31/2013	912828PR5	2,050,000.00	(2,051,041.02)	(141.57)	(2,051,182.59)			
Transaction Type Sub-Total				**2,050,000.00**	**(2,051,041.02)**	**(141.57)**	**(2,051,182.59)**			
INTEREST										
02/01/11	02/01/11	XTO ENERGY INC (CALLABLE) DTD 01/22/2004 4.900% 02/01/2014	98385XAD8	230,000.00	0.00	5,635.00	5,635.00			
02/08/11	02/08/11	GECC GLOBAL NOTES (FL RATE LIB+15) DTD 05/08/2007 0.462% 05/08/2013	36962G2U7	500,000.00	0.00	556.64	556.64			
02/09/11	02/09/11	BANK OF NOVA SCOTIA HOUSTON YCD (FLOAT) DTD 11/09/2010 0.562% 11/09/2012	06417DSG1	575,000.00	0.00	787.08	787.08			
02/22/11	02/22/11	FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	250,000.00	0.00	2,187.50	2,187.50			
02/22/11	02/22/11	FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	180,000.00	0.00	1,575.00	1,575.00			
02/23/11	02/23/11	FNMA NOTES (FLOATING) DTD 11/23/2010 0.350% 11/23/2012	31398A6R8	1,250,000.00	0.00	1,193.40	1,193.40			
02/28/11	02/28/11	US TREASURY NOTES DTD 08/31/2006 4.625% 08/31/2011	912828FS4	500,000.00	0.00	11,562.50	11,562.50			
Transaction Type Sub-Total				**3,485,000.00**	**0.00**	**23,497.12**	**23,497.12**			
SELL										
02/01/11	02/04/11	US TREASURY NOTES DTD 05/31/2009 0.875% 05/31/2011	912828KU3	250,000.00	250,556.64	396.63	250,953.27	(830.08)	256.90	FIFO
02/01/11	02/04/11	US TREASURY NOTES DTD 06/30/2009 1.125% 06/30/2011	912828LF5	750,000.00	752,841.80	815.78	753,657.58	(2,460.93)	848.68	FIFO
02/01/11	02/04/11	US TREASURY NOTES DTD 04/30/2006 4.875% 04/30/2011	912828FD7	430,000.00	434,736.72	5,559.12	440,295.84	(23,952.34)	2,415.53	FIFO

Managed Account Security Transactions & Interest

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
SELL										
02/01/11	02/04/11	FHLB GLOBAL BONDS DTD 06/12/2009 1.625% 07/27/2011	3133XTXH4	500,000.00	503,410.00	157.99	503,567.99	100.00	2,579.36	FIFO
Transaction Type Sub-Total				**1,930,000.00**	**1,941,545.16**	**6,929.52**	**1,948,474.68**	**(27,143.35)**	**6,100.47**	
Managed Account Sub-Total					**(109,495.86)**	**30,285.07**	**(79,210.79)**	**(27,143.35)**	**6,100.47**	
Total Security Transactions					**($109,495.86)**	**$30,285.07**	**($79,210.79)**	**($27,143.35)**	**$6,100.47**	

CAMP

Managed Account Security Transactions & Interest

For the Month Ending **January 31, 2011**

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										
01/03/11	01/11/11	BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	125,000.00	(124,665.00)	0.00	(124,665.00)			
01/03/11	01/11/11	BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	325,000.00	(324,697.75)	0.00	(324,697.75)			
01/13/11	01/19/11	XTO ENERGY INC (CALLABLE) DTD 01/22/2004 4.900% 02/01/2014	98385XAD8	230,000.00	(253,795.80)	(5,259.33)	(259,055.13)			
Transaction Type Sub-Total				**680,000.00**	**(703,158.55)**	**(5,259.33)**	**(708,417.88)**			
INTEREST										
01/12/11	01/12/11	FHLMC NOTES (CALLABLE) DTD 07/12/2010 1.500% 07/12/2013	3134G1KL7	625,000.00	0.00	4,687.50	4,687.50			
01/27/11	01/27/11	FHLB GLOBAL BONDS DTD 06/12/2009 1.625% 07/27/2011	3133XTXH4	500,000.00	0.00	4,062.50	4,062.50			
01/29/11	01/29/11	FNMA NOTES (CALLABLE) DTD 07/29/2010 1.250% 07/29/2013	31398AZ47	1,050,000.00	0.00	6,562.50	6,562.50			
01/31/11	01/31/11	WELLS FARGO & COMPANY GLOBAL SR NOTES DTD 01/31/2008 4.375% 01/31/2013	949746NY3	500,000.00	0.00	10,937.50	10,937.50			
Transaction Type Sub-Total				**2,675,000.00**	**0.00**	**26,250.00**	**26,250.00**			
SELL										
01/03/11	01/11/11	FHLMC GLOBAL REFERENCE NOTES DTD 10/17/2003 4.875% 11/15/2013	3134A4UK8	325,000.00	359,027.50	2,464.58	361,492.08	(5,261.75)	(1,937.88)	FIFO
01/13/11	01/19/11	FHLMC GLOBAL REFERENCE NOTES DTD 10/17/2003 4.875% 11/15/2013	3134A4UK8	235,000.00	259,783.10	2,036.67	261,819.77	(3,626.05)	(1,021.92)	FIFO
Transaction Type Sub-Total				**560,000.00**	**618,810.60**	**4,501.25**	**623,311.85**	**(8,887.80)**	**(2,959.80)**	

Managed Account Security Transactions & Interest

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
Managed Account Sub-Total					(84,347.95)	25,491.92	(58,856.03)	(8,887.80)	(2,959.80)	
Total Security Transactions					($84,347.95)	$25,491.92	($58,856.03)	($8,887.80)	($2,959.80)	

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

www.treasurer.ca.gov/pmia-laif
April 05, 2011

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

Transactions
Tran Type Definitions

March 2011 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
3/22/2011	3/21/2011	RW	1310023	NANCY BROADHURST	-450,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	4,490,239.56
Total Withdrawal:	-450,000.00	Ending Balance:	4,040,239.56

CARMA

LAIF Fair Market Valuation

3/31/11

LAIF Statement Balance	**4,040,239.56**
FAIR VALUE FACTOR:	
Performance Rate as of 3/31/11	**1.001262155**
Market Value	**$4,045,338.97**

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 04/15/2011, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2011.

Earnings Ratio		.00001390282087521
Interest Rate		0.51%
Dollar Day Total	$	414,084,494.98
Quarter End Principal Balance	$	4,040,239.56
Quarterly Interest Earned	$	5,756.94

State of California
Pooled Money Investment Account
Market Valuation
3/31/2011

Description	Carrying Cost Plus Accrued Interest Purch.	Amortized Cost	Fair Value	Accrued Interest
United States Treasury:				
Bills	$ 25,427,574,805.62	$ 25,469,896,416.39	$ 25,477,542,750.00	NA
Notes	$ 7,600,585,503.27	$ 7,599,407,773.27	$ 7,638,459,500.00	$ 18,430,902.50
Federal Agency:				
SBA	$ 542,409,471.18	$ 542,403,518.22	$ 541,019,321.57	$ 580,753.60
MBS-REMICs	$ 505,712,588.13	$ 505,712,588.13	$ 540,404,807.88	$ 2,393,771.01
Debentures	$ 1,377,365,350.08	$ 1,376,588,447.30	$ 1,377,316,000.00	$ 2,540,482.25
Debentures FR	$ 200,000,000.00	$ 200,000,000.00	$ 200,040,000.00	$ 68,600.00
Discount Notes	$ 8,676,516,304.06	$ 8,699,632,180.45	$ 8,704,376,220.00	NA
GNMA	$ 52,779.05	$ 52,779.05	$ 53,983.04	$ 521.59
IBRD Deb FR	$ 300,000,000.00	$ 300,000,000.00	$ 300,636,000.00	$ 294,872.58
CDs and YCDs FR	$ 800,000,000.00	$ 800,000,000.00	$ 800,000,000.00	$ 391,949.67
Bank Notes	$ 650,000,000.00	$ 650,000,000.00	$ 650,092,242.52	$ 216,666.67
CDs and YCDs	$ 5,875,000,888.64	$ 5,875,000,888.64	$ 5,875,326,055.55	$ 2,207,243.06
Commercial Paper	$ 6,635,606,940.28	$ 6,637,947,366.58	$ 6,637,761,908.36	NA
Corporate:				
Bonds FR	$ -	$ -	$ -	$ -
Bonds	$ -	$ -	$ -	$ -
Repurchase Agreements	$ -	$ -	$ -	$ -
Reverse Repurchase	$ -	$ -	$ -	$ -
Time Deposits	$ 3,803,640,000.00	$ 3,803,640,000.00	$ 3,803,640,000.00	NA
AB 55 & GF Loans	$ 5,983,610,355.22	$ 5,983,610,355.22	$ 5,983,610,355.22	NA
TOTAL	$ 68,378,074,985.53	$ 68,443,892,313.25	$ 68,530,279,144.14	$ 27,125,762.93

Fair Value Including Accrued Interest $ 68,557,404,907.07

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 **(1.001262155)**.
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 $20,025,243.11 or $20,000,000.00 x **1.001262155**.

Bill Lockyer, State Treasurer

Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
4/5/2011	0.46	0.46	196
4/6/2011	0.46	0.46	196
4/7/2011	0.46	0.46	205
4/8/2011	0.46	0.46	205
4/9/2011	0.46	0.46	205
4/10/2011	0.46	0.46	205
4/11/2011	0.46	0.46	199
4/12/2011	0.46	0.46	199
4/13/2011	0.46	0.46	198
4/14/2011	0.46	0.46	199
4/15/2011	0.45	0.46	197
4/16/2011	0.45	0.46	197
4/17/2011	0.45	0.46	197
4/18/2011	0.45	0.46	195

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

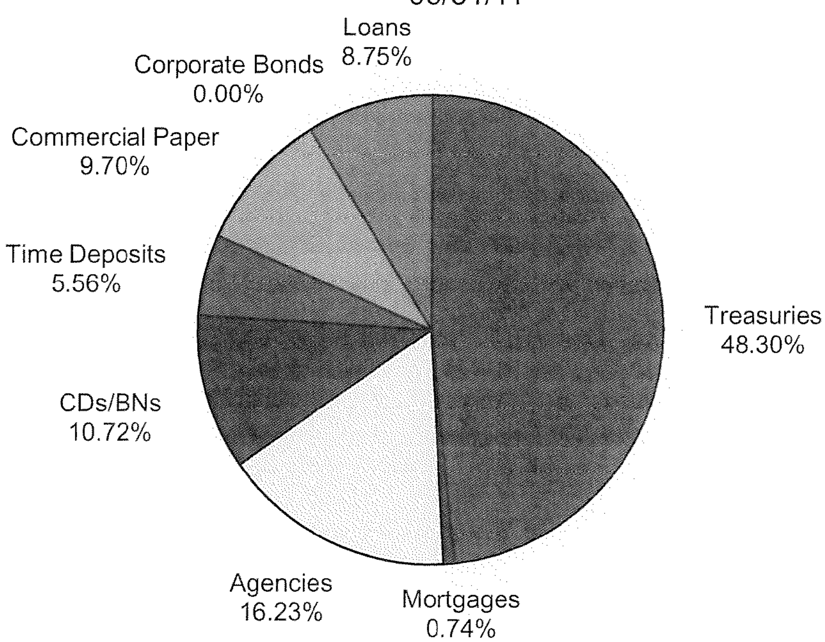
Quarter ending 03/31/2011

Apportionment Rate:	0.51%
Earnings Ratio:	.00001390282087521
Fair Value Factor:	1.001262155
Daily:	0.45%
Quarter To Date:	0.52%
Average Life:	193

PMIA Average Monthly Effective Yields

MAR 2011	**0.500%**
FEB 2011	0.512%
JAN 2011	0.538%

Pooled Money Investment Account
Portfolio Composition
$68.4Billion
03/31/11



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

www.treasurer.ca.gov/pmia-laif
March 02, 2011

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

Transactions
Tran Type Definitions

February 2011 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
2/28/2011	2/28/2011	RW	1307993	NANCY BROADHURST	-155,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	4,645,239.56
Total Withdrawal:	-155,000.00	Ending Balance:	4,490,239.56

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

www.treasurer.ca.gov/pmia-laif
March 07, 2011

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

Transactions
Tran Type Definitions

January 2011 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
1/5/2011	1/4/2011	RW	1300228	NANCY BROADHURST	-85,000.00
1/14/2011	1/13/2011	QRD	1303712	SYSTEM	6,697.34
1/19/2011	1/18/2011	RW	1304154	NANCY BROADHURST	-290,000.00

Account Summary

Total Deposit:	6,697.34	Beginning Balance:	5,013,542.22
Total Withdrawal:	-375,000.00	Ending Balance:	4,645,239.56

California Affiliated Risk Management Authorities
~ BALANCE SHEET ~
As of March 31, 2011
(Unaudited)

ASSETS		
CURRENT ASSETS		
Cash in Bank	$ 929,849	
Local Agency Investment Fund	4,040,240	
Market Valuation - LAIF	5,099	
Investments - Managed Portfolio	2,771,842	
Market Valuation - Investment	2,909	
Accounts Receivable	176	
Interest Receivable	99,944	
Prepaid Expenses	24,319	
Prepaid Insurance	492,471	
TOTAL CURRENT ASSETS		8,366,850
NONCURRENT ASSETS		
Investments - Managed Portfolio (Net of Rate Stabilization Fund)	20,845,092	
Market Valuation - Investment	3,428	
TOTAL OTHER ASSETS		20,848,521
TOTAL ASSETS		**$ 29,215,371**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 3,113	
Deferred Revenue	1,617,683	
Equity Payable to Withdrawing Member	14,523	
Reserve for Claims	4,200,000	
TOTAL CURRENT LIABILITIES		5,835,319
NONCURRENT LIABILITIES		
Equity Payable to Withdrawing Member - Long Term Portion	7,262	
Reserve for Claims	1,553,730	
Reserve for IBNR	11,231,671	
TOTAL NONCURRENT LIABILITIES		12,792,663
TOTAL LIABILITIES		**18,627,982**
NET ASSETS		
Unrestricted Net Assets - Prior Years	8,128,642	
Net Assets - Current Year	2,458,746	
TOTAL NET ASSETS		**10,587,389**
TOTAL LIABILITIES AND NET ASSETS		**$ 29,215,371**

California Affiliated Risk Management Authorities

~ INCOME STATEMENT ~

For the Quarter Ended March 31, 2011

(Unaudited)

	Actual	Budget	% Used	$ Variance
OPERATING REVENUES				
Deposit Premium	$ 4,853,049	$ 6,470,731	75%	$ 1,617,682
Investment Income	192,910	0		(192,910)
Misc Income	209	0		(209)
TOTAL OPERATING REVENUES	$ 5,046,168	6,470,731	78%	1,424,563
OPERATING EXPENSES				
Direct Expenses				
Claims Paid	$ 3,495,639	4,051,081 *	19%	3,270,729
Incr/(Decr) in Reserves	(2,715,287)			
Subtotal Claims Expense	780,352	4,051,081	19%	3,270,729
Reinsurance	1,066,219	1,421,625	75%	355,406
Excess Insurance	410,419	547,225	75%	136,806
Subtotal All Direct Expenses	2,256,989	6,019,931	37%	3,762,942
General & Administrative Expenses				
Program Management	216,750	289,000	75%	72,250
Membership Dues	1,125	1,800	62%	675
Financial Audit	8,100	7,800	104%	(300)
Claims Audit	29,900	29,900	100%	0
Actuarial Services	0	7,800	0%	7,800
Legal Services	43,893	60,000	73%	16,107
Marketing, Consultants and Website	450	5,000	9%	4,550
Board Meetings	954	2,000	48%	1,046
Annual Retreat	7,113	15,000	47%	7,887
Fidelity Bond	775	1,000	77%	225
Accreditation	1,500	1,500	100%	0
Investment Management Fees	19,747	20,000	99%	253
Bank Fees	127	0		(127)
Contingency	0	10,000	0%	10,000
Subtotal General & Admin Expenses	330,433	450,800	73%	120,367
Member Equity Distribution	0	0		0
TOTAL OPERATING EXPENSES	2,587,422	6,470,731	40%	3,883,309
CHANGE IN NET ASSETS	**$ 2,458,746**	0		

* 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 March 31, 2011

(Unaudited)

Assets:	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Total
Cash, L.A.I.F. & Investments	208,824	137,362	1,577,751	1,289,124	113,985	300,278	1,375,515	3,018,991	(2,613,496)	3,002,351	3,603,515	4,838,274	3,507,533	4,141,462	4,085,561	28,587,023
Market Valuation-LAIF & Investments	.														11,437	11,437
Prepaid Expenses															516,790	516,790
Interest Receivable															99,944	99,944
Accounts Receivable															176	176
Total Assets	**208,824**	**137,362**	**1,577,751**	**1,289,124**	**113,985**	**300,278**	**1,375,515**	**3,018,991**	**(2,613,496)**	**3,002,351**	**3,603,515**	**4,838,274**	**3,507,533**	**4,141,462**	**4,713,909**	**29,215,371** *
Liabilities:																
Accounts Payable															3,113	3,113
Deferred Revenue															1,617,683	1,617,683
Return of Equity																0
Equity Payable															21,785	21,785
Reserve for Claims (1)	0	0	0	0	0	0	216,675	552,948	0	3,976,488	830,219	0	0	177,400	0	5,753,730
Reserve for IBNR (2)	(0)	0	(0)	0	(0)	19,588	78,193	240,166	342,601	1,411,350	1,065,456	1,578,411	2,153,244	2,389,237	1,953,427	11,231,671
Total Liabilities	(0)	0	(0)	0	(0)	19,588	294,868	793,114	342,601	5,387,838	1,895,675	1,578,411	2,153,244	2,566,637	3,596,008	18,627,982
Retained Earnings:																
Reserve for Adverse Development (3)	0	0	0	0	0	0	0	0	0	676,145	850,972	1,053,253	1,278,061	1,551,034	1,191,591	6,601,055
Contingency Funds (4)	208,825	137,362	1,577,751	1,289,124	113,985	280,689	1,080,647	2,225,877	(2,956,098)	(3,061,632)	856,868	2,206,610	76,228	23,791	(73,690)	3,986,337
Total Retained Earnings	208,825	137,362	1,577,751	1,289,124	113,985	280,689	1,080,647	2,225,877	(2,956,098)	(2,385,488)	1,707,840	3,259,863	1,354,289	1,574,825	1,117,901	10,587,389
Total Liabilities and Retained Earnings	**208,824**	**137,362**	**1,577,751**	**1,289,124**	**113,985**	**300,278**	**1,375,515**	**3,018,991**	**(2,613,496)**	**3,002,351**	**3,603,515**	**4,838,274**	**3,507,533**	**4,141,462**	**4,713,909**	**29,215,371**

** Total Assets do not include Rate Stablization Funds of $89,354 at March 31, 2011*

NOTE: CARMA's first three program years 1993/1994 - 1995/1996 are now closed and no longer appear on the financial statements.

1) Reserve for claims has been discounted from the loss run balance of $6,225,168 by $471,438 as calculated utilizing the discount factors prepared by Bay Actuarial Consultants.
2) IBNR has been established at the discounted expected confidence level as calculated by Bay Actuarial Consultants.
3) This line represents the additional reserves needed to fund up to the 80% confidence level.
4) Provided there are sufficient contingency funds available for each program year and the JPA overall is funded at the 70% confidence level, this amount would be available for possible refund to members.

California Affiliated Risk Management Authorities

~ Income Statement ~

For the Quarter Ended March 31, 2011

(Unaudited)

Revenue:	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Total
Deposit Premiums															4,853,049	4,853,049
Interest Income	1,321	869	9,981	8,155	721	1,900	8,702	19,341	(16,534)	23,477	24,623	30,648	27,149	27,415	5,393	173,163 *
Misc Income															209	209
Total Revenue	1,321	869	9,981	8,155	721	1,900	8,702	19,341	(16,534)	23,477	24,623	30,648	27,149	27,415	4,858,651	5,026,421
Direct Expenses:																
Claims Paid	0	0	0	0	0	0	0	44,946	0	773,678	388,538	10,848	2,277,629	0	0	3,495,639
Incr./(Decr.) in Reserves	(0)	(71,785)	(0)	0	(18,159)	(19,291)	6,486	59,354	(238,650)	(1,225,274)	207,333	233,538	(3,630,401)	28,137	1,953,427	(2,715,287)
Incr/(Decr) in Rate Stab Due Member																0
Dividend/Assessment/Equity Distribution																0
Reinsurance / Excess															1,476,637	1,476,637
Total Direct Expenses	(0)	(71,785)	(0)	0	(18,159)	(19,291)	6,486	104,300	(238,650)	(451,596)	595,871	244,386	(1,352,771)	28,137	3,430,065	2,256,989
Indirect Expenses:																
General Management															216,750	216,750
Membership Dues															1,125	1,125
Financial Audit															8,100	8,100
Claims Audit															29,900	29,900
Actuarial Services															0	0
Legal Services**															43,893	43,893
Marketing/Consultants/Website															450	450
Board Meetings															954	954
Annual Retreat															7,113	7,113
Fidelity Bond															775	775
Accreditation Fees															1,500	1,500
Bank Fees															127	127
Contingency															0	0
Total Indirect Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	310,686	310,686
Net Income/(Loss)	1,321	72,654	9,981	8,155	18,880	21,190	2,216	(84,959)	222,116	475,073	(571,247)	(213,738)	1,379,920	(721)	1,117,901	2,458,746

** Net of Investment Management Fees and Rate Stabilization Funds interest*

** Includes services for general counsel and coverage matters.

NOTE: CARMA's first three program years 1993/1994 - 1995/1996 are now closed and no longer appear on the financial statements.

