



Association of Bay Area Governments

## Actuary Committee Meeting Minutes

April 22<sup>nd</sup>, 2015  
10:30am - 1:00pm

101 Eighth Street  
Oakland, CA 94607  
Conference Room B

### Members Present:

Presiding:  
Jesse Takahashi

Colleen Tribby  
Emma Karlen  
Edmund Suen  
Cindy Safe

### Jurisdiction

Campbell

Dublin  
Milpitas  
Foster City  
Woodside

### Staff Present:

Jim Hill - ABAG PLAN Risk Management Officer  
Jill Stallman – ABAG PLAN Claims Manager  
Kim Chase - ABAG PLAN Administrative Assistant

### Other Representative(s):

Mike Harrington - Bickmore Risk Services  
Seth Cole - Alliant Insurance Service, Inc.

### **1. Meeting Called to Order:**

Meeting was called to order by Jesse Takahashi at 10:33 a.m.

### **2. Public Comments:** None

### **3. Approval of Minutes of 4/30/2014**

Minutes were approved as presented. //M//Suen//S//Karlen//C//Unanimous

Actuary Committee Meeting Minutes - April 22, 2015 (cont.)

**4. Actuarial Review of Self-Funded Liability Program:**

Staff (Jim Hill) reviewed key highlights of the Actuary report. Claims have been developing favorably as evidenced by the trend in actual loss development. When comparing actual loss development against expected loss development, actual loss development was negative. This had a very positive impact on PLAN program surplus. PLAN assets have improved to \$45 million and our Risk Margin Fund/SIR funds are more than adequate. We are above the 90% confidence level, which will bolster our Grant program.

Jim noted 16 PLAN members will have a decrease in liability premium contributions while 13 members will have a premium increase. The premium increases were driven primarily by member claim activity (experience rating) and/or exposure increases (reported payroll). Staff discussed the actuarial study conducted for Belvedere (prospective member applicant) which was favorable, however, the applicant ultimately engaged with PARSAC.

Jesse Takahashi asked about the grant program funds and rollover dollars. Jim discussed the Risk Management Committee's vote to rollover member unused grant funds and reallocate to all members the following year. There are no funding concerns for the grant program.

Mike Harrington (Bickmore) provided an in-depth review of the actuarial reports. He noted historical average claim cost, revealing FY 11/12 as the worst year for PLAN claims. Mike pointed out that this year was far better than most with respect to claim costs. He referenced sections of the report detailing claim trends and frequency. Mike noted actuarial confidence levels used in the analysis and stated PLAN is funding at a 60% confidence level which is prudent. PLAN's loss rate decreased 5.5%.

Members discussed frequency concerns in relation to the drought (tree claims). Staff noted PLAN would be sponsoring an Urban Forest Workshop again this fiscal year. He also urged members to increase tree inspections at the local level. The committee then talked about the political ramifications associated with tree removal.

The Actuary then referenced ultimate losses for each year and for the pool in total. PLAN's SIR Fund, Risk Margin Fund, and confidence level is optimal. Jesse asked for the amount of the Loss Prevention grant funds and Jim affirmed it was \$1.4 million. The Actuary then presented and the committee discussed the premium comparison report for all members noting specific changes and the underlying factors that change member premiums.

Motion to approve and accept the draft Actuary Reports dated March 23 and April 6<sup>th</sup>, 2015 for presentation to the Board of Directors. //M//Tribby//S//Karlen//C//Unanimous

**5. Excess Liability and Property Insurance Coverage:**

Seth Cole (Alliant) presented Program Renewal Pricing and discussed the insurance market conditions noting the impact of catastrophic losses on the insurance industry capacity. Other key metrics that drive the insurance industry are combined ratio; policy level surplus; industry investments, and Workers Comp ratio forecast.

Seth noted Property and General Liability rates are stable and have come down in certain cases, however, overall pricing increases are ranging around 2%. Workers Compensation rates are increasing. The market stability is good news with respect to PLAN excess coverage options. Seth then reviewed the Property and the Excess Liability program rates, options and coverage highlights. Jesse asked how the property rates are calculated for each member and staff (Jim) stated the rate is applied to member exposure (Total Insured Values - TIV) with additional funding for PLAN's retained layer of \$100K. Seth confirmed that in the past years the Property Program has been marketed to several carriers; however, the current pricing indication is significantly less than other markets so he is recommending we stay the course.

Seth referenced the Cyber Liability coverage provided and discussed certain enhancements that are available to individual members in addition to the pool as a whole. Members seeking enhanced coverage options can apply individually through Alliant and get quotations from the program underwriters.

Seth closed the discussion by noting PLAN excess limits were increased to \$25 million while premiums have been reduced. Seth informed the committee that staff (Jim) requested him to look into an SIR buy down option again this year. The committee reviewed available options and discussed each carrier and their respective coverage positions. The committee reviewed the crime program. PLAN currently purchases \$1 million in crime coverage for each PLAN member, however, Seth was asked to present options up to \$5 million limits for review and discussion at the BOD meeting.

**6. Other Business:** None

**7. Meeting Adjourned:** Meeting adjourned by Jesse Takahashi at 12:55 p.m.

Respectfully Submitted,



James Hill  
Risk Management Officer