



California JPIA
El Capitan Room
8081 Moody Street
La Palma, California 90623

*****GOVERNOR'S EXECUTIVE ORDER N-29-20***
RE CORONAVIRUS COVID-19**

**THIS MEETING WILL BE CONDUCTED PURSUANT TO THE PROVISIONS OF THE
GOVERNOR'S EXECUTIVE ORDER WHICH SUSPENDS CERTAIN
REQUIREMENTS OF THE RALPH M. BROWN ACT.**

AGENDA

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

**REGULAR MEETING
THIS MEETING WILL BE VIA TELECONFERENCE ONLY**

June 24, 2020

5:30 P.M.

CALL TO ORDER

President Margaret Finlay

PLEDGE OF ALLEGIANCE

President Margaret Finlay

ROLL CALL

Marshall Goodman
Darcy McNaboe
Sonny Santa Ines
Sylvia Muñoz Schnopp
Steve Tye
Mark Waronek
Secretary, Tom Chavez
Vice President Mary Ann Reiss
President Margaret Finlay

ORAL COMMUNICATIONS

Any persons present desiring to address the Executive Committee on any proper matter may do so at this time.

CONSENT CALENDAR

All items under Consent Calendar may be enacted by one motion. Any item may be removed from the Consent Calendar and acted upon separately by the Executive Committee.

1. APPROVAL Minutes of May 27, 2020 Regular Meeting
2. RECEIVE AND FILE Treasurer's Monthly Compliance Report for May 2020
3. RECEIVE AND FILE Quarterly Financials as of March 31, 2020

REPORTS AND RECOMMENDATIONS

4. APPROVAL Endorsements Providing for Member Co-Payments
5. APPROVAL 2020-21 Memorandum of Coverage – Liability Program
6. APPROVAL 2020-21 Memorandum of Coverage – Workers' Compensation Program
7. APPROVAL 2020-21 Memorandum of Coverage – Property Program
8. CONSIDERATION Reinsurance and Excess Insurance Renewals
9. APPROVAL Liability Third Party Claims Administration Agreement
10. RECEIVE AND FILE CAJPA Tort Reform Project
11. RESOLUTION
NO. 2020-06 WR
Warrant Register
A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS OF THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY ALLOWING CERTAIN CLAIMS AND DEMANDS IN THE TOTAL OF \$6,007,781.04.

ADJOURNMENT

To a meeting on July 15, 2020, at 5:30 p.m., in the El Capitan Room of the California JPIA 8081 Moody Street, La Palma, CA 90623 (Unless the Governor's Stay-At-Home Order is extended).

In compliance with Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Agency Clerk at (562) 467-8736. Notification 48 hours before meeting will enable the Authority to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

TELECONFERENCE PARTICIPATION

Pursuant to the Governor's Executive Order N-29-20

Executive Committee Members may participate via teleconference.

Public Participation:

In accordance with Executive Order N-29-20 and guidance from the California Department of Public Health on gatherings, remote public participation is allowed in the following ways:

Public comment will be accepted by email to vruiz@cjpia.org during the meeting, prior to the close of public comment on an item, and read into the record during public comment.

At the announced time of the meeting, teleconference participants (unless otherwise instructed) should call the California JPIA's teleconference number at (669) 900-9128, enter Meeting ID: 944 9142 3224 and identify themselves for the record. To access the video conferencing and view the meeting online, go to [Join Zoom Meeting](#).

Dated: June 20, 2020

Posted: June 20, 2020

s/Veronica Ruiz
Veronica Ruiz, CMC
Agency Clerk

AFFIDAVIT OF POSTING

I, Veronica Ruiz, declare as follows: That I am the duly designated Agency Clerk for the California Joint Powers Insurance Authority, and that I caused to be posted the foregoing agenda in accordance with the Brown Act. Dated this 20th day of June, 2020.