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California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of March 31, 2011

Program Year	Member	**"Expected"** Fund Balance	IBNR at 70% Conf. Level	**"70% Conf."** Fund Balance	IBNR at 80% Conf. Level	**"80% Conf."** Fund Balance
1996/97:	BCJPIA	112,685	0	112,685	0	112,685
	PERMA	52,685 *	0	52,685	0	52,685
	PARSAC	47,363	0	47,363	0	47,363
	VCJPA	(3,909)	0	(3,909)	0	(3,909)
	Total	208,824	0	208,824	0	208,824
1997/98:	BCJPIA	63,000	0	63,000	0	63,000
	PERMA	(51,938) *	0	(51,938)	0	(51,938)
	PARSAC	135,963	0	135,963	0	135,963
	VCJPA	(9,664)	0	(9,664)	0	(9,664)
	Total	137,362	0	137,362	0	137,362
1998/99:	BCJPIA	797,525	0	797,525	0	797,525
	PARSAC	661,746	0	661,746	0	661,746
	VCJPA	118,481	0	118,481	0	118,481
	PERMA	0	0	0	0	0
	Total	1,577,751	0	1,577,751	0	1,577,751
1999/2000:	BCJPIA	700,834	0	700,834	0	700,836
	PARSAC	486,755	0	486,755	0	486,755
	VCJPA	101,536	0	101,536	0	101,536
	PERMA	0	0	0	0	0
	Total	1,289,124	0	1,289,124	0	1,289,124
2000/2001:	BCJPIA	28,011	0	28,011	0	28,011
	CSJVRMA	(7,806)	0	(7,806)	0	(7,806)
	MPA	37,654	0	37,654	0	37,654
	PARSAC	69,121	0	69,121	0	69,121
	VCJPA	(12,995)	0	(12,995)	0	(12,995)
	PERMA	0	0	0	0	0
	Total	113,985	0	113,985	0	113,985
2001/2002:	BCJPIA	88,764	0	88,764	0	88,764
	CSJVRMA	61,224	0	61,224	0	61,224
	MPA	63,314	0	63,314	0	63,314
	PARSAC	55,972	0	55,972	0	55,972
	VCJPA	11,416	0	11,416	0	11,416
	PERMA	0	0	0	0	0
	Total	280,689	0	280,689	0	280,689

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of March 31, 2011

Program Year	Member	"Expected" Fund Balance	IBNR at 70% Conf. Level	"70% Conf." Fund Balance	IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2002/2003:	BCJPIA	279,741	0	279,741	0	279,741
	CSJVRMA	244,774	0	244,774	0	244,774
	MPA	319,015	0	319,015	0	319,015
	PARSAC	197,075	0	197,075	0	197,075
	VCJPA	40,042	0	40,042	0	40,042
	PERMA	0	0	0	0	0
	Total	1,080,647	0	1,080,647	0	1,080,647
2003/2004	BCJPIA	599,081	0	599,081	0	599,081
	CSJVRMA	575,792	0	575,792	0	575,792
	MBASIA	66,606	0	66,606	0	66,606
	MPA	527,089	0	527,089	0	527,089
	PARSAC	380,082	0	380,082	0	380,082
	VCJPA	77,228	0	77,228	0	77,228
	Total	2,225,877	0	2,225,877	0	2,225,877
2004/2005	BCJPIA	(783,557)	0	(783,557)	0	(783,557)
	CSJVRMA	(726,790)	0	(726,790)	0	(726,790)
	MBASIA	(146,235)	0	(146,235)	0	(146,235)
	MPA	(749,005)	0	(749,005)	0	(749,005)
	PARSAC	(466,846)	0	(466,846)	0	(466,846)
	VCJPA	(83,664)	0	(83,664)	0	(83,664)
	Total	(2,956,098)	0	(2,956,098)	0	(2,956,098)
2005/2006	BCJPIA	(591,966)	(11,985)	(603,951)	(167,787)	(759,752)
	CSJVRMA	(576,104)	(11,664)	(587,768)	(163,291)	(739,396)
	MBASIA	(90,931)	(1,841)	(92,772)	(25,774)	(116,705)
	MPA	(622,320)	(12,599)	(634,919)	(176,391)	(798,711)
	PARSAC	(413,205)	(8,366)	(421,571)	(117,119)	(530,325)
	VCJPA	(90,961)	(1,842)	(92,803)	(25,782)	(116,743)
	Total	(2,385,488)	(48,296) *	(2,433,783)	(676,145) *	(3,061,632)
2006/2007	BCJPIA	393,376	(36,001)	357,374	(196,009)	197,366
	CSJVRMA	493,983	(45,209)	448,774	(246,139)	247,845
	MBASIA	60,654	(5,551)	55,103	(30,222)	30,431
	MPA	394,264	(36,083)	358,181	(196,451)	197,812
	PARSAC	291,352	(26,664)	264,688	(145,173)	146,179
	VCJPA	74,212	(6,792)	67,420	(36,978)	37,234
	Total	1,707,840	(156,300)	1,551,540	(850,972)	856,868

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of March 31, 2011

Program Year	Member	"Expected" Fund Balance	IBNR at 70% Conf. Level	"70% Conf." Fund Balance	IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2007/2008	BCJPIA	706,969	(63,450)	643,519	(228,420)	478,549
	CSJVRMA	932,144	(83,659)	848,485	(301,173)	630,971
	MBASIA	107,922	(9,686)	98,236	(34,869)	73,052
	MPA	771,353	(69,228)	702,125	(249,222)	522,131
	PARSAC	607,642	(54,535)	553,106	(196,327)	411,314
	VCJPA	133,833	(12,011)	121,822	(43,241)	90,592
	Total	3,259,863	(292,570)	2,967,292	(1,053,253)	2,206,610
2008/2009	BCJPIA	293,211	(96,246)	196,965	(276,707)	16,504
	CSJVRMA	365,890	(120,103)	245,787	(345,296)	20,595
	MBASIA	45,436	(14,914)	30,521	(42,878)	2,557
	MPA	322,859	(105,978)	216,881	(304,686)	18,173
	PARSAC	275,341	(90,380)	184,961	(259,843)	15,498
	VCJPA	51,552	(16,922)	34,630	(48,651)	2,902
	Total	1,354,289	(444,543)	909,746	(1,278,061)	76,228
2009/2010	BCJPIA	554,483	(202,588)	351,895	(546,106)	8,376
	CSJVRMA	518,432	(189,416)	329,016	(510,600)	7,832
	MBASIA	68,052	(24,864)	43,188	(67,024)	1,028
	MPA	378,647	(138,344)	240,303	(372,927)	5,720
	VCJPA	55,211	(20,172)	35,039	(54,377)	834
	PARSAC	0	0	0	0	0
	Total	1,574,825	(575,384)	999,442	(1,551,034)	23,791
2010/2011	BCJPIA	418,570	(160,911)	257,658	(446,163)	(27,593)
	CSJVRMA	312,323	(120,066)	192,257	(332,911)	(20,588)
	MBASIA	45,150	(17,357)	27,793	(48,126)	(2,976)
	MPA	300,718	(115,605)	185,113	(320,540)	(19,823)
	VCJPA	41,138	(15,815)	25,323	(43,850)	(2,712)
	PARSAC	0	0	0	0	0
	Total	1,117,899	(429,754)	688,145	(1,191,591)	(73,692)
Total:	**BCJPIA**	**3,660,725**	**(571,181)**	**3,089,544**	**(1,861,192)**	**1,799,536**
	CSJVRMA	**2,193,864**	**(570,118)**	**1,623,746**	**(1,899,411)**	**294,453**
	MBASIA	**156,652**	**(74,213)**	**82,439**	**(248,893)**	**(92,241)**
	MPA	**1,743,588**	**(477,837)**	**1,265,751**	**(1,620,218)**	**123,370**
	PARSAC	**2,328,359**	**(179,946)**	**2,148,414**	**(718,463)**	**1,609,896**
	VCJPA	**503,454**	**(73,553)**	**429,901**	**(252,878)**	**250,577**
	PERMA *	**747**	**0**	**747**	**0**	**747**
Total Equity		**10,587,389**	**(1,946,849)**	**8,640,542**	**(6,601,055)**	**3,986,337**

* *Return of Equity to PERMA as of 6/30/06 at 80% Confidence Level; Negative equity represents continuing adverse development*

Note: *Dividends returned to BCJPIA, VCJPA and PARSAC for program years 1993/94; 1994/95; and 1995/96 as of 9/30/06. These three program years are now closed, and no longer appear on the financial statements.*

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of March 31, 2011

1996/97 Program Year

Member	Deposit Premium	Re-allocated Reserve	6/30/02 (Dividend) Assessment	Equity Distributions	Interest Earned	Admin. Expenses	Excess Insurance	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance
BCJPIA	814,332	172,156	98,684		140,274	(53,260)	(248,761)	(810,738)	0	**112,685**	0	**112,685**	0	**112,685**
PERMA	527,407	159,765	63,268	(67,919) *	90,849	(34,494)	(161,111)	(525,080)	0	**52,685** *	0	**52,685**	0	**52,685**
PARSAC	657,924	110,641	137,114	(72,615) **	113,331	(43,031)	(200,981)	(655,021)	0	**47,363**	0	**47,363**	0	**47,363**
VCJPA	116,305	0	18,679		20,034	(7,607)	(35,529)	(115,792)	0	**(3,909)**	0	**(3,909)**	0	**(3,909)**
Total	2,115,968	442,562	317,745	(140,534)	364,488	(138,392)	(646,382)	(2,106,630)	0	**208,824**	0	**208,824**	0	**208,824**
		9/30/01					(3mil ~ 10mil)							

* *Dividend - 6/30/06*

** *Deduction payable to Future Admin Costs - 6/30/09*

Re-allocated Reserve: Allocated to members by equity percentage of 1993/94 program year as of 12/31/00.

1997/98 Program Year

Member	Deposit Premium		6/30/02 (Dividend) Assessment	Dividend (Return of Equity) 6/30/06	Interest Earned	Admin. Expenses	Reinsurance	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance
BCJPIA	636,940		262,014		216,006	(63,940)	(236,472)	(751,547)	(0)	**63,000**	0	**63,000**	0	**63,000**
PERMA	316,590		166,056	(119,075)	107,366	(31,781)	(117,538)	(373,555)	(0)	**(51,938)** *	0	**(51,938)**	0 *	**(51,938)**
PARSAC	609,421		326,378		206,674	(61,177)	(226,256)	(719,076)	(0)	**135,963**	0	**135,963**	0	**135,963**
VCJPA	100,424		21,714		34,057	(10,081)	(37,284)	(118,494)	(0)	**(9,664)**	0	**(9,664)**	0	**(9,664)**
Total	1,663,375		776,162	(119,075)	564,102	(166,980)	(617,550)	(1,962,672)	(0)	**137,362**	0	**137,362**	0	**137,362**
							(3mil ~ 10mil)							

1998/99 Program Year

Member	Deposit Premium				Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance
BCJPIA	793,751				316,339	(75,516)	(235,715)	(1,335)	0	**797,525**	0	**797,525**	0	**797,525**
PARSAC	658,615				262,483	(62,659)	(195,585)	(1,108)	0	**661,746**	0	**661,746**	0	**661,746**
VCJPA	117,920				46,995	(11,219)	(35,018)	(198)	0	**118,481**	0	**118,481**	0	**118,481**
PERMA*	42,666				n/a	(42,666)	n/a	n/a	n/a	**0**	n/a	**0**	n/a	**0**
Total	1,612,952				625,817	(192,060)	(466,318)	(2,641)	0	**1,577,751**	0	**1,577,751**	0	**1,577,751**
	1,570,286					(149,394)	(3mil ~ 10mil)							

Effective 7/1/98, Public Entity Risk Management Authority (PERMA) has withdrawn from membership.
They contributed towards administration expenses only through 2002/03..

* Return of Equity to PERMA as of 6/30/06 at Expected Confidence Level: 1993/94 - 1996/97

* Return of Equity to PERMA as of 6/30/06 at 80% Confidence Level - 1997/98

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of March 31, 2011

1999/2000 Program Year

Member	Deposit Premium		Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	**"Expected" Fund Balance**	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
BCJPIA	752,117		245,671	(71,466)	(225,491)	0	0	**700,834**	0	**700,834**	0	**700,834**
PARSAC	522,375		170,628	(49,636)	(156,612)	0	0	**486,755**	0	**486,755**	0	**486,755**
VCJPA	108,966		35,593	(10,354)	(32,669)	0	0	**101,536**	0	**101,536**	0	**101,536**
PERMA*	38,687		n/a	(38,687)	n/a	n/a	n/a	**0**	n/a	**0**	n/a	**0**
Total	1,422,145		451,891	(170,143)	(414,772)	0	0	**1,289,124**	0	**1,289,124**	0	**1,289,124**
	1,383,458			(131,456)	(3mil ~ 10mil)							

2000/2001 Program Year

Member	Premium	Assessment 6/30/08	Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	**"Expected" Fund Balance**	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
BCJPIA	794,604	275,982	46,000	(76,549)	(275,640)	(736,389)	0	**28,011**	0	**28,011**	0	**28,011**
CSJVRMA	575,048	171,651	33,290	(55,398)	(199,478)	(532,919)	0	**(7,806)**	0	**(7,806)**	0	**(7,806)**
MPA	664,940	245,164	38,494	(64,058)	(230,661)	(616,225)	0	**37,654**	0	**37,654**	0	**37,654**
PARSAC	529,800	234,457	30,671	(51,039)	(183,782)	(490,986)	0	**69,121**	0	**69,121**	0	**69,121**
VCJPA	113,388	22,390	6,564	(10,923)	(39,333)	(105,081)	0	**(12,995)**	0	**(12,995)**	0	**(12,995)**
PERMA*	29,372	0	n/a	(29,372)	n/a	n/a	n/a	**0**	n/a	**0**	n/a	**0**
Total	2,707,152	949,644	155,019	(287,339)	(928,895)	(2,481,600)	0	**113,985**	**0**	**113,985**	**0**	**113,985**
	2,677,780			(257,967)	(3mil ~ 10mil)							

2001/2002 Program Year

Member	Premium		Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	**"Expected" Fund Balance**	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
BCJPIA	905,484		37,381	(83,518)	(292,866)	(471,519)	(6,195)	**88,764**	0	**88,764**	0	**88,764**
CSJVRMA	624,524		25,782	(57,603)	(201,993)	(325,213)	(4,273)	**61,224**	0	**61,224**	0	**61,224**
MPA	645,844		26,662	(59,570)	(208,889)	(336,315)	(4,418)	**63,314**	0	**63,314**	0	**63,314**
PARSAC	570,948		23,570	(52,662)	(184,665)	(297,314)	(3,906)	**55,972**	0	**55,972**	0	**55,972**
VCJPA	116,448		4,807	(10,741)	(37,663)	(60,639)	(797)	**11,416**	0	**11,416**	0	**11,416**
PERMA*	20,749		n/a	(20,749)	n/a	n/a	n/a	**0**	n/a	**0**	n/a	**0**
Total	2,883,997		118,202	(284,842)	(926,077)	(1,491,000)	(19,588)	**280,689**	0	**280,689**	0	**280,689**
	2,863,248			(264,093)	(3mil ~ 10mil)							

Effective 7/1/98, Public Entity Risk Management Authority (PERMA) has withdrawn from membership.
They contributed towards administration expenses only through 2002/03..

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California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of March 31, 2011

2002/2003 Program Year

Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	**"Expected" Fund Balance**	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
BCJPIA	954,516	106,282	(64,410)	(355,014)	(341,388)	(20,242)	**279,741**	0	**279,741**	0	**279,741**
CSJVRMA	835,195	92,996	(56,359)	(310,635)	(298,712)	(17,711)	**244,774**	0	**244,774**	0	**244,774**
MPA	1,088,511	121,202	(73,452)	(404,851)	(389,312)	(23,083)	**319,015**	0	**319,015**	0	**319,015**
PARSAC	672,441	74,874	(45,376)	(250,102)	(240,502)	(14,260)	**197,075**	0	**197,075**	0	**197,075**
VCJPA	136,626	15,213	(9,219)	(50,815)	(48,865)	(2,897)	**40,042**	0	**40,042**	0	**40,042**
PERMA*	10,569	n/a	(10,569)	0	n/a	0	**0**	n/a	**0**	n/a	**0**
Total	3,697,858	410,567	(259,386)	(1,371,418)	(1,318,778)	(78,193)	**1,080,647**	0	**1,080,647**	0	**1,080,647**
	3,687,289		(248,817)	(3mil ~ 10mil)							

2003/2004 Program Year

Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	**"Expected" Fund Balance**	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
BCJPIA	1,263,251	203,750	(71,345)	(445,548)	(286,389)	(64,639)	**599,081**	0	**599,081**	0	**599,081**
CSJVRMA	1,214,146	195,830	(68,572)	(428,229)	(275,257)	(62,126)	**575,792**	0	**575,792**	0	**575,792**
MBAIF	140,449	22,653	(7,932)	(49,536)	(31,841)	(7,187)	**66,606**	0	**66,606**	0	**66,606**
MPA	1,111,447	179,265	(62,772)	(392,007)	(251,974)	(56,871)	**527,089**	0	**527,089**	0	**527,089**
PARSAC	801,461	129,268	(45,264)	(282,675)	(181,698)	(41,010)	**380,082**	0	**380,082**	0	**380,082**
VCJPA	162,847	26,266	(9,197)	(57,436)	(36,919)	(8,333)	**77,228**	0	**77,228**	0	**77,228**
Total	4,693,601	757,031	(265,082)	(1,655,431)	(1,064,077)	(240,166)	**2,225,877**	0	**2,225,877**	0	**2,225,877**
				(4mil ~ 10mil)							

2004/2005 Program Year

Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	**"Expected" Fund Balance**	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
BCJPIA	1,583,927	119,902	(80,481)	(501,646)	(1,814,448)	(90,811)	**(783,557)**	0	**(783,557)**	0	**(783,557)**
CSJVRMA	1,469,177	111,216	(74,650)	(465,303)	(1,682,997)	(84,232)	**(726,790)**	0	**(726,790)**	0	**(726,790)**
MBAIF	295,609	22,377	(15,020)	(93,622)	(338,631)	(16,948)	**(146,235)**	0	**(146,235)**	0	**(146,235)**
MPA	1,514,082	114,615	(76,932)	(479,525)	(1,734,438)	(86,807)	**(749,005)**	0	**(749,005)**	0	**(749,005)**
PARSAC	943,711	71,438	(47,951)	(298,883)	(1,081,056)	(54,106)	**(466,846)**	0	**(466,846)**	0	**(466,846)**
VCJPA	169,123	12,802	(8,593)	(53,563)	(193,737)	(9,696)	**(83,664)**	0	**(83,664)**	0	**(83,664)**
Total	5,975,629	452,351	(303,627)	(1,892,542)	(6,845,307)	(342,601)	**(2,956,098)**	0	**(2,956,098)**	0	**(2,956,098)**
				(4mil ~ 10mil)							

Effective 7/1/98, Public Entity Risk Management Authority (PERMA) has withdrawn from membership.
They contributed towards administration expenses only through 2002/03..

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California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of March 31, 2011

2005/2006 Program Year

Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance / Excess Ins	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance
BCJPIA	1,576,921	201,339	(72,146)	(593,393)	(1,354,456)	(350,231)	**(591,966)**	(11,985)	**(603,951)**	(167,787)	**(759,752)**
CSJVRMA	1,534,667	195,944	(70,213)	(577,493)	(1,318,163)	(340,846)	**(576,104)**	(11,664)	**(587,768)**	(163,291)	**(739,396)**
MBAIF	242,229	30,927	(11,082)	(91,150)	(208,056)	(53,799)	**(90,931)**	(1,841)	**(92,772)**	(25,774)	**(116,705)**
MPA	1,657,780	211,662	(75,845)	(623,820)	(1,423,908)	(368,189)	**(622,320)**	(12,599)	**(634,919)**	(176,391)	**(798,711)**
PARSAC	1,100,726	140,539	(50,359)	(414,201)	(945,441)	(244,469)	**(413,205)**	(8,366)	**(421,571)**	(117,119)	**(530,325)**
VCJPA	242,309	30,938	(11,086)	(91,180)	(208,125)	(53,816)	**(90,961)**	(1,842)	**(92,803)**	(25,782)	**(116,743)**
Total	6,354,632	811,348	(290,731)	(2,391,237)	(5,458,150)	(1,411,350) *	**(2,385,488)**	(48,296) *	**(2,433,783)**	(676,145) *	**(3,061,632)**
				(5mil ~ 20mil)							

2006/2007 Program Year

Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance / Excess Ins	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance
BCJPIA	1,498,514	157,400	(76,121)	(560,110)	(380,895)	(245,412)	**393,376**	(36,001)	**357,374**	(196,009)	**197,365**
CSJVRMA	1,881,767	197,656	(95,590)	(703,361)	(478,311)	(308,177)	**493,983**	(45,209)	**448,774**	(246,139)	**247,845**
MBAIF	231,052	24,269	(11,737)	(86,362)	(58,729)	(37,839)	**60,654**	(5,551)	**55,103**	(30,222)	**30,431**
MPA	1,501,897	157,755	(76,293)	(561,374)	(381,755)	(245,966)	**394,264**	(36,083)	**358,181**	(196,451)	**197,812**
PARSAC	1,109,870	116,578	(56,379)	(414,843)	(282,109)	(181,764)	**291,352**	(26,664)	**264,688**	(145,173)	**146,179**
VCJPA	282,700	29,694	(14,361)	(105,667)	(71,857)	(46,298)	**74,212**	(6,792)	**67,420**	(36,978)	**37,234**
Total	6,505,800	683,351	(330,481)	(2,431,716)	(1,653,658)	(1,065,456)	**1,707,840**	(156,300)	**1,551,540**	(850,972)	**856,868**
				(5mil ~ 20mil)							

2007/2008 Program Year

Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance / Excess Ins	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance
BCJPIA	1,617,841	118,211	(77,830)	(401,565)	(207,377)	(342,311)	**706,969**	(63,450)	**643,519**	(228,420)	**478,549**
CSJVRMA	2,133,137	155,862	(102,619)	(529,467)	(273,428)	(451,340)	**932,144**	(83,659)	**848,485**	(301,173)	**630,971**
MBAIF	246,970	18,045	(11,881)	(61,301)	(31,657)	(52,255)	**107,922**	(9,686)	**98,236**	(34,869)	**73,052**
MPA	1,765,180	128,976	(84,918)	(438,136)	(226,263)	(373,486)	**771,353**	(69,228)	**702,125**	(249,222)	**522,131**
PARSAC	1,390,539	101,602	(66,895)	(345,146)	(178,241)	(294,217)	**607,642**	(54,535)	**553,106**	(196,327)	**411,314**
VCJPA	306,267	22,378	(14,734)	(76,019)	(39,258)	(64,802)	**133,833**	(12,011)	**121,822**	(43,241)	**90,592**
Total	7,459,934	545,074	(358,877)	(1,851,634)	(956,223)	(1,578,411)	**3,259,863**	(292,570)	**2,967,292**	(1,053,253)	**2,206,610**
				(5mil ~ 25mil)							

* Return of Equity to PERMA as of 6/30/06 at Expected Confidence Level: 1993/94 - 1996/97

* Return of Equity to PERMA as of 6/30/06 at 80% Confidence Level - 1997/98

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of March 31, 2011

2008/2009 Program Year

Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance / Excess Ins	Incurred Losses	IBNR	**"Expected" Fund Balance**	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
BCJPIA	1,777,509	57,060	(75,306)	(506,744)	(493,119)	(466,189)	**293,211**	(96,246)	**196,965**	(276,707)	**16,503**
CSJVRMA	2,218,108	71,204	(93,972)	(632,353)	(615,351)	(581,745)	**365,890**	(120,103)	**245,787**	(345,296)	**20,595**
MBASIA	275,441	8,842	(11,669)	(78,525)	(76,413)	(72,240)	**45,436**	(14,914)	**30,521**	(42,878)	**2,557**
MPA	1,957,242	62,830	(82,920)	(557,984)	(542,981)	(513,328)	**322,859**	(105,978)	**216,881**	(304,686)	**18,173**
PARSAC	1,669,177	53,583	(70,716)	(475,860)	(463,065)	(437,777)	**275,341**	(90,380)	**184,961**	(259,843)	**15,498**
VCJPA	312,521	10,032	(13,240)	(89,096)	(86,700)	(81,965)	**51,552**	(16,922)	**34,630**	(48,651)	**2,902**
Total	8,209,998	263,551	(347,824)	(2,340,563)	(2,277,629)	(2,153,244)	**1,354,289**	(444,543)	**909,747**	(1,278,061)	**76,228**
				(4mil ~ 29mil)							

2009/2010 Program Year

Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance / Excess Ins	Incurred Losses	IBNR	**"Expected" Fund Balance**	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
BCJPIA	2,262,791	29,121	(137,506)	(696,232)	(62,461)	(841,231)	**554,483**	(202,588)	**351,895**	(546,106)	**8,376**
CSJVRMA	2,115,672	27,228	(128,566)	(650,965)	(58,400)	(786,537)	**518,432**	(189,416)	**329,016**	(510,600)	**7,832**
MBASIA	277,713	3,574	(16,876)	(85,449)	(7,666)	(103,244)	**68,052**	(24,864)	**43,188**	(67,024)	**1,028**
MPA	1,545,223	19,886	(93,900)	(475,445)	(42,654)	(574,463)	**378,647**	(138,344)	**240,303**	(372,927)	**5,720**
VCJPA	225,309	2,900	(13,692)	(69,325)	(6,219)	(83,762)	**55,211**	(20,172)	**35,039**	(54,377)	**834**
PARSAC*	29,046		(29,046)	0	0	0	**0**	0	**0**	0	**0**
Total	6,455,754	82,709	(419,586)	(1,977,415)	(177,400)	(2,389,237)	**1,574,825**	(575,384)	**999,443**	(1,551,034)	**23,791**
	6,426,708		(390,540)	(4mil ~ 29mil)							

2010/2011 Program Year

Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance / Excess Ins	Incurred Losses	IBNR	**"Expected" Fund Balance**	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
BCJPIA	1,810,993	2,019	(110,133)	(552,892)	0	(731,415)	**418,570**	(160,911)	**257,658**	(446,163)	**(27,591)**
CSJVRMA	1,351,299	1,507	(82,177)	(412,549)	0	(545,756)	**312,323**	(120,066)	**192,257**	(332,911)	**(20,588)**
MBASIA	195,346	218	(11,880)	(59,639)	0	(78,895)	**45,150**	(17,357)	**27,793**	(48,126)	**(2,976)**
MPA	1,301,086	1,451	(79,124)	(397,219)	0	(525,476)	**300,718**	(115,605)	**185,113**	(320,540)	**(19,823)**
VCJPA	177,987	198	(10,824)	(54,339)	0	(71,885)	**41,138**	(15,815)	**25,323**	(43,850)	**(2,712)**
PARSAC*	16,339		(16,339)	0	0	0	**0**	0	**0**	0	**0**
Total	4,853,049	5,393	(310,477)	(1,476,637)	0	(1,953,427)	**1,117,899**	(429,754)	**688,146**	(1,191,591)	**(73,692)**
	4,836,710		(294,138)	(4mil ~ 29mil)							

PARSAC* Beginning in the 2009/2010 program year, PARSAC is no longer in the program and will pay a pro-rata share of admin costs through the 2012/2013 program year.

	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	**"70% Conf." Fund Balance**	80% Conf. Contingency IBNR Reserves	**"80% Conf." Fund Balance**
TOTAL ALL YEARS	10,587,389	(1,946,848)	8,640,546	(6,601,055)	3,986,337

NOTE: ***CARMA's first three program years 1993/1994 - 1995/1996 are now closed and no longer appear on the financial statements.***

California Affiliated Risk Management Authorities

~ Rate Stabilization Fund ~

As of March 31, 2011

Member	Original Balance @ 7/1/2002	Cumulative Interest 2002/2003 - 2005/2006	2006/2007 Interest as of 9/30/06	2006/2007 Member Contribution / Withdrawal 9/30/06 & 3/31/07 *	2006/2007 Interest from 10/1/06 - 06/30/07	2007/2008 YE Interest as of 6/30/08	2007/2008 Member Withdrawal June 2008	2007/2008 *Member Billing 6/30/08***	2008/2009 YE Interest as of 06/30/09	2009/2010 YE Interest as of 06/30/10	2010/2011 YE Interest as of 3/31/11	Balance @ 3/31/11
BCJPIA	380,979	33,811	7,692	445,979 *	31,721	63,690	(970,226)	6,354	0	0		**(0)**
PARSAC	201,011	17,839	4,058	(222,909)	0				0	0		**(0)**
VCJPA	28,165	2,500	569	63,251	3,481	6,989	(22,390)		4,130	2,095	565	**89,354**
CSJVRMA	0	0		0	0	0	0		0	0		**0**
MBASIA	0	0		0	0	0	0		0	0		**0**
MPA	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	4,130	2,095	565	**89,354**

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**

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

(CARMA)

BYLAWS

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES (CARMA)

BYLAWS

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BYLAWS

ARTICLE I

DEFINITIONS

The term in these Bylaws shall be as defined herein and in the *Agreement* creating the California Affiliated Risk Management Authorities, unless otherwise specified herein.

A. *"Agreement"* shall mean the Joint Powers Agreement Creating the California Affiliated Risk Management Authorities.

B. *"Alternate"* shall mean the person designated by the *Member* to act as a director of *CARMA* in the absence of the *Representative*. The *Alternate* should have the same responsibility, power and authority as the *Representative*.

C. *"CARMA"* shall mean the California Affiliated Risk Management Authorities, an agency created by the *Agreement*.

D. *"Board"* or *"Board of Directors"* shall mean the governing body of *CARMA* composed of one *Representative* of each *Member*.

E. *"Coverage Programs"* shall mean coverages provided by *CARMA* pursuant to a *Memorandum of Coverage* and/or provided by a purchased *Coverage Program*. These may include but are not limited to property, workers' compensation, and liability coverages as may be determined by the *Board*.

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F. *"Deposit Premium"* shall mean the annual dollar amount determined by the *Board of Directors* which is payable by each *Member* as its established share of the funding required to cover the financial obligations of a *Coverage Program* in which the *Member* participates.

G. *"Member"* shall mean any organization that is a party to the *Agreement*.

H. *"Memorandum of Coverage"* shall mean a document issued by *CARMA* to *Members* specifying the type, amount and conditions of coverage provided to each participant by *CARMA*.

I. *"Program Year"* shall mean a period of time determined by the *Board*, usually 12 months, into which each *Coverage Program* shall be segregated for purposes of accounting and record-keeping.

J. *"Representative"* shall mean the person designated by the *Member* to act as a director of *CARMA*. The *Representative* shall have the authority to bind the *Member* on any and all matters relating to the business of *CARMA*.

ARTICLE II
OFFICES

The principal office for the transaction of business of *CARMA* and receipt of all notices is hereby fixed and located as described in Appendix A attached hereto and incorporated herein by reference. The *Board* shall have the authority to change the location of the principal office. Other business offices may at any time be established by the *Board* at any place or places where *CARMA* is authorized to do business.

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ARTICLE III
DIRECTORS & OFFICERS

Each *Member* of *CARMA* shall appoint a *Representative* to the *Board of Directors*. The appointment shall be in writing, directed to *CARMA* at its designated principal office and shall remain in effect until the receipt of a notice designating a replacement. Each *Member* shall also designate an *Alternate*, in the manner described above, to act in the absence of its duly appointed *Representative*.

ARTICLE IV
ELECTION, APPOINTMENT AND DUTIES OF OFFICERS

A. ELECTION OF OFFICERS

The President and Vice-President shall be elected, as individuals, from among the *Board of Directors* and serve for a term of one year.

Voting for officers will be conducted at the *Board* meeting immediately preceding July 1. Each Director shall cast one vote for each office. The candidate receiving a plurality of votes for the particular office will be elected and will assume the office upon his/her election. In the event of a tie vote, with no candidate receiving a plurality, those not involved in the tie vote will be eliminated and the remaining candidates will draw lots.

The President and Vice-President will serve for their elected term of office until termination of employment or office with a *Member*; or until removal from office by the affirmative vote of two-thirds of the *Members* of the entire *Board of Directors*. Vacancies in the offices of President or Vice-President will be filled by a majority vote of the remaining Directors until the next scheduled election.

B. APPOINTMENT OF OFFICERS

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The President will appoint a Secretary, Treasurer, and such other officers as deemed appropriate subject to approval of the *Board*.

C. DUTIES OF OFFICERS

1. President - The President will preside at all meetings of *CARMA*. The President shall appoint the members of committees as necessary or appropriate for carrying on the activities of *CARMA*. Committees appointed by the President may hold office beyond the President's term subject to the approval of the new President. The President shall execute documents on behalf of *CARMA* as authorized by the *Board of Directors* and shall serve as the primary liaison between this and any other organization.

2. Vice-President - In the absence of or temporary incapacity of the President, the Vice-President shall exercise the functions covered in "1" above. The Vice-President shall also serve as the auditor/controller of *CARMA*.

3. Secretary - The Secretary shall be present at all meetings of *CARMA* to cause minutes to be kept, to maintain or cause to be maintained all accounting and other financial records of *CARMA*, to file all financial reports of *CARMA*, and to perform such other duties as the *Board* may specify.

4. Treasurer - The duties of the Treasurer shall be those specified in Sections 6505.5 or 6505.6 of the California Government Code, to receive and keep safe all money coming into the treasury, to comply with all laws governing the deposit and investment of funds, and to submit a monthly report (Treasurer's Report) to the *Board* summarizing receipts, disbursements, and fund balances, along with a listing of all investments and other duties as specified by the *Board*.

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ARTICLE V

***BOARD OF DIRECTORS* MEETINGS**

There shall be at least one regular meeting of the *Board of Directors* each year that shall be designated as the annual membership meeting. The President may request special meetings of the *Board* as needs dictate. Special meetings may also be called by at least one-third of the *Board* Members. Notice of such special meetings shall be delivered personally, by electronic facsimile transmission or by mail, as provided by state law to each *Board* member at least twenty-four (24) hours before the time of such meeting.

A regular or special meeting of the *Board* may be cancelled or postponed by the President by notice delivered personally, by electronic facsimile transmission or by mail, as provided by state law to each *Board* member at least twenty-four (24) hours before the time of such meeting. The annual membership meeting may be postponed but not cancelled.

No business may be transacted by the *Board* or other appointed committees without a quorum of its respective *Members* being present. A quorum of the *Board* shall consist of a majority of its *Members*. Unless otherwise required, a majority of the *Members* present must vote in favor of a motion to approve it. The *Board* shall conduct its business in accordance with Roberts Rules of Order.

An agenda of each *Board* meeting shall be published and posted at the principal office of *CARMA* in accordance with applicable state law.

Official minutes of the *Board* meetings shall be kept by *CARMA* in a minute book at its principal office and shall be distributed to the *Members* as soon after the meetings as practicable.

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ARTICLE VI
DUTIES OF DIRECTORS

The *Board of Directors* shall be responsible for governing *CARMA* either directly or by delegation to other bodies or persons unless prohibited by law or the *Agreement* and shall exercise all those powers not specifically reserved to the *Members* in the *Agreement*. Each director shall be entitled to cast one vote in all matters requiring a vote, except in the case of an actual or potential conflict of interest.

ARTICLE VII
ADMINISTRATOR

There will be a *CARMA* Administrator appointed by the *Board*. The Administrator shall be responsible for the day-to-day administration, management, and operation of *CARMA*'s programs of risk management and he/she will be subject to the direction and control of the *Board*. The Administrator may, but need not be, a consultant or an employee of a corporation or *CARMA*.

The Administrator, either personally or through delegation, shall:

1. Monitor the status of *CARMA's* programs and operations, losses, administrative and operational costs, service companies' and brokers' performance and report to the *Board*;

2. Prepare a budget in accordance with Article X;

3. Prepare a report annually that compares each fiscal year's budgeted to actual expenditures;

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4. Engage the services of an independent financial auditor selected by the *Board* and present the findings to the *Board*;

5. Invoice *Members* for *deposit premiums* and other amounts due;

6. Report to the *Board* any invoices not paid and outstanding for more than thirty (30) days;

7. Prepare vouchers, invoices, or other demands for payment for approval of the President and, upon approval, submit the demands to the Treasurer for payment;

8. Maintain detailed financial records of all income, expenses, cash deposits, and withdrawals;

9. Maintain financial records according to generally accepted accounting principles including the Governmental Accounting Standards Board guidelines;

10. Present timely quarterly and annual financial statements to the *Board;*

11. Assist the *Board* in selecting brokers, insurance companies, and claims administrators;

12. Select and supervise *CARMA* employees and agents as authorized by the *Board*;

13. Design and implement new *CARMA Coverage Programs* as directed by the *Board;*

14. Conduct the business of *CARMA* in a manner consistent with the standards set forth by the California Association of Joint Powers Authorities (CAJPA) for their accreditation program; and

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15. Perform whatever functions necessary and within the Administrator's authority to manage the daily activities of *CARMA* and its *Coverage Programs*.

CARMA shall compensate the Administrator or his/her employer for services to *CARMA* in such amount and manner as may be fixed from time-to-time by the *Board*. Details respecting compensation, termination, and other employment related matters pertaining to the Administrator shall be governed by the Bylaws and such terms and conditions as the *Board* shall set forth in a contract or agreement.

ARTICLE VIII
COVERAGE PROGRAMS

CARMA shall establish *Coverage Programs* in such areas as the *Board* may select. The *Board* shall establish the levels of coverage to be offered in each program, determine the financial contributions to be required of participants at each level, and establish procedures for the administration of the programs.

ARTICLE IX
ADOPTION OF NEW *COVERAGE PROGRAMS*

The *Board of Directors* may develop the details of any new *Coverage Program* that will serve to benefit the *Members* in any manner. In the event of such development, the estimated *deposit premium* shall be developed by the Administrator and presented to each *Member* by the Administrator. Each *Member* shall have ninety days from the date of such notice to state in writing their intent to join or refrain from joining the new *Coverage Program*. Upon conclusion of the notice period, *deposit premiums* will be determined and billed to the participating *Member*. Each *Member* that elects to participate will be bound to the new *Coverage Program* for the period of time so required, unless the actual contribution exceeds the estimate. Nonetheless, a *Member* may

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elect to continue participation in the *Coverage Program* at the higher *deposit premium* rate by informing *CARMA* in writing.

ARTICLE X
BUDGET

On or before April 30 of each year, the *Board* shall adopt the budget for the next fiscal year.

ARTICLE XI
RECEIPT AND DISBURSEMENT OF FUNDS

Revenues of *CARMA* shall be received at its principal office. The Treasurer shall safeguard and invest funds in accordance with *CARMA's* current investment policy.

The President, Vice-President, Treasurer, and Administrator shall be authorized signatories of *CARMA's* checking account. All checks disbursing funds of *CARMA* shall be signed by the appropriate number of officers as established by action of the *Board*.

A register of all checks issued since the previous *Board* meeting shall be provided at each subsequent *Board* meeting for approval.

The Administrator shall be authorized to make all expenditures for goods or services without specific approval, to the extent such funds have been included and approved by adoption of the budget or as previously approved by the *Board*.

ARTICLE XII
BILLINGS

A. ANNUAL BILLINGS

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Each year, not later than July 1, *CARMA* shall bill each *Member* for all *deposit premiums* for the next *program year*. The annual billing shall be due and payable on July 31, and shall be delinquent if not paid on or before first working day in August.

B. ADDITIONAL BILLINGS

There may be additional billings in accordance with CARMA's governing documents.

C. PENALTIES FOR DELINQUENT PAYMENTS

Members with delinquent amounts due shall be assessed a penalty of two (2) percent of the delinquent billing.

D. INTEREST ON DELINQUENT AMOUNTS PAYABLE

Interest shall accrue on all delinquent amounts due and payable to *CARMA* at a rate of ten (10) percent per annum. In the computation of interest, any portion of a month shall be counted as a whole month.

E. FAILURE TO PAY BILLINGS, PENALTIES, OR INTEREST

Failure to pay billings, penalties, or the accrued interest may result in expulsion of the *Member* from *CARMA* in accordance with the *CARMA* Agreement.

F. DUTIES OF WITHDRAWN OR EXPELLED MEMBERS

Withdrawal or expulsion of a *Member* shall be in accordance with the provisions of the *Master Plan*

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Document. The withdrawal or expulsion of any *Member* shall not terminate its responsibility to contribute its share of premiums or funds to any fund, coverage, or insurance program created by CARMA. All current and past *Members* shall be responsible for their respective share of the expenses, as determined by the Administrator, until all claims, or other unpaid liabilities, covering the period of the current or past *Member's* participation in the risk pooling program have been finally finally resolved and a determination of the final amount of payments due by, or credit to, the *Member* for the period of its participation has been made by the *Board.*

Withdrawn or expelled *Members* that have formerly participated in a *Coverage Program* shall be required to pay all applicable billings for the *program years* in which they participated. Delinquent billings shall be treated in the same manner as set forth above as if the withdrawn or expelled *Member* still participated in a *Coverage Program*.

G. PENALTIES FOR NON-PAYMENT BY FORMER *MEMBER*

Failure to pay billings, penalties, or accrued interest thereon shall constitute breach of the Agreement between the former *Member* and *CARMA.* The former *Member* shall be liable for the billings, penalties, accrued interest, and all costs incurred by *CARMA* in the enforcement of all provisions set forth in this Document.

ARTICLE XIII
AUDITS

A. FINANCIAL AUDIT

The *Board* shall cause to be made, by a qualified CPA, an annual audit of the accounts and records of *CARMA.* The minimum requirements of the audit shall be those prescribed by state law.

The audit report shall be filed with the State of California within six (6) months of the end of the

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fiscal year under examination. *CARMA* shall provide a copy of the audit report as a public record to each *Member*.

CARMA shall bear all costs of the audit. Such costs shall be charged against the operating funds of *CARMA*.

ARTICLE XIV
NEW *MEMBERS*

Any public agency acceptable to the *Board of Directors* shall be eligible for membership in *CARMA*. A prospective member will submit the information required for application to *CARMA*.

Upon review of a prospective *Member's* application, the Administrator will prepare a report that will be presented to the *Board of Directors* and the prospective *Member* will be invited to attend a meeting of the *Board of Directors* to respond to questions concerning the application. The affirmative vote of two-thirds of the *Representatives* of the entire *Board of Directors* is necessary for admission to *CARMA*.

ARTICLE XV
EXECUTION OF CONTRACTS

The *Board* may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of *CARMA*, and such authorization may be general or confined to specific instances. Unless so authorized by the *Board of Directors*, no officer, agent or employee shall have any authority to bind *CARMA* by any contract or to pledge its credit or to render it liable for any purpose.

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ARTICLE XVI
<u>NOTICES</u>

Notices to *CARMA* shall be in writing and delivered to the mailing address of *CARMA*.

Notices to *Members* shall be in writing and delivered to the appointed *Representative* or mailed to the address of record.

Reportable claims against *Members* shall be forwarded to the mailing address of *CARMA*.

ARTICLE XVII
<u>EFFECTIVE DATE</u>

These Bylaws, as amended, shall be effective June 16, 2006.

The adoption of the Bylaws shall supersede any prior amendments, by resolution or otherwise and to the extent that prior amendments are not included or are contradictory to any provisions contained herein, they are hereby specifically revoked.

ARTICLE XVIII
<u>AMENDMENTS</u>

These Bylaws may be amended by a majority vote of the entire *Board of Directors* provided that any amendment is compatible with the purposes of *CARMA*, is not in conflict with the *Agreement*, and has been submitted to the *Board of Directors* at least thirty (30) days in advance.

Any such amendment shall be effective immediately, unless otherwise designated.

ARTICLE XIX
<u>SEVERABILITY</u>

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Should any portion, term, condition or provision of these Bylaws be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

ARTICLE XX
SUBORDINATION

Should any portion, term, condition or provision of these Bylaws be in conflict with the *Agreement*, the terms of the Bylaws will be subordinate to the *Agreement*.

ARTICLE XXI
RECORD RETENTION POLICY

CARMA's records will be retained in accordance with the policy adopted by the *Board*.

APPENDIX "A"

The principal address of the California Affiliated Risk Management Authorities (*CARMA*) for the transaction of business and receipt of all notices shall be:

California Affiliated Risk Management Authorities (*CARMA*)

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1750 Creekside Oaks Drive, Suite 200

Deleted: 1831 K Street

Sacramento, CA 95833

Deleted: 95811

Phone (800) 541-4591   Fax (916) 244-1199

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ADMINISTRATIVE MATTERS

SUBJECT: Resolution of the Board of Directors of CARMA Establishing Meeting Dates for the 2011/2012 Program Year

BACKGROUND AND STATUS:

Annually, the CARMA Board of Directors reviews and approves meeting dates for the next program year. Enclosed is a draft resolution establishing meeting dates for the 2011/2012 program year.

In preparation for discussion of the proposed meeting dates, it is suggested that Board Members review their calendars to determine availability.

RECOMMENDATION:

The Board adopts Resolution No. 4-2010/2011, as presented

REFERENCE MATERIALS ATTACHED:

- Resolution 4-2010/2011 Establishing Meeting Dates for the 2011/2012 Program Year

Agenda Item 6.A.

RESOLUTION NO. 4-2010/2011

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES ESTABLISHING MEETING DATES FOR THE 2011/2012 FISCAL YEAR

BE IT RESOLVED THAT:

The following meeting dates are hereby established for the 2011/2012 fiscal year:

Friday, September 9, 2011
South Lake Tahoe, 9:00 a.m.

Friday, January 13, 2012
Bodega Bay, 9:00 a.m.

Wednesday, April 18, 2012
Sacramento, 10:00 a.m.

Wednesday, June 20, 2012
Sacramento, 10:00 a.m.

ANNUAL RETREAT/BOARD MEETING

Thursday, January 12, 2012
Bodega Bay, 9:00 a.m. - 5:00 p.m.

Friday, January 13, 2012
Bodega Bay, 9:00 a.m. - 12 noon

This Resolution was adopted by the Board of Directors at a regular meeting of the Board on June 22, 2011, in Sacramento, California, by the following vote:

AYES ______

NOES ______

ABSTAIN ______

ABSENT ______

____
PRESIDENT

ATTEST:

____
BOARD SECRETARY

ADMINISTRATIVE MATTERS

SUBJECT: 2012 Expanded CARMA Liability Claims Audit – Inclusion of PARSAC in the Claims Audit

BACKGROUND AND STATUS:

Each year an audit of the CARMA liability claims is conducted by an independent consultant auditor. For the past few years, Mr. Tim Farley, Farley Consulting Services, has conducted these audits.

At the April 21, 2010, meeting, the Board of Directors discussed a liability claims audit proposal from Farley Consulting Services for years 2011, 2012, and 2013. The proposal included a standard audit for years 2011 and 2013, and a proposed expanded audit for 2012 that included claims for PARSAC and each CARMA member would receive a breakout report in addition to the usual comprehensive report completed for CARMA. The following prices were quoted for the 2011-2013 audits:

- 2011 (standard audit scope) $18,900
- 2012 (expanded audit scope) $29,900
- 2013 (standard audit scope) $18,900

The Board approved a standard audit scope for years 2011 and 2013. In light of PARSAC's withdrawal from CARMA, the Board determined it would do an expanded report for 2010 to include PARSAC; however, felt it should review if a need exists to do the same for 2012. As such, the Board approved the standard audits for 2011 and 2013, respectively, and evaluate if it is necessary to conduct an expanded report for 2012, which would include an audit of the PARSAC claims.

Staff recommends the Board take this time to discuss the need for an expanded audit for 2012. At the writing of this report, PARSAC has approximately 20 open claims and PARSAC's exposure within CARMA will continue to diminish as time goes on.

RECOMMENDATION:

The Board discusses if it desires an expanded CARMA Liability Claims Audit in 2012, which would include PARSAC, and provides direction to staff.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 6.B.

FINANCIAL MATTERS

SUBJECT: Quota Share Renewal Consideration

BACKGROUND AND STATUS:

At the May 20, 2011, meeting, the CARMA Board of Directors discussed quota sharing and corridor marketing options for excess coverage and directed Alliant to pursue obtaining quotes for a 50% quota share arrangement.

Mr. Mike Simmons and Ms. Susan Adams, Alliant Insurance Services, have compiled results for the 50% Quota Share for the 2011/2012 Program Year for review by the Board. Mr. Simmons and Ms. Adams will provide additional information for the Board at the meeting.

RECOMMENDATION:

Mr. Mike Simmons and Ms. Susan Adams, Alliant Insurance Services, will discuss the quotation results for the CARMA Quota Share option for the 2011/2012 program year at the meeting. Staff will have a recommendation at that time.

REFERENCE MATERIALS ATTACHED:

- Report from Alliant – Quota Share Renewal Consideration

QUOTA SHARE RENEWAL CONSIDERATION

An extensive review of quota share options was conducted and the only really viable option for CARMA would be a proposal from Genesis to share 50 percent of the CARMA self funded $3,000,000 xs $1,000,000 layer. The carrier is willing to reinsurer the whole layer for about $250,000[1] less than CARMA plans to fund this (at the 75%/discounted) level. A fifty percent quota share result is a reduction over funding of approximately $100,000 to $125,000 (see chart below).

CARMA 75%/Discounted		**TOTAL**	**50% Quota Share**
Rate:	**0.338**	**3,830,796**	**$ 1,915,398**
Genesis Indication			
Rate:	**0.321**	**3,638,750**	**$ 1,819,375**[2]
		SAVINGS:	**$ 96,023**

Quota sharing a layer of risk with a carrier can sometimes be an attractive mechanism to reduce the risk on any one claim(s), while allowing an organization to increase their "Specific" SIR when the cost of excess insurance is high, compared to the pool's ability to fund to the higher attachment (SIR). It works best when there is enough money for a carrier to be exposed to a percentage share in a layer that they may otherwise wish to avoid. This is more of "defensive" mechanisms that will demonstrate value in a "hardening" insurance market environment. The Quota Share tool would allow CARMA to "meet a carrier haft way" when they want to insure the current attachment, and better act as your reinsurance partner. Additionally, the higher CARMA discount rate the less attractive a quota share option becomes since, over time, CARMA is earning interest income that can ultimately be used for claims payments five to seven years away.

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[1] This $250,000 savings estimate off the full premium for the layer are being discussed to more easily compare the 75% Confidence Level funding to the reinsurer's offer. We are aware that it would be extremely unlikely that CARMA would want to transfer the full $3,000,000 xs $1,000,000 self funded layer through an insurance vehicle. This saving does not match the difference in the two figures indicated in the TOTAL column in the chart above due to commission that would be applied in an amount yet to be negotiated.

[2] This figure may still be adjusted downward up to an additional $30,000 after final negotiations take place. It also includes at 2.5% estimated commission to Alliant since this layer would fall outside of Fee.

Although we are not currently facing a “hard” market the quota share opportunity is still attractive depending of CARMA risk tolerance. CARMA actuary projects “Expected/undiscounted” losses for this layer to total $3,039,445 (50% would be $1,654,722). This simply means that, ignoring interest income, if you have this level of claims, any payment to a carrier of around $1,654,722 to pay ½ of the claims would be a break even deal. (We had hoped that the carrier’s figure would come in close to this amount, but instead it is approximately $150,000 higher - - *this is their “certainty” to earn a profit and cover expenses in excess of interest that they may earn over time*).

Purchasing the 50% quota share option with Genesis when compared to CARMA’s funding at a 75%/discounted (3.5%) shows a “savings” in the range of $100,000 to $125,000 *on paper (based on these actual and funding level assumptions).* If it turns out that losses are greater than 75% (or interest earnings less than 3.5%) then purchasing the 50% quota share would have been a GOOD idea. On the other hand, if losses are closer to Expected, or interest accrues at a higher amount (due to the rate or payment stream) then 50% quota sharing would not have made financial sense.[3]

Purchasing this quota share option makes clear sense for CARMA if the Board ever decides to reduce risk on the “specific” excess reinsurance attachment and move a program that once again funds $4,000,000 xs $1,000,000. [4] We thought it was possible that an increase the “specific” excess could save as much as $300,000 to even $400,000, but because of carrier competition this year, moving CARMA’s retention up by this $1,000,000 of risk will only save CARMA another $50,000 to $75,000 in premium. The actuarial study says that the funding necessary for this layer (at 75%/discounted) is $352,000. Again, as a “Hard Market” strategy this may make sense some day; by combining these two loss financing/transfer strategies CARMA may be better able to safeguard their equity.

The attached spreadsheet provides information on the indications from three carriers at various quota share attachments. The results surprised us since with Genesis interested in such a low attachment. Date on this spreadsheet also shows the various funding levels based on CARMA’s actuarial study as a comparison.

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[3] OBVIOUSLY, if NO losses occur above $1,000,000 then this would have been a bad idea because you would not only have paid the carrier the $1,819,000, but you would have lost the accumulated interest income.

[4] **Please refer to the other Excess Reinsurance Renewal item for more discussion regarding the cost benefits of this option.**

CARMA					
Discounted 3.5%	**2 x 2**	**TOTAL**	**Quota Share (Q/S)**	**Q/S Funding**	
Expected	0.090	$ 1,020,034	50.00%	$ 510,017	
75% CL 3.5%	0.136	$ 1,541,385	50.00%	$ 770,693	
80% CL 4%	0.157	$ 1,779,393	50.00%	$ 889,697	
75% CL 3.5%	3 x 1				
	0.338	$ 3,830,796	50.00%	***$ 1,915,398***	
				Genesis 3 x 1 Option SAVINGS:	***$ 96,023***
75% CL 3.5%	1 x 3				
	0.046	$ 521,351	50.00%	***$ 260,675***	
				Brit 1 x 3 Option SAVINGS:	***$ 9,550***
Selective Indication		**TOTAL**	**Quota Share (Q/S)**	**Q/S Premium**	
1 x 3	0.060	$ 676,500	50.00%	$ 338,250	
2 x 2	0.139	$ 1,578,500	50.00%	$ 789,250	
Genesis Indication					
2 x 2	0.149	$ 1,691,250	50.00%	$ 845,625	
3 x 1	0.321	**$ 3,638,750**	**50.00%**	***$ 1,819,375***	**<= RECOMMENDED !**
Brit Indication		**TOTAL**	**Quota Share (Q/S)**	**Q/S Premium**	**Brit is willing to take the entire layer or Q/S**
					EXCLUDES INVERSE CONDEMNATION ***(not an issue since above the CARMA layer)***
1 x 3 (2x1)					
Brit		$ 502,250	50.00%	$ 251,125	
CARMA			**Quota Share (Q/S)**	**Q/S Premium**	
3 x 1					
Exp./Undiscounted	0.292	$ 3,309,445	50%	1,654,722	
Exp,/Discounted	0.243	$ 2,758,615	50%	1,379,307	
3 x 1					
Exp./Undiscounted	0.292	$ 3,483,626	includes 5% comm.		
Exp,/Discounted	0.243	$ 2,758,615			

Payroll:	**$ 1,133,371,484**

FINANCIAL MATTERS

SUBJECT: Renewal Rates for Specific Reinsurance and Excess Coverage for the 2011/2012 Program Year

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BACKGROUND AND STATUS:

Mr. Mike Simmons and Ms. Susan Adams, Alliant Insurance Services, are in the process of compiling renewal rates for the 2011/2012 Program Year for review by the Board. Mr. Simmons and Ms. Adams will provide additional information for the Board at the meeting.

RECOMMENDATION:

Mr. Mike Simmons and Ms. Susan Adams, Alliant Insurance Services, will provide rates and options for the CARMA reinsurance and excess coverage for the 2011/2012 program year at the meeting. Staff will have a recommendation at that time.

REFERENCE MATERIALS ATTACHED:

- CARMA 2011/2012 Liability Renewal (Reinsurance and Excess Layers)

Agenda Item 7.B.

June 6, 2011

Ms. Karen Thesing
Manager, Program Administration
Bickmore Risk Services and Consulting
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

CARMA 2011/2012 Liability Renewal (Reinsurance and Excess Layers)

Dear Karen:

Alliant is pleased to provide CARMA with two very good options for your ***reinsurance*** renewal this year; both with carriers that are relatively new to the Public Entity marketplace, but with staff and management with significant public agency experience.

The Starr Indemnity option is a 15% premium reduction from expiring and the AmTrust option is 21% reduction. The Alliant ANML program (that currently works through CV Starr) was aggressively marketed with numerous carriers this year. Just recently Alliant chose to move the ANML to AmTrust effective July 1st, allowing the opportunity for CARMA to now obtain a standalone competitive quote through CV Starr direct. This placed CARMA in a excellent position to achieve a very competitive option from CV Starr who obviously is very interested in retaining your account since early estimates during the renewal cycle had suggested a slight increase.

These carriers Best Ratings are A X and A IX, respectfully. As you are aware, your current reinsurer, Everest was replaced by Starr Indemnity by the CV Starr Underwriting team (MGU) in January, but continues to be involved in the reinsurance behind the Starr Indemnity paper.

We also marketed the coverage with a number of other carriers. Genesis indicated a premium in the range of $2,500,000-$3,000,000 and Iron Shore indicated that they could not compete with the current pricing and would also need to exclude subsidence coverage. Since these options were significantly higher and more restrictive coverage than expiring, we did not ask them to finalize the proposals. Allied World Assurance Company (AWAC) is also currently reviewing your account. If we receive favorable terms from them similar to Starr or AmTrust, we will advise you once received.

Your excess insurance layer above $14 million will renew with Colony. This layer is currently priced at $530,000 but as of agenda mailing date we were not yet able to see if a reduction will occur due to the decrease in the Reinsurance layer. Any change will be reported to you prior to the Board meeting.

The quotations are detailed on the following pages; if you have any questions please let us know.

Alliant

QUOTATION #1

COVERED PARTY:	California Affiliated Risk Management Authorities (including all members listed on Endorsement #1 of CARMA's MOC.
REINSURER:	Starr Indemnity and Liability Company
AM BEST RATING:	A X
REINSURANCE LIMITS:	$10,000,000 per occurrence and in the aggregate where applicable excess of Retained Limit $10,000,000 policy aggregate as respects for subsidence, per JPA member of Covered Party
RETAINED LIMIT:	$4,000,000 each occurrence
COVERAGE FORM:	Excess of Loss Certificate of Casualty Facultative Reinsurance providing reinsurance of CARMA's Memorandum of Coverage. The reinsurance certificate will include the following clarification of limits: *"Retention shall be $4,000,000 each occurrence subject to no drop down over sublimited coverage provided in the MOC".*
PREMIUM:	$1,154,200 minimum annual premium $ 288,550 minimum earned premium Premium is due and payable within 20 days
COMMISSION:	NIL
BROKER FEE:	$68,290

QUOTATION #2

COVERED PARTY:	California Affiliated Risk Management Authorities (including all members listed on Endorsement #1 of CARMA's MOC.
REINSURER:	Security National Insurance Company (AmTrust Financial Group)
AM BEST RATING:	A IX
REINSURANCE LIMITS:	$10,000,000 per occurrence and in the aggregate where applicable excess of Retained Limit $10,000,000 policy aggregate as respects for subsidence, per member of Covered Party
RETAINED LIMIT:	$4,000,000 each occurrence
COVERAGE FORM:	Excess of Loss Certificate of Casualty Facultative Reinsurance providing reinsurance of CARMA's Memorandum of Coverage. The reinsurance certificate will include the following clarification of limits: *"Retention shall be $4,000,000 each occurrence subject to no drop down over sublimited coverage provided in the MOC".*
EXCLUSIONS:	War Exclusion Asbestos Exclusion
PREMIUM:	$1,071,200 minimum annual premium $ 267,800 minimum earned premium Premium is due and payable within 30 days
COMMISSION:	NIL
BROKER FEE:	$68,290

Alliant

EXCESS PLACEMENT

INSURER:	**COLONY NATIONAL INSURANCE COMPANY**
AM BEST RATING:	A XII
LIMITS OF COVERAGE:	$15,000,000 per occurrence and in the aggregate excess of underlying limits.
UNDERLYING LIMITS:	**REINSURANCE LIMITS**: $10,000,000 per occurrence and in the aggregate where applicable excess of Retained Limit $10,000,000 policy aggregate as respects property damage from subsidence, per member of Covered Party. This aggregate does not apply to Bodily Injury claims from subsidence.
RETAINED LIMIT:	$4,000,000 each occurrence
PREMIUM:	$530,000 premium plus surplus lines taxes and fees of $17,225.

Karen, we have not received the excess premiums as they are based on the underlying. We expect to have them shortly.

If you have any questions or would like to discuss any of these quotations in more detail, please let us know.

Sincerely,

Susan Adams

Susan D. Adams
Assistant Vice President

Cc: Michael Simmons, Alliant Insurance Services, Inc.

FINANCIAL MATTERS

SUBJECT: Consideration of the Proposed Annual Budget Scenarios for the 2011/2012 Program Year

BACKGROUND AND STATUS:

Attached are four Proposed Annual Budget Scenarios for the 2011/2012 program year. To facilitate your review, also attached is a Funding Scenario Summary, which compares each scenario to the prior year budget as well as to Scenario #1. The scenarios are summarized as follows:

- Scenario #1 Funding for Pooled Losses $3m ex $1m ~ Reinsurance through Starr Indemnity
- Scenario #2 Funding for Pooled Losses $3m ex $1m ~ Reinsurance through AmTrust Financial
- Scenario #3 Quota Share Reinsurance $3m ex $1m ~ Reinsurance through Starr Indemnity
- Scenario #4 Quota Share Reinsurance $3m ex $1m ~ Reinsurance through AmTrust Financial

Each Budget Scenario reflects the following assumptions and significant factors:

- Actual 2010 payroll for all JPAs;
- Initial attachment layer at $3 million ex of $1 million (Adopted retention level for prior year) for all members;
- Reinsurance purchase of $10 million ex $4 million through either Starr Indemnity (Scenarios #1 and 3) or AmTrust Financial (Scenarios #2 and 4), featuring a 14% or 20% decrease in premium from the prior year respectively;
- Excess insurance purchase of $15 million ex $14 million, featuring a flat premium over last year's premium, but an increase in rate of 3.6% due to the commensurate decrease in payroll; and
- A decrease in the administration budget of 1.1%. Notable changes include:
  - BRS contract - 0.2% decrease (due to the reduction for PARSAC)
  - Financial Audit - 3.7% contractual increase
  - Claims Audit scope - 36.8% bi-annual decrease - Audit for CARMA only
  - Actuarial Review - 2.0% decrease due to renegotiated contract
  - Annual Retreat - 32.3% decrease due to matching to actual expense
  - PFM - 30.0% increase due to additional investment in portfolio
  - Genex - New line item for Medicare set-aside reporting fees.

Scenarios #1 and #2 - Assumptions and significant factors for the $3M ex $1M layer:

- Funding for losses at the 75% confidence level at the actuarially-determined rate of .338 per $100 of payroll; a decrease of approximately 2.0% from the prior year budget's adopted 80% rate of .345; and
- Discount rate of 3.5% (Changed from the prior year's discount rate of 4.0%).

Agenda Item 7.C.

Scenarios #3 and #4 - Assumptions and significant factors for the $3M ex $1M layer:

The 50% Quota Share reinsurance purchase option for the $3m ex $1m layer represents a significant change from the historical funding of CARMA's working layer. This option has the following features:

- The $3M x $1M layer would be a hybrid of pooled funding and reinsurance purchase, in that the reinsurance carrier would share 50% of the cost of the losses in the layer in exchange for 50% of the premium, $1,819,375, to be paid at the beginning of the program year;
- CARMA's retention of the remaining $1,819,375 to pay for losses as claims develop;
- 50% of paid losses would be reimbursed by the reinsurance carrier;
- The premium rate is .321, a 5% decrease from the actuarially determined funding rate at the 75% CL in Scenarios #1 and #2; and
- A reduction in premium from the funding for pooled losses scenarios of $190,720, commensurate with the lower rate.

Staff has created an analysis to determine the viability of this option had it been applied to CARMA's working layer historically. The attachment entitled "Analysis of Quota Share Option Applied Historically" reveals that the option would have benefited CARMA in only six of the sixteen years shown, and would not have been a benefit overall. The total difference between actual payments and the payments that would have been made under the proposed quota share option results in additional payments by CARMA in the amount of $5.5 million over the sixteen year period analyzed, had this option been in effect. (Staff did not include the two most recent years in the analysis, as there has been no claim payment activity to date.)

Experience Modification Calculation:

- Individual losses from $100k to $1 million were used in the ex-mod calculation.
- For the past five years, the JPA ex-mod has been applied to the reinsurance premium, which currently covers the $10 million ex $4 million layer. In the Proposed Budget, the allocation has been revised. Two-thirds of the premium will continue to be applied to the JPA ex-mod, while one third of the premium will not. (Next year, the allocation will be reversed, and the following year the ex-mod will no longer be applied to the reinsurance layer.)
- 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 2004/2005 and 2007/2008.
- The losses are valued as of 12/31/10.
- 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.

RECOMMENDATION:

Staff recommends approval of one of the four Proposed Annual Operating Budgets as presented.

REFERENCE MATERIALS ATTACHED:

- 2011/12 Proposed Annual Budget - Scenario #1 (includes all pages)
- Funding Scenario Summary
- 2011/12 Proposed Annual Budget - Scenario #2 (includes Summary and Rates pages only)
- 2011/12 Proposed Annual Budget - Scenario #3 (includes Summary and Rates pages only)
- 2011/12 Proposed Annual Budget - Scenario #4 (includes Summary and Rates pages only)
- Analysis of Quota Share Option Applied Historically
- 2010/2011 Approved Annual Operating Budget (includes Summary, Ex Mod, and Rates pages only)

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ Final Proposed 2011/2012 Operating Budget ~

Funding For Pooled Losses at the 75% Confidence Level

~ Excess Purchase $15 million ex of $14 million through Colony ~

~ SCENARIO # 1 - Reinsurance Purchase $10 million ex of $4 million - Starr Indemnity Option ~

	2010 PAYROLL	FUNDING FOR POOLED LOSSES	EXPERIENCE MOD FACTOR	LOSSED 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	$399,854,746	$1,351,041	1.152	$1,556,444	0.9879	$1,537,679
CSJVRMA	388,380,637	1,312,272	0.752	986,413	0.9879	974,520
MBASIA	41,784,220	141,182	0.859	121,332	0.9879	119,869
MPA	257,593,483	870,365	1.249	1,086,769	0.9879	1,073,667
PARSAC						
VCJPA	45,758,398	154,610	0.810	125,246	0.9879	123,736
TOTALS	**$1,133,371,484**	**$3,829,470**	**0.964**	**$3,876,203**		**$3,829,470**
			(average)			

LAYER "B" RATE	**$3 X $1 Rate for Discounted Losses and ALAE (75% Confidence Level)**	**0.338**
LAYER "C" RATE	**Reinsurance Rate + Broker's Fee**	**$0.10786**
($5-14 MIL)	Broker's Fee (included in reinsurance rate)	$68,290
LAYER "D" RATE	**Excess ($15-$29 Mil) Insurance Rate**	**$0.04828**

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 2010 Payroll
2 Payroll/100 * Rate Discounted at 3.50%
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 (2/3 applied to ex mod)
8 (Payroll/100) * Excess Insurance Rate
9 From Page 4
10 Sum of (6) Through (9)

		REINSURANCE: $10 Mil X $4 Mil					2011-2012		COMPARISON TO PRIOR YEAR		
	ADJUSTED POOLED LOSSES	2/3 Premium Applied to ExMod	1/3 Premium Not Applied to ExMod	Reinsurance Premium	EXCESS $15Mil x $14Mil	ADMIN PREMIUM	CARMA PREMIUM	RATE PER $100	2010-2011 CARMA	INCREASE	Percentage INCREASE
MEMBER AGENCY	NOTE 6		NOTE 7		NOTE 8	NOTE 9	NOTE 10	PAYROLL	PREMIUM	(DECREASE)	(DECREASE)
BCJPIA	$1,537,679	$327,251	$143,765	**$471,016**	$193,062	$109,342	**$2,311,099**	$0.578	$2,414,657	($103,558)	-4.29%
CSJVRMA	974,520	207,399	139,640	**347,039**	187,522	79,303	**1,588,383**	$0.409	1,801,732	($213,349)	-11.84%
MBASIA	119,869	25,511	15,023	**40,534**	20,175	67,336	**247,914**	$0.593	260,461	($12,547)	-4.82%
MPA	1,073,667	228,499	92,616	**321,115**	124,374	121,270	**1,640,425**	$0.637	1,734,781	($94,356)	-5.44%
PARSAC						14,523	**14,523**		21,785	($7,262)	-33.33%
VCJPA	123,736	26,334	16,452	**42,786**	22,093	53,966	**242,580**	$0.530	237,316	$5,264	2.22%
TOTALS	**$3,829,470**	**$814,993**	**$407,497**	**$1,222,490**	**$547,225**	**$445,740**	**$6,044,925**	**$0.533**	**$6,470,732**	**($425,807)**	-6.58%

Revisions from prior year:
~ Revised reinsurance allocation: Two thirds of the reinsurance premium continues to be applied to the JPA ex mod, while one third of the premium is not.
~ A detail combined loss and payroll page for each JPA, rather than the two detail pages as provided in the past.

Final Proposed Budget ~ 75% CL ~ 3.5% Discount ~ Scenario #1

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Actuarial and Reinsurance Rates
~ Final Proposed 2011/2012 Operating Budget ~

~ Excess Purchase $15 million ex of $14 million through Colony ~

~ SCENARIO # 1 - Reinsurance Purchase $10 million ex of $4 million - Starr Indemnity Option ~

Actuarial Rates - Discounted at 3.50%								
Actuarial Data Discounted Range	**50% Rate**	**60% Rate**	**Expected Rate**	**70% Rate**	**75% Rate**	**80% Rate**	**85% Rate**	**90% Rate**
$1 mil ex $1 mil	0.116	0.146	0.152	0.184	0.208	0.237	0.275	0.330
$2 mil ex $1 mil		0.201	0.212	0.259	0.293	0.337	0.392	0.473
$3 mil ex $1 mil	0.175	0.228	0.243	0.296	**0.338**	0.389	0.457	0.552
$4 mil ex $1 mil	0.192	0.251	0.267	0.323	0.368	0.425	0.497	0.601
$5 mil ex $1 mil	0.203	0.264	0.278	0.336	0.384	0.442	0.514	0.623
$2 mil ex $2 mil	0.046	0.079	0.091	0.116	0.137	0.162	0.195	0.242
$3 mil ex $2 mil	0.059	0.095	0.115	0.141	0.170	0.204	0.246	0.307
$2 mil ex $3 mil		0.029	0.055	0.064	0.084	0.107	0.133	0.169
$1 mil ex $4 mil			0.024		0.037	0.051	0.064	0.082
$1 mil ex $5 mil			0.011				0.021	0.049

Indicates Rate not calculated

Insurance Rates and Premiums

Starr Indemnity and Liability Company		
	With Broker Fees	**Without Fees**
Premium $10mil ex $4mil	$1,222,490	$1,154,200
Rate/$100 PR	$0.10786	$0.10184

Colony Excess Insurance $15mil ex $14mil	
Premium	$547,225
Rate/$100 PR	$0.04828

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Experience Modification Calculations
~ Final Proposed 2011/2012 Operating Budget ~
Losses from $100k & Capped at $1 million* - Valued at 12/31/10

			1	*2*	*3*	*4*	*5*	*6*	*7*	*8*
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**	***2010/11 Ex Mod (For comparison)***
BCJPIA	$2,806,264	$369,655,666	0.759	$2,238,149	1.254	0.599	0.152	1.152	**1.152**	*1.117*
CSJVRMA	1,214,364	349,606,920	0.347	2,116,760	0.574	0.582	-0.248	0.752	**0.752**	*0.823*
MBASIA	76,800	41,898,729	0.183	253,684	0.303	0.202	-0.141	0.859	**0.859**	*0.827*
MPA	2,141,503	232,099,633	0.923	1,405,290	1.524	0.475	0.249	1.249	**1.249**	*1.215*
VCJPA	0	37,169,234	0.000	225,048	0.000	0.190	-0.190	0.810	**0.810**	*0.812*
	$6,238,931	**$1,030,430,183**	**$0.605**	**$6,238,931**	**0.731**			**0.964**	**0.964**	***0.959***
						(Average)			(Average)	(Average)

LOSSES	**09/10**	**08/09**	**07/08**	**06/07**	**05/06**	**04/05**	**03-04**	**02-03**	**01-02**	**AVERAGE**
BCJPIA	$145,001	$1,061,823	$1,760,405	$564,552	$8,164,465	$735,635	$1,668,373	$0	$399,854,746	$2,806,264
CSJVRMA	16,459	418,620	589,947	964,656	1,647,126	1,655,725	2,051,276	2,384,664	405,458	$1,214,364
MBASIA	203,680	0	167,252	60,792	49,677	29,479	0	241,269	57,252	$76,800
MPA	882,947	933,775	1,638,751	3,599,075	1,880,785	1,447,400	673,088	998,426	373,680	$2,141,503
VCJPA	0	0	0	0	0	0	0	0	900,000	$0
TOTAL	**$1,248,087**	**$2,414,218**	**$4,156,355**	**$5,189,075**	**$11,742,053**	**$3,868,239**	**$4,392,737**	**$3,624,359**	**$401,591,136**	**$6,238,931**

PAYROLL	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**AVERAGE**
BCJPIA	$399,854,746	$412,307,996	$401,025,744	$381,179,313	$358,263,487	$338,154,121	$325,950,999	$315,114,527	$292,189,694	$369,655,666
CSJVRMA	388,380,637	404,407,339	400,867,123	370,415,527	332,848,968	294,296,063	276,488,400	257,228,148	246,683,846	$349,606,920
MBASIA	41,784,220	46,702,440	45,767,695	43,256,460	40,218,695	38,352,066	39,268,949	40,710,135	25,380,378	$41,898,729
MPA	257,593,483	267,123,031	263,185,935	240,928,914	220,634,505	203,649,180	195,402,288	184,970,782	163,938,411	$232,099,633
VCJPA	45,758,398	43,685,667	41,950,723	37,619,142	35,973,784	33,133,287	29,271,222	27,730,726	26,163,100	$37,169,234
TOTAL	**$1,133,371,484**	**$1,174,226,474**	**$1,152,797,219**	**$1,073,399,357**	**$987,939,438**	**$907,584,718**	**$866,381,858**	**$825,754,318**	**$754,355,429**	**$1,030,430,183**
Percentage Change	*-3.48%*	*1.86%*	*7.40%*	*8.65%*	*8.85%*	*4.76%*	*4.92%*	*9.46%*		

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.

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

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Administration Budget
~ Final Proposed 2011/2012 Operating Budget ~

BUDGET LINE ITEMS:	ACTUAL COSTS 2007-2008	ACTUAL COSTS 2008-2009	ACTUAL COSTS 2009-2010	PROJECTED COSTS 2010-2011	CARMA BUDGET 2010-2011	Approved CARMA BUDGET 2011-2012	BUDGET EXPLANATIONS
1 Management Contracted Services	$272,000	$285,820	$289,053	$289,000	$289,000	**$288,480**	BRS Contract - Revised - PARSAC withdrawal
2 Membership Dues	1,765	1,326	1,517	1,600	1,800	**1,600**	CAJPA, PRIMA, AGRIP membership
3 Financial Audit	7,250	7,500	7,800	8,100	7,800	**8,400**	Independent financial auditors
4 Claims Audit	15,200	29,900	18,900	29,900	29,900	**18,900**	Claims audit for CARMA only
5 Actuarial Services	6,250	8,900	6,560	6,724	7,800	**6,860**	Rate setting and revaluation of prior year ultimate los
6 Legal Services	45,748	37,411	81,740	60,000	60,000	**60,000**	Coverage matters and legal counsel
7 Marketing/Consultants/Website	600	1,626	1,194	600	5,000	**5,000**	Expenses for marketing consultants/materials.
8 Board Meeting Expense	1,353	1,530	1,391	1,500	2,000	**1,500**	1 meeting in Tahoe, 2 meetings in Sacramento.
9 Annual Retreat Expense	6,385	8,349	8,847	7,500	15,000	**10,000**	2 day retreat for Board members and staff
10 Fidelity Bond Premiums	992	992	1,033	1,033	1,000	**1,000**	Bonded coverage for those who control JPA funds.
11 Accreditation Fees	1,334	1,500	1,500	1,500	1,500	**1,500**	Pro-rated CAJPA Accreditation Fees for 3 years
12 Investment Management Services	23,091	23,160	19,146	26,000	20,000	**26,000**	Investment Management (PFM) fees
13 Genex Fees					0	**6,500**	Reporting fees for Medicare Set-aside
14 Contingency	0		52	100	10,000	**10,000**	Contingency
	$381,968	**$408,014**	**$438,733**	**$433,557**	**$450,800**	**$445,740**	

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	Additional Administration Calculation PARSAC's Calculated Share
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8
BCJPIA	$45,442	1.254	$28,848	36,171	1.2892	$46,630	92,072	**109,342**
CSJVRMA	$45,442	0.574	$28,848	16,550	1.2892	$21,336	66,778	**79,303**
MBASIA	$45,442	0.303	$28,848	8,733	1.2892	$11,259	56,701	**67,336**
MPA	$45,442	1.524	$28,848	43,961	1.2892	$56,673	102,115	**121,270**
PARSAC	$45,442	1.000	$28,848	28,848	1.2892	$37,190	82,632	**14,523**
VCJPA	$45,442	0.000	$28,848	0	1.2892	$0	45,442	**53,966**
TOTAL	**$272,652**	0.776 (Average)	$173,088	$134,263		**$173,088**	**445,740**	**445,740**

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)
8 Calculation of PARSAC's calculated admin portion, with remainder allocated to other members proportionately

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
BRS Worksheet

	2007/08	2008/09	2009/10	2010/11	Current Year 2011/12
BRS Contract Price	$272,000	$285,600	$300,111	$312,230	$324,719
Percentage Increase over previous year	14.97%	5.00%	5.00%	4.00%	4.00%
Adjustment for New Members					
Delta VCD - VCJPA (7/1/08)		786,071			
City of Wildomar - PARSAC (7/1/08)		180,000			
City of Menifee - PARSAC (10/1/08)		135,000			
Kings MAD - VCJPA (7/1/09)			549,826		
Total	$0	$1,101,071	$549,826	$0	$0
BRS SHARE OF NEW PAYROLL/$100	0.0200	0.0200	0.0200	0.0200	0.0200
INCREASE IN B&A FEES	$0	$220	$110	$0	$0
BRS CONTRACT PREMIUM	$272,000	$285,820	$300,221	$312,230	$324,719
Reduction based on PARSAC Withdrawal			(11,168)	(23,230)	(36,239)
TOTAL BRS CONTRACT PREMIUM			**$289,053**	**$289,000**	**$288,480**

BCJPIA Loss Detail and Payroll

		Losses Valued at 12/31/10*							Payroll						
		09-10	08-09	07-08	06-07	05-06	04-05	03-04	2010	2009	2008	2007	2006	2005	2004
1	Albany				$32,629			$19,117	$7,541,694	$7,571,400	$7,133,602	$6,719,341	$6,270,503	$6,000,071	$5,645,028
2	Albany JPA								1,773,288	2,002,546	1,887,818	1,648,501	1,540,820	1,447,192	1,344,783
3	Berkeley	$145,001	$100,001		$45,750	$171,522			137,461,012	141,810,019	132,945,068	126,868,098	117,595,615	111,512,510	103,832,059
4	Brisbane							$154,654	7,198,185	7,608,947	7,477,338	7,319,645	6,895,390	6,373,842	6,263,683
5	Emeryville			$900,000					6,997,432	6,916,604	7,141,021	6,097,524	5,653,964	5,711,375	5,506,678
6	Emeryville MESA								7,629,193	8,219,556	7,322,533	7,149,257	6,903,006	6,534,363	6,214,910
7	Fairfax					$788,048			2,524,323	2,555,109	2,557,965	2,375,794	2,218,600	1,904,868	2,027,825
8	Larkspur					$1,765,818	$252,219	$394,602	5,006,762	5,135,174	5,162,446	4,754,855	4,489,663	4,390,231	3,879,139
9	Menlo Park			$255,092		$80,000	$205,287		22,702,024	23,180,947	22,959,814	21,101,406	19,160,987	19,615,574	19,994,499
10	Mill Valley			$40,581		$2,872,294			12,705,290	12,785,513	12,145,840	11,465,669	10,866,323	10,178,479	10,203,337
11	Monte Sereno							$1,100,000	728,211	710,308	675,878	621,996	534,626	525,945	507,809
12	Novato		$320			$55,721			19,010,871	20,197,782	20,728,955	19,294,376	17,996,855	17,429,262	16,089,923
13	Piedmont			$45,500	$8,790		$28,537		10,272,372	10,403,144	9,660,940	9,092,265	8,284,421	8,065,878	7,539,687
14	Pleasanton					$198,739	$160,180		36,399,043	37,970,188	35,371,912	34,474,058	32,829,920	30,918,696	29,233,905
15	Pleasanton fire								17,449,387	17,805,178	16,930,123	16,260,750	15,314,862	14,384,229	14,115,113
16	Redwood City		$921,502		$477,383		$84,295		52,272,619	55,283,166	54,289,688	51,556,200	49,369,650	47,941,932	49,584,481
17	San Anselmo					$2,232,323			4,809,247	4,886,643	4,703,687	4,393,391	4,392,932	4,194,255	4,129,042
18	San Francisco			$8,308					10,095,229	10,372,482	9,972,476	9,613,435	9,969,983	10,157,594	10,123,975
19	Sausalito								6,972,284	6,973,698	6,156,440	5,614,534	5,755,776	5,203,000	5,701,310
20	Twin Cities								3,682,612	3,846,593	3,847,925	3,585,605	3,480,997	3,175,228	3,081,355
21	Union City		$40,000	$510,924			$5,117		26,623,669	26,073,000	31,954,278	31,172,614	28,738,594	22,489,596	20,932,458
	TOTALS	**$145,001**	**$1,061,823**	**$1,760,405**	**$564,552**	**$8,164,465**	**$735,635**	**$1,668,373**	**$399,854,746**	**$412,307,996**	**$401,025,744**	**$381,179,313**	**$358,263,487**	**$338,154,121**	**$325,950,999**
									-3.02%	**2.81%**	**5.21%**	**6.40%**	**#REF!**	**3.74%**	**3.44%**

*** Inverse condemnation claims capped at $1.5 million**

Losses from $100k & capped at $1 million *

CSJVRMA Loss Detail and Payroll

		Losses Valued at 12/31/10*							Payroll						
		09-10	08-09	07-08	06-07	05-06	04-05	03-04	2010	2009	2008	2007	2006	2005	2004
1	ANGELS CAMP								$2,272,058	$2,420,825	$2,279,043	$2,285,453	$2,226,950	$1,983,813	$1,728,456
2	ARVIN								2,875,267	2,737,316	2,354,414	2,439,296	2,087,230	1,735,372	1,572,040
3	ATWATER					$218,702			8,454,573	8,042,220	8,950,313	7,721,587	6,864,802	6,090,485	5,702,447
4	AVENAL							$739,363	1,721,633	1,308,113	1,234,170	1,286,880	1,254,139	1,166,622	1,067,702
5	CERES		$45,000						14,132,375	14,917,938	13,653,640	12,540,069	11,331,810	10,128,242	9,406,048
6	CHOWCHILLA			$299,500				$96,612	3,158,967	4,780,928	4,539,350	4,255,027	3,853,000	3,076,210	2,933,341
7	CLOVIS			$90,000					35,064,579	36,319,502	38,855,397	38,576,764	34,633,822	31,358,673	28,219,051
8	CORCORAN								3,808,284	3,829,517	3,534,289	3,189,863	2,997,544	2,644,163	2,509,916
9	DELANO							$17,294	11,374,896	10,942,445	9,709,149	8,832,804	7,804,468	7,366,321	7,153,205
10	DELANO_CCF								4,109,025	4,094,884	3,657,582	3,236,777	3,142,542	3,172,436	3,062,273
11	DINUBA								8,258,231	9,344,322	8,860,628	7,941,276	6,749,926	6,056,701	5,922,097
12	DOS PALOS								1,245,898	1,133,554	1,089,607	1,018,760	931,020	841,509	807,979
13	ESCALON								2,097,135	2,422,288	2,595,142	2,357,017	2,079,052	1,783,475	1,855,513
14	EXETER								2,234,970	2,397,104	2,300,288	2,170,942	2,061,136	1,684,115	1,693,315
15	FARMERSVILLE								1,809,415	1,875,699	1,846,958	1,579,170	1,320,297	1,114,197	1,089,006
16	FIREBAUGH								1,790,980	1,882,990	2,026,474	1,725,807	1,565,314	1,375,164	1,301,312
17	FOWLER								1,776,370	1,816,262	1,870,872	1,739,487	1,540,303	1,017,881	1,142,460
18	GUSTINE								1,450,672	1,420,455	1,342,969	1,314,186	1,109,548	993,717	997,131
19	HANFORD		$117,102				$899,957		14,932,964	15,034,425	14,737,696	12,849,820	12,576,423	11,813,192	10,868,392
20	HUGHSON								1,232,118	1,255,328	1,315,594	1,306,046	1,129,113	955,306	869,728
21	HURON								1,111,754	1,392,951	1,455,236	1,195,839	1,250,045	984,632	843,795
22	KERMAN								3,328,713	3,241,635	3,240,597	3,006,550	2,674,182	2,164,773	1,955,137
23	KINGSBURG						$594,000		3,689,391	3,801,068	3,716,674	3,528,340	3,120,535	2,874,496	2,638,013
24	LATHROP								4,518,762	5,814,328	5,423,844	5,957,399	4,775,869	4,281,615	3,953,369
25	LEMOORE								5,814,614	6,185,921	5,732,705	4,870,371	4,834,877	4,124,668	4,247,812
26	LINDSAY			$13,160				$77,674	4,497,494	4,349,077	4,351,353	3,785,606	3,183,603	2,606,848	2,357,706
27	LIVINGSTON								3,670,396	3,464,551	3,722,610	3,895,504	3,342,949	3,098,094	2,267,423
28	LOS BANOS				$40,000				9,170,699	9,445,135	10,097,209	9,168,286	7,631,509	6,401,478	5,998,764
29	MADERA				$69,051			$93,659	14,430,550	15,232,187	14,186,968	14,015,450	12,607,337	10,658,673	10,250,021
30	MARICOPA								303,895	340,524	346,083	335,724	199,663	109,686	113,907
31	MCFARLAND								1,719,145	671,940	550,521	528,081	535,830	562,477	412,362
32	MENDOTA								1,596,621	1,127,617	934,365	881,901	851,816	688,139	584,085
33	MERCED					$900,000			33,082,749	37,114,632	36,338,116	33,755,250	29,146,632	24,888,187	23,050,882
34	NEWMAN								1,835,569	2,005,202	1,999,836	1,796,158	1,677,360	1,638,112	1,570,244
35	OAKDALE			$84,786	$59,163			$56,000	8,924,623	10,237,407	10,072,028	9,639,027	8,432,167	7,149,773	6,360,867
36	ORANGE COVE								2,071,167	1,030,234	887,119	807,624	759,934	638,555	609,753
37	PARLIER					$29,283			2,519,591	2,421,557	1,963,305	1,775,730	1,619,926	1,591,750	1,521,563
38	PATTERSON								4,611,441	4,766,127	4,407,064	3,783,753	3,166,806	2,296,464	1,933,356
39	PORTERVILLE								17,271,465	17,385,018	15,903,701	12,810,276	12,022,507	11,466,279	11,106,029
40	REEDLEY							$94,355	6,855,040	6,791,821	6,597,188	6,505,324	5,959,888	5,104,028	5,003,192
41	RIPON								5,643,488	6,140,871	6,696,074	5,930,533	5,365,558	4,550,778	4,054,758
42	RIVERBANK				$15,942	$240,000			3,725,586	3,661,862	3,656,440	3,302,560	2,788,688	2,308,040	2,177,554
43	SAN JOAQUIN								678,949	625,597	552,657	541,594	432,073	351,522	393,327
44	SANGER								7,489,557	7,690,288	8,709,553	8,751,049	8,048,070	6,843,734	6,776,069
45	SELMA								5,405,021	6,377,988	8,182,282	7,755,647	7,034,762	6,132,780	5,822,877
46	SHAFTER		$5,000					$20,495	4,995,143	4,935,405	4,937,393	4,518,700	4,092,358	3,611,157	3,438,184
47	SHAFTER_CCF								3,088,111	3,153,827	3,153,355	2,881,187	2,494,836	2,475,830	2,447,673
48	SONORA								3,419,489	3,353,387	3,607,299	3,353,858	3,102,431	2,688,658	2,324,381
49	SUTTER CREEK								1,029,321	1,239,742	1,344,060	1,264,324	1,098,462	1,000,346	951,982

CSJVRMA Loss Detail and Payroll

	Losses Valued at 12/31/10*								Payroll						
	09-10	08-09	07-08	06-07	05-06	04-05	03-04		2010	2009	2008	2007	2006	2005	2004
50 TAFT									3,327,022	3,221,006	3,088,488	3,081,921	2,906,595	2,539,541	2,485,580
51 TAFT_CCF									2,686,497	2,848,608	2,631,348	2,686,612	2,035,408	2,038,724	2,042,973
52 TEHACHAPI									3,098,284	3,091,624	3,344,135	3,020,427	2,312,713	1,949,425	1,383,609
53 TRACY				$367,500	$97,750	$30,480	$34		38,308,727	41,562,060	40,475,502	36,600,917	32,549,578	30,051,378	28,735,841
54 TULARE	$16,459								20,046,644	19,393,809	18,633,276	16,801,554	17,910,597	13,700,435	13,605,323
55 TURLOCK			$102,501	$413,000	$152,000				25,129,154	26,752,493	27,536,562	23,792,113	20,777,171	20,108,207	19,494,927
56 WASCO					$9,391				3,037,427	3,118,786	3,543,932	3,773,283	3,036,834	2,564,112	2,025,614
57 WATERFORD									835,840	774,333	713,668	679,225	568,700	564,931	529,768
58 WOODLAKE		$251,518				$131,288	$855,790		1,612,287	1,670,604	1,381,002	1,270,799	1,242,260	1,130,144	1,118,268
TOTALS	**$16,459**	**$418,620**	**$589,947**	**$964,656**	**$1,647,126**	**$1,655,725**	**$2,051,276**		**$388,380,637**	**$404,407,339**	**$400,867,123**	**$370,415,527**	**$332,848,968**	**$294,296,063**	**$276,488,400**
									-3.96%	**0.88%**	**8.22%**	**11.29%**	**13.10%**	**6.44%**	**7.49%**

*** Inverse condemnation claims capped at $1.5 million**

Losses from $100k & capped at $1 million *

MBASIA Loss Detail and Payroll

		Losses Valued at 12/31/10*							Payroll						
		09-10	08-09	07-08	06-07	05-06	04-05	03-04	2010	2009	2008	2007	2006	2005	2004 Estimated*
1	Capitola								$5,388,301	$6,057,085	$5,574,567	$5,450,707	$5,075,270	$ 4,769,082	
2	Del Ray Oaks								981,337	851,353	826,796	728,430	703,097	652,276	
3	Gonzales	$203,680					$2,221		2,300,829	2,324,012	2,284,153	2,088,521	1,976,732	1,836,253	
4	Greenfield				$60,792				3,051,941	2,926,868	2,701,726	2,733,460	2,733,646	1,806,540	
5	Hollister			$57,252			$27,258		7,678,611	10,906,537	10,351,750	9,549,691	9,972,732	11,071,462	
6	King City								2,789,997	2,785,334	2,799,571	2,607,259	2,238,325	1,936,989	
7	Marina					$16,494			6,537,137	8,407,026	8,136,327	7,372,914	5,988,604	6,019,286	
8	Sand City								2,451,156	2,383,774	2,318,657	2,152,756	1,908,987	1,656,252	
9	Scotts Valley								4,622,599	4,911,286	4,969,940	5,700,353	5,730,971	5,677,868	
10	Soledad			$110,000		$33,183			5,982,312	5,149,165	5,804,209	4,872,368	3,890,332	2,926,058	
	TOTALS	**$203,680**	**$0**	**$167,252**	**$60,792**	**$49,677**	**$29,479**	**$0**	**$41,784,220**	**$46,702,440**	**$45,767,695**	**$43,256,460**	**$40,218,695**	**$ 38,352,066**	**$ 39,268,949**
									-10.53%	**2.04%**	**5.81%**	**7.55%**	**4.87%**	**-2.33%**	**-3.54%**
	Non-covered (EPL, Land use)						$201,234	$367,290						* - Never received actual payroll	
	TOTALS including Non-covered						$230,713	$367,290							

Losses from $100k & capped at $1 million *

MPA Loss Detail and Payroll

		Losses Valued at 12/31/10*							Payroll						
		09-10	08-09	07-08	06-07	05-06	04-05	03-04	2010	2009	2008	2007	2006	2005	2004
1	Antioch		$33,775	$302,504	$2,626,398			$333,349	$26,298,219	$29,829,993	$30,971,652	$28,822,952	$26,152,973	$ 24,396,770	$ 24,422,156
2	Brentwood		$900,000			$212,336			24,549,012	24,245,162	25,394,950	24,586,213	22,582,127	20,797,328	18,957,031
3	Clayton				$900,000				2,104,342	2,101,779	2,034,690	1,907,554	1,701,022	1,861,031	1,814,219
4	Danville					$93,496			7,209,408	7,160,897	6,976,211	6,578,450	6,016,579	5,486,122	5,286,649
5	El Cerrito					$51,116			16,424,867	15,751,245	15,338,807	14,092,215	12,963,703	11,596,294	11,154,357
6	Hercules								9,815,688	9,883,697	8,069,811	7,358,694	6,630,507	5,417,446	5,334,856
7	Lafayette								3,561,889	3,588,147	3,335,073	3,104,041	2,777,007	2,681,442	2,497,758
8	Manteca				$27,862				30,138,818	32,209,737	31,824,488	28,211,354	25,582,392	23,638,042	22,406,431
9	Martinez	$6,166			$18,322				11,981,627	12,056,458	11,979,334	11,678,783	10,981,200	10,454,096	10,354,155
10	Moraga								2,920,429	2,709,640	2,738,533	2,877,265	2,532,920	2,242,265	2,161,730
11	MPA Staff								1,325,723	1,289,220	1,206,186	1,128,631	1,047,816	1,037,791	1,005,249
12	Oakley								1,768,337	2,130,148	2,291,053	1,904,418	1,829,761	1,721,860	1,467,572
13	Orinda				$9,258	$315,236	$547,400		3,073,737	3,044,409	2,913,286	2,592,991	2,462,494	2,437,852	2,293,082
14	Pinole	$166,781				$386,817		$259,238	11,226,420	12,670,279	12,521,685	11,776,010	10,338,047	8,931,453	8,757,646
15	Pittsburg			$825,998		$385,881			22,615,658	23,259,943	25,655,151	22,862,903	21,619,577	20,047,152	19,088,652
16	Pleasant Hill			$24,275	$17,235	$51,202		$50,404	11,138,737	11,267,320	10,981,980	10,837,439	10,187,283	9,467,053	9,713,589
17	San Pablo	$710,000				$310,334	$900,000		12,928,776	12,716,464	12,068,111	10,390,833	10,765,739	9,326,804	8,665,191
18	San Ramon			$485,974		$74,367			25,805,717	25,837,283	23,532,765	18,624,126	14,318,726	13,112,099	12,210,360
19	Walnut Creek							$30,097	32,706,079	35,371,212	33,352,168	31,594,043	30,144,633	28,996,279	27,811,605
	TOTALS	**$882,947**	**$933,775**	**$1,638,751**	**$3,599,075**	**$1,880,785**	**$1,447,400**	**$673,088**	**$257,593,483**	**$267,123,031**	**$263,185,935**	**$240,928,914**	**$220,634,505**	**$203,649,180**	**$195,402,288**
									-3.57%	**1.50%**	**9.24%**	**9.20%**	**8.34%**	**4.22%**	**5.64%**

*** Inverse condemnation claims capped at $1.5 million**

Losses from $100k & capped at $1 million *

VCJPA Loss Detail and Payroll

		Losses Valued at 12/31/10*							Payroll						
		09-10	08-09	07-08	06-07	05-06	04-05	03-04	2010	2009	2008	2007	2006	2005	2004
1	Alameda County								$1,024,684	$937,596	$811,940	$812,103	$843,338	$894,633	$830,097
2	Burney Basin								69,237	71,481	70,749	64,888	60,351	56,998	58,251
3	Butte County								1,155,277	1,046,311	1,056,094	978,350	999,072	943,195	879,826
4	Coachella Valley								3,595,218	3,517,311	3,094,494	1,912,970	2,092,661	1,354,155	1,395,555
5	Coalinga-Huron								15,600	12,675	5,100	11,520	11,630	11,605	24,915
6	Colusa								172,894	170,966	161,077	171,177	122,805	129,243	108,387
7	Compton Creek								76,165	75,065	73,856	72,620	70,067	68,395	65,029
8	Consolidated								1,180,304	1,168,728	1,119,849	1,068,120	1,046,158	1,048,733	874,345
9	Contra Costa County								2,682,779	2,860,890	2,908,166	2,706,044	2,409,863	2,139,488	1,950,159
10	Delta VCD								977,501	896,087	858,333	786,071			
11	Durham								55,529	53,286	50,889	48,324	44,180	38,385	34,100
12	Fresno								580,711	642,244	607,954	600,075	561,214	550,132	511,859
13	Glenn County								130,011	126,225	114,887	91,038	56,341	63,922	55,556
14	Greater Los Angeles County								4,637,545	4,340,120	3,971,323	3,725,632	3,413,940	3,209,438	2,979,344
15	Kings MAD								686,872	663,141	549,826				
16	Lake County								575,044	519,073	492,481	440,684	403,732	381,958	364,141
17	Los Angeles County West								2,544,935	2,426,285	2,319,368	2,240,099	2,236,127	2,015,909	1,757,908
18	Marin-Sonoma								2,892,694	2,624,097	2,642,004	2,501,328	2,324,099	2,172,745	1,688,113
19	Napa County								687,214	671,668	648,174	586,795	512,719	510,806	448,547
20	Northern Salinas Valley								442,790	465,690	518,945	588,847	940,816	541,250	496,278
21	Northwest								1,174,803	1,149,878	1,119,015	909,881	886,948	895,538	977,393
22	Orange County								5,374,748	4,735,074	4,533,410	4,094,636	4,335,195	4,281,332	3,629,345
23	Orange County (fire ant)								0	0	0	0	0	0	121,907
24	Oroville								71,061	45,583	49,518	41,413	32,817	32,944	31,254
25	Pine Grove								36,761	33,520	33,466	34,600	48,630	30,000	36,531
26	Placer								980,837	790,317	670,988	614,699	609,774	536,223	463,762
27	Sacramento Yolo								4,357,682	4,286,495	4,339,032	3,991,640	3,818,858	3,561,693	2,884,269
28	San Gabriel Valley								1,481,230	1,519,933	1,550,331	1,430,302	1,319,997	1,295,868	1,235,279
29	San Joaquin County								2,193,677	2,095,112	2,087,338	1,948,166	1,892,964	1,759,213	1,645,134
30	San Mateo County								1,652,723	1,514,017	1,328,087	1,324,771	1,178,899	1,204,463	789,322
31	Santa Barbara Costal								384,578	342,647	345,362	239,190	326,126	305,263	226,093
32	Shasta								965,664	941,780	883,195	862,249	834,743	785,827	682,696
33	Sutter-Yuba								883,581	912,009	898,482	875,806	842,924	792,180	729,292
34	Tehama County								312,116	302,416	283,650	291,986	246,905	160,725	144,935
35	Turlock								749,291	773,849	760,025	703,520	680,824	663,848	602,989
36	West Valley								956,643	954,097	993,315	849,599	769,069	697,182	548,610
	TOTALS	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$45,758,398**	**$43,685,667**	**$41,950,723**	**$37,619,142**	**$35,973,784**	**$33,133,287**	**$29,271,222**
									4.74%	**4.14%**	**11.51%**	**4.57%**	**8.57%**	**13.19%**	**5.56%**

Losses from $100k & capped at $1 million *

CARMA
Funding Scenarios
2011/2012
Comparison of Prior Year Budget to Upcoming Year Scenarios

~ SCENARIO #1 ~ 75% Confidence Level ~ Funding $3 mil x $1 mil ~ Reinsurance - Starr Indemnity ~

MEMBER AGENCY	2010/2011 Approved Budget ~ 80% CL ~ Funding $3 x $1				2011/2012 Approved Budget April 20, 2011 ~ 75% CL ~ $3 x $1 (Reinsurance premium 14% decrease from previous year; Excess premium flat from previous year)				Increase (Decrease) over Prior Year Budget	Percentage Increase (Decrease) over Prior Year Budget
	Risk Sharing Layer	Reinsurance Layer	Excess Layer	Total (Includes Admin)	Risk Sharing Layer	Reinsurance Layer	Excess Layer	Total (Includes Admin)		
BCJPIA	$1,565,152	$549,251	$192,148	**$2,414,657**	$1,537,679	$471,016	$193,062	**$2,311,099**	**($103,558)**	**-4.3%**
CSJVRMA	1,130,912	396,865	188,466	**1,801,732**	974,520	347,039	187,522	**1,588,383**	**(213,349)**	**-11.8%**
MBASIA	131,300	46,076	21,765	**260,461**	119,869	40,534	20,175	**247,914**	**(12,547)**	**-4.8%**
MPA	1,103,230	387,151	124,487	**1,734,781**	1,073,667	321,115	124,374	**1,640,425**	**(94,356)**	**-5.4%**
PARSAC				**21,785**				**14,523**	**(7,262)**	**-33.3%**
VCJPA	120,486	42,282	20,359	**237,316**	123,736	42,786	22,093	**242,580**	**5,264**	**2.2%**
TOTALS	**$4,051,081**	**$1,421,625**	**$547,225**	**$6,470,731**	**$3,829,470**	**$1,222,490**	**$547,225**	**$6,044,925**	**($425,807)**	**-6.6%**

~ SCENARIO #2 ~ 75% Confidence Level ~ Funding $3 mil x $1 mil ~ Reinsurance - AmTrust Financial ~

MEMBER AGENCY	2010/2011 Approved Budget ~ 80% CL ~ Funding $3 x $1				2011/2012 Approved Budget April 20, 2011 ~ 75% CL ~ $3 x $1 (Reinsurance premium 20% decrease from previous year; Excess premium flat from previous year)				Increase (Decrease) over Prior Year Budget	Percentage Increase (Decrease) over Prior Year Budget
	Risk Sharing Layer	Reinsurance Layer	Excess Layer	Total (Includes Admin)	Risk Sharing Layer	Reinsurance Layer	Excess Layer	Total (Includes Admin)		
BCJPIA	$1,565,152	$549,251	$192,148	**$2,414,657**	$1,537,679	$439,037	$193,062	**$2,279,120**	**($135,537)**	**-5.6%**
CSJVRMA	1,130,912	396,865	188,466	**1,801,732**	974,520	323,477	187,522	**1,564,822**	**(236,910)**	**-13.1%**
MBASIA	131,300	46,076	21,765	**260,461**	119,869	37,782	20,175	**245,162**	**(15,299)**	**-5.9%**
MPA	1,103,230	387,151	124,487	**1,734,781**	1,073,667	299,314	124,374	**1,618,623**	**(116,158)**	**-6.7%**
PARSAC				**21,785**				**14,523**	**(7,262)**	**-33.3%**
VCJPA	120,486	42,282	20,359	**237,316**	123,736	39,881	22,093	**239,676**	**2,360**	**1.0%**
TOTALS	**$4,051,081**	**$1,421,625**	**$547,225**	**$6,470,731**	**$3,829,470**	**$1,139,490**	**$547,225**	**$5,961,925**	**($508,807)**	**-7.9%**
							Decrease from SCENARIO #1		**($83,000)**	

~ SCENARIO #3 ~ 50% QS Purchase $3 mil x $1 mil ~
Reinsurance - Starr Indemnity ~

MEMBER AGENCY	2010/2011 Approved Budget ~ 80% CL ~ Funding $3 x $1				50% QS Reinsurance Purchase ~ $3 x $1 Layer (Reinsurance premium 14% decrease from previous year; Excess premium flat from previous year)				Increase (Decrease) over Prior Year Budget	Percentage Increase (Decrease) over Prior Year Budget
	Risk Sharing Layer	Reinsurance Layer	Excess Layer	Total (Includes Admin)	Risk Sharing Layer	Reinsurance Layer	Excess Layer	Total (Includes Admin)		
BCJPIA	$1,565,152	$549,251	$192,148	**$2,414,657**	$1,461,097	$471,016	$193,062	**$2,234,518**	**($180,139)**	**-7.5%**
CSJVRMA	1,130,912	396,865	188,466	**1,801,732**	925,986	347,039	187,522	**1,539,849**	**(261,883)**	**-14.5%**
MBASIA	131,300	46,076	21,765	**260,461**	113,899	40,534	20,175	**241,944**	**(18,517)**	**-7.1%**
MPA	1,103,230	387,151	124,487	**1,734,781**	1,020,195	321,115	124,374	**1,586,953**	**(147,828)**	**-8.5%**
PARSAC				**21,785**				**14,523**	**(7,262)**	**-33.3%**
VCJPA	120,486	42,282	20,359	**237,316**	117,573	42,786	22,093	**236,418**	**(898)**	**-0.4%**
TOTALS	**$4,051,081**	**$1,421,625**	**$547,225**	**$6,470,731**	**$3,638,750**	**$1,222,490**	**$547,225**	**$5,854,205**	**($616,527)**	**-9.5%**
							Decrease from SCENARIO #1		**($190,720)**	

CARMA
Funding Scenarios
2011/2012
Comparison of Prior Year Budget to Upcoming Year Scenarios

~ SCENARIO #4 ~ 50% QS Purchase $3 mil x $1 mil ~
Reinsurance - AmTrust Financial ~

	2010/2011 Approved Budget ~ 80% CL ~ Funding $3 x $1				50% QS Reinsurance Purchase ~ $3 x $1 Layer; *Reinsurance premium 20% decrease from previous year; Excess premium flat from previous year*					
MEMBER AGENCY	Risk Sharing Layer	Reinsurance Layer	Excess Layer	Total (Includes Admin)	Risk Sharing Layer	Reinsurance Layer	Excess Layer	Total (Includes Admin)	Increase (Decrease) over Prior Year Budget	Percentage Increase (Decrease) over Prior Year Budget
BCJPIA	$1,565,152	$549,251	$192,148	**$2,414,657**	$1,461,097	$439,037	$193,062	**$2,202,538**	**($212,119)**	**-8.8%**
CSJVRMA	1,130,912	396,865	188,466	**1,801,732**	925,986	323,477	187,522	**1,516,287**	**(285,445)**	**-15.8%**
MBASIA	131,300	46,076	21,765	**260,461**	113,899	37,782	20,175	**239,192**	**(21,269)**	**-8.2%**
MPA	1,103,230	387,151	124,487	**1,734,781**	1,020,195	299,314	124,374	**1,565,151**	**(169,630)**	**-9.8%**
PARSAC				**21,785**				**14,523**	**(7,262)**	**-33.3%**
VCJPA	120,486	42,282	20,359	**237,316**	117,573	39,881	22,093	**233,513**	**(3,803)**	**-1.6%**
TOTALS	**$4,051,081**	**$1,421,625**	**$547,225**	**$6,470,731**	**$3,638,750**	**$1,139,490**	**$547,225**	**$5,771,204**	**($699,527)**	**-10.8%**
							Decrease from SCENARIO #1		($273,720)	

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ Final Proposed 2011/2012 Operating Budget ~

Funding For Pooled Losses at the 75% Confidence Level

~ Excess Purchase $15 million ex of $14 million through Colony ~

~ SCENARIO # 2 - Reinsurance Purchase $10 million ex of $4 million - AmTrust Financial Option ~

	2010 PAYROLL	FUNDING FOR POOLED LOSSES	EXPERIENCE MOD FACTOR	LOSSED 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	$399,854,746	$1,351,041	1.152	$1,556,444	0.9879	$1,537,679
CSJVRMA	388,380,637	1,312,272	0.752	986,413	0.9879	974,520
MBASIA	41,784,220	141,182	0.859	121,332	0.9879	119,869
MPA	257,593,483	870,365	1.249	1,086,769	0.9879	1,073,667
PARSAC						
VCJPA	45,758,398	154,610	0.810	125,246	0.9879	123,736
TOTALS	**$1,133,371,484**	**$3,829,470**	**0.964**	**$3,876,203**		**$3,829,470**
			(average)			

LAYER "B" RATE	**$3 X $1 Rate for Discounted Losses and ALAE (75% Confidence Level)**	**0.338**
LAYER "C" RATE	**Reinsurance Rate + Broker's Fee**	**$0.10054**
($5-14 MIL)	Broker's Fee (included in reinsurance rate)	$68,290
LAYER "D" RATE	**Excess ($15-$29 Mil) Insurance Rate**	**$0.04828**

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 2010 Payroll
2 Payroll/100 * Rate Discounted at 3.50%
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 (2/3 applied to ex mod)
8 (Payroll/100) * Excess Insurance Rate
9 From Page 4
10 Sum of (6) Through (9)

		REINSURANCE: $10 Mil X $4 Mil					2011-2012		COMPARISON TO PRIOR YEAR		
	ADJUSTED POOLED LOSSES	2/3 Premium Applied to ExMod	1/3 Premium Not Applied to ExMod	Reinsurance Premium	EXCESS $15Mil x $14Mil	ADMIN PREMIUM	CARMA PREMIUM	RATE PER $100	2010-2011 CARMA	INCREASE	Percentage INCREASE
MEMBER AGENCY	NOTE 6		NOTE 7		NOTE 8	NOTE 9	NOTE 10	PAYROLL	PREMIUM	(DECREASE)	(DECREASE)
BCJPIA	$1,537,679	$305,033	$134,004	**$439,037**	$193,062	$109,342	**$2,279,120**	$0.570	$2,414,657	($135,537)	-5.61%
CSJVRMA	974,520	193,318	130,159	**323,477**	187,522	79,303	**1,564,822**	$0.403	1,801,732	($236,910)	-13.15%
MBASIA	119,869	23,779	14,003	**37,782**	20,175	67,336	**245,162**	$0.587	260,461	($15,299)	-5.87%
MPA	1,073,667	212,986	86,328	**299,314**	124,374	121,270	**1,618,623**	$0.628	1,734,781	($116,158)	-6.70%
PARSAC						14,523	**14,523**		21,785	($7,262)	-33.33%
VCJPA	123,736	24,546	15,335	**39,881**	22,093	53,966	**239,676**	$0.524	237,316	$2,360	0.99%
TOTALS	**$3,829,470**	**$759,660**	**$379,830**	**$1,139,490**	**$547,225**	**$445,740**	**$5,961,925**	**$0.526**	**$6,470,732**	**($508,807)**	-7.86%

Revisions from prior year:
~ Revised reinsurance allocation: Two thirds of the reinsurance premium continues to be applied to the JPA ex mod, while one third of the premium is not.
~ A detail combined loss and payroll page for each JPA, rather than the two detail pages as provided in the past.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Actuarial and Reinsurance Rates
~ Final Proposed 2011/2012 Operating Budget ~

~ Excess Purchase $15 million ex of $14 million through Colony ~

~ SCENARIO # 2 - Reinsurance Purchase $10 million ex of $4 million - AmTrust Financial Option ~

Actuarial Rates - Discounted at 3.50%

Actuarial Data Discounted Range	50% Rate	60% Rate	Expected Rate	70% Rate	75% Rate	80% Rate	85% Rate	90% Rate
$1 mil ex $1 mil	0.116	0.146	0.152	0.184	0.208	0.237	0.275	0.330
$2 mil ex $1 mil		0.201	0.212	0.259	0.293	0.337	0.392	0.473
$3 mil ex $1 mil	0.175	0.228	0.243	0.296	**0.338**	0.389	0.457	0.552
$4 mil ex $1 mil	0.192	0.251	0.267	0.323	0.368	0.425	0.497	0.601
$5 mil ex $1 mil	0.203	0.264	0.278	0.336	0.384	0.442	0.514	0.623
$2 mil ex $2 mil	0.046	0.079	0.091	0.116	0.137	0.162	0.195	0.242
$3 mil ex $2 mil	0.059	0.095	0.115	0.141	0.170	0.204	0.246	0.307
$2 mil ex $3 mil		0.029	0.055	0.064	0.084	0.107	0.133	0.169
$1 mil ex $4 mil			0.024		0.037	0.051	0.064	0.082
$1 mil ex $5 mil			0.011				0.021	0.049

Indicates Rate not calculated

Insurance Rates and Premiums

AnTrust Financial Group	With Broker Fees	Without Fees
Premium $10mil ex $4mil	$1,139,490	$1,071,200
Rate/$100 PR	$0.10054	$0.09451

Colony Excess Insurance $15mil ex $14mil	
Premium	$547,225
Rate/$100 PR	$0.04828

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ Final Proposed 2011/2012 Operating Budget ~

~ SCENARIO #3 - 50% Quota Share Reinsurance Purchase of $3 million ex of $1 million Layer

~ Reinsurance Purchase $10 million ex of $4 million - Starr Indemnity Option ~

~ Excess Purchase $15 million ex of $14 million through Colony ~

MEMBER AGENCY	2010 PAYROLL	FUNDING FOR $3m ex $1m QS	EXPERIENCE MOD FACTOR	LOSSED ADJUSTED FOR EX MOD	OFF-BALANCE FACTOR	ADJUSTED $3m ex $1m QS
	NOTE 1	NOTE 2	NOTE 3	NOTE 4	NOTE 5	NOTE 6
BCJPIA	$399,854,746	$1,283,755	1.152	$1,478,928	0.9879	$1,461,097
CSJVRMA	388,380,637	1,246,917	0.752	937,286	0.9879	925,986
MBASIA	41,784,220	134,150	0.859	115,289	0.9879	113,899
MPA	257,593,483	827,018	1.249	1,032,645	0.9879	1,020,195
PARSAC						
VCJPA	45,758,398	146,910	0.810	119,008	0.9879	117,573
TOTALS	**$1,133,371,484**	**$3,638,750**	**0.964**	**$3,683,156**		**$3,638,750**
			(average)			

LAYER "B" RATE	**$3 X $1 Rate for 50% Quota Share Reinsurance Purchase**	**0.321**
LAYER "C" RATE	**Reinsurance Rate + Broker's Fee**	**$0.10786**
($5-14 MIL)	Broker's Fee (included in reinsurance rate)	$68,290
LAYER "D" RATE	**Excess ($15-$29 Mil) Insurance Rate**	**$0.04828**

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 2010 Payroll
2 Payroll/100 * QS Reinsurance Rate
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 (2/3 applied to ex mod
8 (Payroll/100) * Excess Insurance Rate
9 From Page 4
10 Sum of (6) Through (9)

	Adjusted $3 x $1 QS Layer		REINSURANCE: $10 Mil X $4 Mil					2011-2012		COMPARISON TO PRIOR YEAR		
	Retained Portion for future payments	Reinsurance Premium	2/3 Premium Applied to ExMod	1/3 Premium Not Applied to ExMod	Reinsurance Premium	EXCESS $15Mil x $14Mil	ADMIN PREMIUM	CARMA PREMIUM	RATE PER $100	2010-2011 CARMA	INCREASE	Percentage INCREASE
MEMBER AGENCY	NOTE 6		NOTE 7			NOTE 8	NOTE 9	NOTE 10	PAYROLL	PREMIUM	(DECREASE)	(DECREASE)
BCJPIA	$730,549	$730,549	$327,251	$143,765	**$471,016**	$193,062	$109,342	**$2,234,518**	$0.559	$2,414,657	($180,139)	-7.46%
CSJVRMA	462,993	$462,993	207,399	139,640	**347,039**	187,522	79,303	**1,539,849**	$0.396	1,801,732	($261,883)	-14.54%
MBASIA	56,949	$56,949	25,511	15,023	**40,534**	20,175	67,336	**241,944**	$0.579	260,461	($18,517)	-7.11%
MPA	510,097	$510,097	228,499	92,616	**321,115**	124,374	121,270	**1,586,953**	$0.616	1,734,781	($147,828)	-8.52%
PARSAC							14,523	**14,523**		21,785	($7,262)	-33.33%
VCJPA	58,787	$58,787	26,334	16,452	**42,786**	22,093	53,966	**236,418**	$0.517	237,316	($898)	-0.38%
TOTALS	**$1,819,375**	**$1,819,375**	**$814,993**	**$407,497**	**$1,222,490**	**$547,225**	**$445,740**	**$5,854,205**	**$0.517**	**$6,470,732**	**($616,527)**	-9.53%

Revisions from prior year:
~ Revised reinsurance allocation: Two thirds of the reinsurance premium continues to be applied to the JPA ex mod, while one third of the premium is not.
~ A detail combined loss and payroll page for each JPA, rather than the two detail pages as provided in the past.

Final Proposed Budget ~ 75% CL ~ 3.5% Discount ~ Scenario #3

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Actuarial and Reinsurance Rates
~ Final Proposed 2011/2012 Operating Budget ~

~ Excess Purchase $15 million ex of $14 million through Colony ~

~ Reinsurance Purchase $10 million ex of $4 million - Starr Indemnity Option ~

Actuarial Rates - Discounted at 3.50% (Not used in this scenario)

Actuarial Data Discounted Range	50% Rate	60% Rate	Expected Rate	70% Rate	75% Rate	80% Rate	85% Rate	90% Rate
$1 mil ex $1 mil	0.116	0.146	0.152	0.184	0.208	0.237	0.275	0.330
$2 mil ex $1 mil		0.201	0.212	0.259	0.293	0.337	0.392	0.473
$3 mil ex $1 mil	0.175	0.228	0.243	0.296	0.338	0.389	0.457	0.552
$4 mil ex $1 mil	0.192	0.251	0.267	0.323	0.368	0.425	0.497	0.601
$5 mil ex $1 mil	0.203	0.264	0.278	0.336	0.384	0.442	0.514	0.623
$2 mil ex $2 mil	0.046	0.079	0.091	0.116	0.137	0.162	0.195	0.242
$3 mil ex $2 mil	0.059	0.095	0.115	0.141	0.170	0.204	0.246	0.307
$2 mil ex $3 mil		0.029	0.055	0.064	0.084	0.107	0.133	0.169
$1 mil ex $4 mil			0.024		0.037	0.051	0.064	0.082
$1 mil ex $5 mil			0.011				0.021	0.049

Indicates Rate not calculated

Insurance Rates and Premiums

Starr Indemnity and Liability Company	With Broker Fees	Without Fees
Premium $10mil ex $4mil	$1,222,490	$1,154,200
Rate/$100 PR	$0.10786	$0.10184

Colony Excess Insurance $15mil ex $14mil	
Premium	$547,225
Rate/$100 PR	$0.04828

Final Proposed Budget ~ 75% CL ~ 3.5% Discount ~ Scenario #3

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ Final Proposed 2011/2012 Operating Budget ~

~ SCENARIO #4 - 50% Quota Share Reinsurance Purchase of $3 million ex of $1 million Layer

~ Reinsurance Purchase $10 million ex of $4 million - Amtrust Financial Option ~

~ Excess Purchase $15 million ex of $14 million through Colony ~

	2010 PAYROLL	FUNDING FOR $3m ex $1m QS	EXPERIENCE MOD FACTOR	LOSSED ADJUSTED FOR EX MOD	OFF-BALANCE FACTOR	ADJUSTED $3m ex $1m QS
MEMBER AGENCY	NOTE 1	NOTE 2	NOTE 3	NOTE 4	NOTE 5	NOTE 6
BCJPIA	$399,854,746	$1,283,755	1.152	$1,478,928	0.9879	$1,461,097
CSJVRMA	388,380,637	1,246,917	0.752	937,286	0.9879	925,986
MBASIA	41,784,220	134,150	0.859	115,289	0.9879	113,899
MPA	257,593,483	827,018	1.249	1,032,645	0.9879	1,020,195
PARSAC						
VCJPA	45,758,398	146,910	0.810	119,008	0.9879	117,573
TOTALS	**$1,133,371,484**	**$3,638,750**	**0.964**	**$3,683,156**		**$3,638,750**
				(average)		

LAYER "B" RATE	**$3 X $1 Rate for 50% Quota Share Reinsurance Purchase**	**0.321**
LAYER "C" RATE	**Reinsurance Rate + Broker's Fee**	**$0.10054**
($5-14 MIL)	Broker's Fee (included in reinsurance rate)	$68,290
LAYER "D" RATE	**Excess ($15-$29 Mil) Insurance Rate**	**$0.04828**

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 2010 Payroll
2 Payroll/100 * QS Reinsurance Rate
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 (2/3 applied to ex mod
8 (Payroll/100) * Excess Insurance Rate
9 From Page 4
10 Sum of (6) Through (9)

	Adjusted $3 x $1 QS Layer		REINSURANCE: $10 Mil X $4 Mil					2011-2012	
	Retained Portion for future payments	Reinsurance Premium	2/3 Premium Applied to ExMod	1/3 Premium Not Applied to ExMod	Reinsurance Premium	EXCESS $15Mil x $14Mil	ADMIN PREMIUM	CARMA PREMIUM	RATE PER $100
MEMBER AGENCY	NOTE 6		NOTE 7			NOTE 8	NOTE 9	NOTE 10	PAYROLL
BCJPIA	$730,549	$730,549	$305,033	$134,004	**$439,037**	$193,062	$109,342	**$2,202,538**	$0.551
CSJVRMA	462,993	$462,993	193,318	130,159	**323,477**	187,522	79,303	**1,516,287**	$0.390
MBASIA	56,949	$56,949	23,779	14,003	**37,782**	20,175	67,336	**239,192**	$0.572
MPA	510,097	$510,097	212,986	86,328	**299,314**	124,374	121,270	**1,565,151**	$0.608
PARSAC							14,523	**14,523**	
VCJPA	58,787	$58,787	24,546	15,335	**39,881**	22,093	53,966	**233,513**	$0.510
TOTALS	**$1,819,375**	**$1,819,375**	**$759,660**	**$379,830**	**$1,139,490**	**$547,225**	**$445,740**	**$5,771,205**	**$0.509**

COMPARISON TO PRIOR YEAR		
2010-2011 CARMA PREMIUM	INCREASE (DECREASE)	Percentage INCREASE (DECREASE)
$2,414,657	($212,119)	-8.78%
1,801,732	($285,445)	-15.84%
260,461	($21,269)	-8.17%
1,734,781	($169,630)	-9.78%
21,785	($7,262)	-33.33%
237,316	($3,803)	-1.60%
$6,470,732	**($699,527)**	-10.81%

Revisions from prior year:
~ Revised reinsurance allocation: Two thirds of the reinsurance premium continues to be applied to the JPA ex mod, while one third of the premium is not.
~ A detail combined loss and payroll page for each JPA, rather than the two detail pages as provided in the past.

Final Proposed Budget ~ 75% CL ~ 3.5% Discount ~ Scenario #4

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Actuarial and Reinsurance Rates
~ Final Proposed 2011/2012 Operating Budget ~

~ Excess Purchase $15 million ex of $14 million through Colony ~

~ Reinsurance Purchase $10 million ex of $4 million - Amtrust Financial Option ~

Actuarial Rates - Discounted at 3.50% (Not used in this scenario)

Actuarial Data Discounted Range	50% Rate	60% Rate	Expected Rate	70% Rate	75% Rate	80% Rate	85% Rate	90% Rate
$1 mil ex $1 mil	0.116	0.146	0.152	0.184	0.208	0.237	0.275	0.330
$2 mil ex $1 mil		0.201	0.212	0.259	0.293	0.337	0.392	0.473
$3 mil ex $1 mil	0.175	0.228	0.243	0.296	0.338	0.389	0.457	0.552
$4 mil ex $1 mil	0.192	0.251	0.267	0.323	0.368	0.425	0.497	0.601
$5 mil ex $1 mil	0.203	0.264	0.278	0.336	0.384	0.442	0.514	0.623
$2 mil ex $2 mil	0.046	0.079	0.091	0.116	0.137	0.162	0.195	0.242
$3 mil ex $2 mil	0.059	0.095	0.115	0.141	0.170	0.204	0.246	0.307
$2 mil ex $3 mil		0.029	0.055	0.064	0.084	0.107	0.133	0.169
$1 mil ex $4 mil			0.024		0.037	0.051	0.064	0.082
$1 mil ex $5 mil			0.011				0.021	0.049

Indicates Rate not calculated

Insurance Rates and Premiums

AmTrust Financial Group	With Broker Fees	Without Fees
Premium $10mil ex $4mil	$1,139,490	$1,071,200
Rate/$100 PR	$0.10054	$0.09451

Colony Excess Insurance $15mil ex $14mil	
Premium	$547,225
Rate/$100 PR	$0.04828

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

Analysis of Quota Share Option Applied Historically

The Quota Share proposal would fund the $3 x $1 previously pooled layer through the purchase of a 50% quota sharing arrangement. The arrangement would require a payment of half of the quoted "premium" (approximately 95% of the approved CARMA pooled premium at the 75% CL) to be paid at the beginning of the program year. 50% of each payment that pierces the CARMA layer would be reimbursed. The calculation below assumes this identical scenario for each prior program year.

Data to be used in Comparison of Historical Application to Current QS Proposal								Calculation - Comparison of Historical Application to Current QS Proposal			
Incurred as of 3/31/11 per CARMA Loss Run					Premium Calculation		B	C = A / 2	D = B / 2	E = C + D	F = B - E
Program Year	Covered Layer	Total Paid	Total Reserves	Total Incurred	Pooled Premium	A = 95% of Pooled Premium	Actual Paid w/o QS Reimbursement	50% of 95% of Pooled Premium	Actual Paid Divided by 2	Calculated Total Payments	Difference
1993/1994	4 x 1	677,743	0	677,743	2,194,013	2,084,312	677,743	1,042,156	338,872	1,381,028	**(703,285)**
1994/1995	2 x 1	952,298	0	952,298	2,054,492	1,951,767	952,298	975,884	476,149	1,452,033	**(499,735)**
1995/1996	2 x 1	1,962,230	0	1,962,230	2,030,942	1,929,395	1,962,230	964,697	981,115	1,945,813	**16,418**
1996/1997	2 x 1	2,108,302	0	2,108,302	1,331,194	1,264,634	2,108,302	632,317	1,054,151	1,686,468	**421,834**
1997/1998	2 x 1	1,962,673	0	1,962,673	878,846	834,904	1,962,673	417,452	981,337	1,398,788	**563,885**
1998/1999	2 x 1	2,641	0	2,641	954,574	906,845	2,641	453,423	1,321	454,743	**(452,102)**
1999/2000	2 x 1	0	0	0	837,229	795,368	0	397,684	0	397,684	**(397,684)**
2000/2001	2 x 1	2,481,600	0	2,481,600	1,490,920	1,416,374	3,308,800	708,187	1,654,400	2,362,587	**946,213**
2001/2002	2 x 1	1,491,465	0	1,491,465	1,673,078	1,589,424	2,000,000	794,712	1,000,000	1,794,712	**205,288**
2002/2003	2 x 1	1,102,103	300,000	1,402,103	2,101,102	1,996,047	1,483,255	998,023	741,628	1,739,651	**(256,396)**
2003/2004	3 x 1	511,129	580,218	1,091,347	2,921,659	2,775,576	511,129	1,387,788	255,564	1,643,352	**(1,132,224)**
2004/2005	3 x 1	6,845,307	0	6,845,307	3,779,460	3,590,487	6,845,307	1,795,244	3,422,653	5,217,897	**1,627,410**
2005/2006	4 x 1	1,456,343	4,248,385	5,704,728	3,672,663	3,489,030	1,456,343	1,744,515	728,172	2,472,687	**(1,016,343)**
2006/2007	4 x 1	823,439	896,565	1,720,004	3,743,602	3,556,422	823,439	1,778,211	411,719	2,189,930	**(1,366,492)**
2007/2008	4 x 1	956,223	0	956,223	5,249,422	4,986,951	956,223	2,493,475	478,112	2,971,587	**(2,015,364)**
2008/2009	3 x 1	2,277,629	0	2,277,629	5,521,608	5,245,528	2,277,629	2,622,764	1,138,815	3,761,578	**(1,483,949)**
2009/2010	3 x 1	0	200,000	200,000			0				
2010/2011	3 x 1	0	0	0			0				
Grand Total		**25,611,124**	**6,225,168**	**31,836,292**			**27,328,012**	**19,206,532**	**13,664,006**	**32,870,538**	**(5,542,526)**

FINANCIAL MATTERS

SUBJECT: Retrospective Adjustment Calculations - Closure of Program Years

BACKGROUND AND STATUS:

At the April 20, 2011 Board meeting, a Retrospective Adjustment Policy was approved by the CARMA Board of Directors. The Policy formalizes a process that provides for:

1) An annual analysis of the program's equity by program year and in aggregate to determine the viability of the possible release of dividends; and/or

2) The closure of program years.

The calculations were performed using the March 31, 2011, equity balances, as they incorporate the recent actuarial revisions to each program year's ultimate loss projections.

1) The first spreadsheet, "Retrospective Adjustment Calculation as of March 31, 2011" provides the program year calculation, revealing that for those program years that are on target to be retrospectively adjusted (a full five years old), dividends would be available to be released in the amount of $1,524,377.

2) The second spreadsheet, "Retrospective Adjustment Calculation by Member" reveals that three of the current five members would receive a negative retrospective adjustment, i.e., an assessment, so staff is not recommending a dividend release at this juncture.

3) The third spreadsheet, "Proposed Closure of Program Years 1996/97 - 2000/01" calculates the scenario by which program years with no open claims that have also been closed by the actuary can be formally closed by the Board. The program equity allocated to each member for Program Years 1996/97 - 2000/01 would be separately applied to 2004/05 so as to maintain the integrity of each member's share. The "Re-allocated 2004/05" column is the sum total of all five program years' equity balances. Future allocation of equity for the 2004/05 program year will not affect the member's allocation of equity for the closed years, which will remain fixed.

RECOMMENDATION:

The Board approves the closure of program years 1996/97 - 2000/01 and the application of member's allocation of pool equity for those years to be applied to the 2004/05 program year.

Agenda Item 7.D.

<u>REFERENCE MATERIALS ATTACHED:</u>

- Retrospective Adjustment Calculation as of March 31, 2011
- Retrospective Adjustment Calculation by Member
- Proposed Closure of Program Years 1996/97 - 2000/01

California Affiliated Risk Management Authorities

~ Retrospective Adjustment Calculation ~

As of March 31, 2011

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	(After 3 Q) 2010/11	Total All Years
Income:																
Deposit Premiums	$ 2,115,968	$ 1,663,375	$ 1,612,952	$ 1,422,145	$ 2,707,152	$ 2,883,997	$ 3,697,858	$ 4,693,601	$ 5,975,629	$ 6,354,632	$ 6,505,800	$ 7,459,934	$ 8,209,998	$ 6,455,754	$ 4,853,049	66,611,844
Interest Income	364,488	564,102	625,817	451,891	155,019	118,202	410,567	757,031	452,351	811,348	683,351	545,074	263,551	82,709	5,393	6,290,895
Total Income	2,480,456	2,227,477	2,238,769	1,874,036	2,862,171	3,002,199	4,108,425	5,450,632	6,427,980	7,165,980	7,189,151	8,005,008	8,473,549	6,538,463	4,858,442	72,902,739
Expenses:																
Operating Expenses	138,392	166,980	192,060	170,143	287,339	284,842	259,386	265,082	303,627	290,731	330,481	358,877	347,824	419,586	310,477	4,125,827
Excess Insurance	646,382	617,550	466,318	414,772	928,895	926,077	1,371,418	1,655,431	1,892,542	2,391,237	2,431,716	1,851,634	2,340,563	1,977,415	1,476,638	21,388,588
Claims Expenses:																
Claims Paid	2,106,630	1,962,672	2,641	0	2,481,600	1,491,000	1,102,103	511,129	6,845,307	1,481,661	823,439	956,223	2,277,629	0	0	22,042,033
Reserve for Claims	0	0	0	0	0	0	216,675	552,948	0	3,976,488	830,219	0	0	177,400	0	5,753,730
Reserve for IBNR & ULAE	0	0	0	0	0	19,588	78,193	240,166	342,601	1,411,350	1,065,456	1,578,411	2,153,244	2,389,237	1,953,427	11,231,674
Sub-Total Claims Expense	2,106,630	1,962,672	2,641	0	2,481,600	1,510,588	1,396,971	1,304,243	7,187,908	6,869,500	2,719,114	2,534,634	4,430,874	2,566,637	1,953,427	39,027,437
Total Expenses	2,891,404	2,747,202	661,019	584,915	3,697,834	2,721,507	3,027,775	3,224,756	9,384,077	9,551,468	5,481,311	4,745,145	7,119,261	4,963,638	3,740,542	64,541,852
Fund Balance at Expected Level Before Refunds/Assessments	$ (410,948)	$ (519,724)	$ 1,577,750	$ 1,289,124	$ (835,662)	$ 280,690	$ 1,080,648	$ 2,225,877	$ (2,956,098)	$ (2,385,487)	$ 1,707,840	$ 3,259,863	$ 1,354,289	$ 1,574,825	$ 1,117,901	$ 8,360,887
(Equity Returns) / Assessments:																
9/30/01 Reallocated Reserve	442,562															442,562
6/30/02 Assessment	317,745	776,162														1,093,907
6/30/06 Dividend	(67,919)	(119,075)														(186,994)
6/30/08 Assessment					949,644											949,644
6/30/09 PARSAC allocation to Future	(72,615)															(72,615)
Subtotal (Equity Returns) / Asse	619,773	657,087	0	0	949,644	0	0	0	0	0	0	0	0	0 #	0	2,226,504
Fund Balance at Expected Level After Refunds/Assessments	$ 208,825	$ 137,362	$ 1,577,751	$ 1,289,124	$ 113,985	$ 280,689	$ 1,080,647	$ 2,225,877	$ (2,956,098)	$ (2,385,488)	$ 1,707,840	$ 3,259,863	$ 1,354,289	$ 1,574,825	$ 1,117,899	$ 10,587,389
Add'l IBNR - Expected to 70%	0	0 #	0	0	0	0	0 #	0 #	0	48,296	156,300	292,570	444,543	575,384	429,754	1,946,849
Fund Balance - 70% Confidence Level	$ 208,825	$ 137,362	$ 1,577,751	$ 1,289,124	$ 113,985	$ 280,689	$ 1,080,647	$ 2,225,877	$ (2,956,098)	$ (2,433,785)	$ 1,551,540	$ 2,967,292	$ 909,746	$ 999,441	$ 688,145	$ 8,640,542
Add'l IBNR - Expected to 80%	0	0 #	0	0	0	0	0 #	0 #	0	676,145	850,972	1,053,253	1,278,061	1,551,034	1,191,591	6,601,055
Fund Balance - 80% Confidence Level	$ 208,825	$ 137,362	$ 1,577,751	$ 1,289,124	$ 113,985	$ 280,689	$ 1,080,647	$ 2,225,877	$ (2,956,098)	$ (3,061,633)	$ 856,869	$ 2,206,610	$ 76,228	$ 23,791	$ (73,692)	$ 3,986,337

Dividends Available to be issued - 70% Equity Retention:	*$ 8,640,542*
Dividends Available to be issued - 80% Equity Retention:	*$ 3,986,337*

Dividend Issuance Calculation:

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Dividend / (Negative Adjustment): (Fund balance at 70%)	$ 208,825	$ 137,362	$ 1,577,751	$ 1,289,124	$ 113,985	$ 280,689	$ 1,080,647	$ 2,225,877	$ (2,956,098)
Cumulative Net Dividend:	$ 208,825	$ 346,187	$ 1,923,938	$ 3,213,062	$ 3,327,047	$ 3,607,736	$ 4,688,383	$ 6,914,260	$ 3,958,162

Inelligible Years - Program Years must be a full five years old before a dividend can be issued.

	2005/06
Dividend / (Negative Adjustment)	$ (2,433,785)
Cumulative Net Dividend	$ 1,524,377

California Affiliated Risk Management Authorities

~ Retrospective Adjustment Calculation by Member ~

As of March 31, 2011

Member	70% Equity Retention 1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	Total All Eligible Years	Ineligible Negative Year 2005/06	Final Cumulative Net Dividend
BCJPIA	$ 112,685	$ 63,000	$ 797,525	$ 700,834	$ 28,011	$ 88,764	$ 279,741	$ 599,081	$ (783,557)	$ 1,886,083	$ (603,951)	$ 1,282,135
CSJVRMA					(7,806)	61,224	244,774	575,792	(726,790)	147,194	(587,768)	$ (440,574)
MBASIA								66,606	(146,235)	(79,629)	(92,772)	$ (172,402)
MPA					37,654	63,314	319,015	527,089	(749,005)	198,067	(634,919)	$ (436,853)
VCJPA	$ (3,909)	(9,664)	118,481	101,536	(12,995)	11,416	40,042	77,228	(83,664)	238,470	(92,803)	$ 145,667
PERMA	52,685	(51,938)								$ 747		$ 747
PARSAC	47,363	135,963	661,746	486,755	69,121	55,972	197,075	380,082	(466,846)	$ 1,567,230	(421,571)	$ 1,145,659
Total	$ 208,824	$ 137,362	$ 1,577,751	$ 1,289,124	$ 113,985	$ 280,689	$ 1,080,647	$ 2,225,877	$ (2,956,098)	$ 3,958,162	$ (2,433,784)	$ 1,524,377

NOTE: The Retrospective Adjustment Calculation by member reveals that $1,524,377 would be available for the issuance of "dividends". However, three of the five current members would receive a negative retrospective adjustment (ie: assessment), so it is not recommended that "dividends" be issued at this juncture.

Proposed Closure of Program Years 1996/97 - 2000/01 - Equity Applied to 2004/05

1996/97 through 2000/01 Closed into 2004/05 - Equity at Expected Confidence Level

Member	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	Original 2004/05	Re-Allocated 2004/05
BCJPIA	$ 112,685	$ 63,000	$ 797,525	$ 700,834	$ 28,011	$ 88,764	$ 279,741	$ 599,081	$ (783,557)	$ 918,498
CSJVRMA					(7,806)	61,224	244,774	575,792	(726,790)	(734,596)
MBASIA								66,606	(146,235)	(146,235)
MPA					37,654	63,314	319,015	527,089	(749,005)	(711,350)
VCJPA	$ (3,909)	(9,664)	118,481	101,536	(12,995)	11,416	40,042	77,228	(83,664)	109,785
PERMA	52,685	(51,938)								747
PARSAC	47,363	135,963	661,746	486,755	69,121	55,972	197,075	380,082	(466,846)	934,101
Total	$ 208,824	$ 137,362	$ 1,577,751	$ 1,289,124	$ 113,985	$ 280,689	$ 1,080,647	$ 2,225,877	$ (2,956,098)	$ 370,948
IBNR as of 3/31/	0	0	0	0	0	19,588	78,193	240,166	342,601	

NOTE: The calculation above provides a scenario by which program years with no open claims that have also been closed by the actuary can be formally closed by the Board. The program equity allocated to each member for Program Years 1996/97 - 2000/01 would be separately applied to 2004/05 so as to maintain the integrity of each member's share. The "Re-allocated 2004/05" column is the sum total of all five program years. Future allocation of equity for the 2004/05 program year will not affect the member's allocation of equity for the closed years, which will remain fixed.

COVERAGE MATTERS

SUBJECT: Discussion Regarding Cyber Liability Coverage and Reporting Requirements

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BACKGROUND AND STATUS:

CYBER LIABILITY COVERAGE

At the April 20, 2011, Board meeting, there was a Staff presentation and full discussion regarding the elements of "Cyber Liability," the 1st and 3rd party coverage provided by PEPIP, and whether CARMA did (and/or should) provide 3rd party general liability coverage for this new and otherwise underfunded exposure. Broadly defined, Cyber Liability includes the loss or theft of stored electronic data, negligent or criminal breach of a computer security system, disruption of network capabilities, and disclosure of private information including Social Security numbers, credit card numbers and personal medical and health information. The activities could lead to a claim for damages for loss of privacy, identity theft, emotional distress, damaged consumer credit, credit restoration costs, defamation and loss of income.

At least two (2) primary pools in CARMA have, or are in the process of, excluded coverage for Cyber Liability in their underlying Liability Memorandums of Coverage (MOC). Although CARMA essentially "follows form" whenever possible, it does not specifically exclude this potential liability exposure. As indicated, there was never any intent to cover this emerging and ever-changing liability and CARMA has not attempted to fund this exposure from its members. At the April 20 Board meeting, Staff and Board Counsel were directed to draft language specifically defining Cyber Liability and also excluding it from the Liability MOC.

As a result, staff and Board counsel recommend the following revisions for the 2011/2012 CARMA MOC:

Item 1. Add definition of *"Cyber liability"* – Section II, Definitions, number 8

Item 2. Add exclusion of *"Cyber Liability"* – Section VI, Exclusions, exclusion number 32

Item 1.

Section II, Definitions, number 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 costs, claim and defense expenses and penalties of a regulatory proceeding, 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 of 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.

Item 2.

Section VI, Exclusions, number 32:

Claims arising out of *Cyber Liability* by whatever name called, including but not limited to defamation, discrimination, violation of rights of privacy or of publicity, infringement of domain name, copyright, trademark, trade dress, trade name, title or slogan.

REPORTING OF CASES OR CLAIMS TO CARMA

The Litigation Manager suggested to the Administrator and Board Counsel that a clarification was needed in the language in the Liability MOC discussing when state or federal civil rights cases or claims must be reported to CARMA. The notice conditions are important to the members and CARMA since the failure to give timely notice to CARMA may void coverage in certain circumstances. SECTION VII – CONDITIONS of the Liability MOC outlines when cases or claims must be reported to CARMA. The 2008/2009 Program Year MOC Sec. 1. (a) 2 states that "a Title 42 USC 1983 case in which a complaint has been served to a Covered Party, establishment of a reserve amounting to at least twenty-five percent of the Retained Limit", "shall" be reported to CARMA within 30 days. The 2010/2011 Program Year language essentially states the same thing, but changes the comma between "Party" and "establishment" to a semi-colon. Either way, there is some room for debate as to whether the comma or the semi-colon mean "and" or "or."

The Litigation Manager and Board Counsel have met to discuss the interpretation of this language and have written the following proposed language, which will appear in the draft MOC under Agenda Item 8. B.

The proposed language is found in Section VII, Conditions, 1 (a) paragraph 2

2. For a Title 42 USC Sec. 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 25% of the *Retained Limit*; or

   ii. Any claim or case in which a Complaint has been filed and served on a *Covered Party*.

RECOMMENDATION:

The Board of Directors: (1) approves the language specifically excluding Cyber Liability under the CARMA Memorandum of Coverage, effective July 1, 2011; and (2) the Board of Directors approves the proposed language clarifying the requirements for reporting cases or claims involving alleged civil rights violations.

REFERENCE MATERIALS ATTACHED:

None – The CARMA Memorandum of Coverage (MOC) with the above proposed language appears under Agenda Item 8.B.

COVERAGE MATTERS

SUBJECT: Draft Memorandum of Coverage (MOC) for the 2011/2012 Program Year

BACKGROUND AND STATUS:

Each program year, the CARMA Memorandum of Coverage (MOC) is reviewed and approved by the Board of Directors for the next program year.

Earlier in this agenda, an item was presented to the Board to discuss the recommended exclusion of Cyber Liability Coverage and to clarify the reporting requirement for cases of claims alleging civil rights violations. The proposed language changes have been included in the draft CARMA MOC included with this report for the 2011/2012 Program Year.

Otherwise, 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.

Ms. Karen Thesing, Administrator; Mr. Michael Groff, Litigation Manager; and Mr. Craig Farmer, Board Legal Counsel will be present to discuss the draft CARMA MOC for the 2011/2012 program year.

RECOMMENDATION:

The Board reviews and accepts revisions to the Memorandum of Coverage (MOC), as presented.

REFERENCE MATERIALS ATTACHED:

- 2011/2012 Program Year CARMA Memorandum of Coverage

Agenda Item 8.B.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES (CARMA)

MEMORANDUM OF COVERAGE

FOR THE 2011/2012 PROGRAM YEAR

EFFECTIVE JULY 1, 2011

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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

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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.

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(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 costs, claim and defense expenses and penalties of a regulatory proceeding, 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 of 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.

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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.

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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.

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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*.

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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*,

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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:

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(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.

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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.

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16. *"Occurrence"* means:

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(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

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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

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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*.

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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

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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.

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(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

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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

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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.

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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.

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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

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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.

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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:

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(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*:

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(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* by whatever name called, but not limited to defamation, defamation, discrimination, violation of rights of privacy or of publicity, infringement of domain name, copyright, trademark, trade dress, trade name, title or slogan.

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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*.

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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

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xi. Hospitalization for at least 30 consecutive days when know 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 is 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

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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. <u>Bankruptcy or Insolvency</u>

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

3. <u>Other Coverage</u>

(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*.

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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*.

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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.

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COVERAGE MATTERS

SUBJECT: Continuation of the Measurement of Litigation Management Performance Report

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BACKGROUND AND STATUS:

The Measurement of Litigation Management Performance Report is provided by the Litigation Manager to provide the Board of Directors with a re-cap of cases that have settled along with a synopsis of what went well or not during the litigation/settlement phase.

At the April 20, 2011, meeting, the CARMA Board of Directors reviewed the report for claims closed as of December 31, 2010, as well as discussed if a need exists to continue receiving the report, since the Litigation Manager provides updates along the course of litigation.

Since the Board of Directors receives on-going information both within the Litigation Manager's Report and verbal reports, it is staff's recommendation to cease the distribution of the Measurement of Litigation Management Performance Report as it appears to be duplicative in its content as well as that which is reported by the Litigation Manager.

RECOMMENDATION:

The Board of Directors approves discontinuation of the Measurement of Litigation Management Performance Report.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 8.C.

ELECTION AND APPOINTMENT OF OFFICERS

SUBJECT: Nomination and Election of President and Vice President and Appointment of Treasurer for the 2011/2012 Program Year

BACKGROUND AND STATUS:

In accordance with Article IV, Section A, of the CARMA Bylaws:

"The President and Vice-President shall be elected, as individuals, from among the *Board of Directors* and serve for a term of one year. Voting for officers will be conducted at the *Board* meeting immediately proceeding July 1. Each Director shall cast one vote for each office. The candidate receiving a plurality of votes for the particular office will be elected and will assume the office upon his/her election. In the event of a tie vote, with no candidate receiving a plurality, those not involved in the tie vote will be eliminated and the remaining candidates will draw lots."

Per Article IV, Section B, of the CARMA Bylaws:

"The President will appoint a Secretary, Treasurer, and such other officers as deemed appropriate subject to approval of the *Board."*

RECOMMENDATION:

Staff recommends the Board of Directors nominates and elects a President and a Vice-President, with the President then appointing the Treasurer, to serve for the 2011/2012 program year.

REFERENCE MATERIALS ATTACHED:

- Article IV of the CARMA Bylaws

Agenda Item 9.A.

ARTICLE IV

<u>ELECTION, APPOINTMENT AND DUTIES OF OFFICERS</u>

A. ELECTION OF OFFICERS

The President and Vice-President shall be elected, as individuals, from among the *Board of Directors* and serve for a term of one year.

Voting for officers will be conducted at the *Board* meeting immediately preceding July 1. Each Director shall cast one vote for each office. The candidate receiving a plurality of votes for the particular office will be elected and will assume the office upon his/her election. In the event of a tie vote, with no candidate receiving a plurality, those not involved in the tie vote will be eliminated and the remaining candidates will draw lots.

The President and Vice-President will serve for their elected term of office until termination of employment or office with a *Member*; or until removal from office by the affirmative vote of two-thirds of the *Members* of the entire *Board of Directors*. Vacancies in the offices of President or Vice-President will be filled by a majority vote of the remaining Directors until the next scheduled election.

B. APPOINTMENT OF OFFICERS

The President will appoint a Secretary, Treasurer, and such other officers as deemed appropriate subject to approval of the *Board*.

C. DUTIES OF OFFICERS

1. <u>President</u> - The President will preside at all meetings of *CARMA*. The President shall

appoint the members of committees as necessary or appropriate for carrying on the activities of *CARMA*. Committees appointed by the President may hold office beyond the President's term subject to the approval of the new President. The President shall execute documents on behalf of *CARMA* as authorized by the *Board of Directors* and shall serve as the primary liaison between this and any other organization.

2. Vice-President - In the absence of or temporary incapacity of the President, the Vice-President shall exercise the functions covered in "1" above. The Vice-President shall also serve as the auditor/controller of *CARMA*.

3. Secretary - The Secretary shall be present at all meetings of *CARMA* to cause minutes to be kept, to maintain or cause to be maintained all accounting and other financial records of *CARMA*, to file all financial reports of *CARMA*, and to perform such other duties as the *Board* may specify.

4. Treasurer - The duties of the Treasurer shall be those specified in Sections 6505.5 or 6505.6 of the California Government Code, to receive and keep safe all money coming into the treasury, to comply with all laws governing the deposit and investment of funds, and to submit a monthly report (Treasurer's Report) to the *Board* summarizing receipts, disbursements, and fund balances, along with a listing of all investments and other duties as specified by the *Board*.

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.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- The Litigation Manager's Report dated May 24, 2011, was mailed under separate cover and will be collected at the meeting.

Agenda Item 10.A.