By: Veronica Ruiz, CMC, Agency Clerk

CALIFORNIA JPIA

MINUTES

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

REGULAR MEETING (TELECONFERENCE)

May 27, 2020

5:30 P.M.

CALL TO ORDER

President Finlay called the regular meeting of the Executive Committee of the California JPIA to order at 5:36 p.m. This meeting was conducted pursuant to the provisions of the Governor's Executive Order N-29-20, which suspends certain requirements of the Ralph M. Brown Act.

ROLL CALL

A quorum was established by roll call.

PRESENT:

Marshall Goodman
Darcy McNaboe
Sonny Santa Ines
Sylvia Muñoz Schnopp
Steve Tye
Mark Waronek
Secretary, Tom Chavez
Vice President, Mary Ann Reiss
President, Margaret Finlay

EX OFFICIO:

Thaddeus McCormack, Managers Committee
Chairman
Jose Gomez, Finance Officers Committee
Chairman

ATTENDEES:

Chris Kustra, Carl Warren & Company
Mike Egan, Tripepi Smith
Heather Newsom, City of Atascadero
Glenn Miller, City of Indio
Andy Thompson, Safehub
Doug Frazier, Safehub
Dennis Mulqueeney, Alliant
Richard Babbe, PFM

Sarah Meacham, PFM
Andrew Halsall, GEM

STAFF: Jon Shull, Chief Executive Officer
Maria Galvan, Senior Risk Manager
Tammie Haller, Administrative Programs Manager
Norm Lefmann, Assistant Executive Officer
Veronica Ruiz, Agency Clerk
Carl Sandstrom, Business Projects Manager
Alex Smith, Chief Financial Officer
Jim Thyden, Insurance Programs Manager
Paul Zeglovitch, Liability Program Manager

**ORAL
COMMUNICATIONS**

There were no requests to address the Executive Committee.

CONSENT CALENDAR

President Finlay presented the items appearing on the Consent Calendar.

Director Waronek moved that the Consent Calendar items be approved, received and filed in one action. The motion was seconded by Director Chavez. The motion carried unanimously by roll call vote.

The Consent Calendar included:

- Executive Committee minutes from the regular meeting of April 22, 2020
- Treasurer’s Monthly Compliance Report for April 2020
- Local Agency Investment Fund Quarterly Report as of March 31, 2020
- Los Angeles County Pooled Investment Fund Report as of March 31, 2020

RECEIVE AND FILE
Investment Performance
Review for the Quarter Ended
March 31, 2020

President Finlay presented the Investment Performance Review for the Quarter Ended March 31, 2020 item.

Jon Shull, Chief Executive Officer, introduced Richard Babbe and Sarah Meacham of PFM Asset Management. Babbe presented a market update and review of the Authority’s investment portfolio for the quarter ended March 31, 2020.

Director McNaboe moved to receive and file the Investment Performance Review for the Quarter Ended March 31, 2020. The motion was seconded by Director Tye. The motion carried unanimously by roll call vote.

CONSIDERATION
Safehub Global Platform
Proposal

President Finlay presented the Safehub Global Platform Proposal item.

Jon Shull, Chief Executive Officer, introduced Andy Thompson and Doug Frazier of Safehub. Thompson and Frazier presented information about Safehub technology, which provides real-time information about the structural safety of buildings which members can use to expedite earthquake emergency response and recovery.

Director Goodman moved to direct staff to finalize negotiations and enter into a contract with Safehub to install monitoring devices in select member buildings and provide proprietary software platform to the Authority. The motion was seconded by Director McNaboe. The motion carried unanimously by roll call vote.

APPROVAL
Government Entities Mutual
Membership Documents

President Finlay presented the Government Entities Mutual Membership Documents item.

Jon Shull, Chief Executive Officer, introduced Government Entities Mutual (GEM) President and CEO Andrew Halsall. Halsall previously presented information about the captive insurance company at the March 25, 2020 Executive Committee meeting. Shull stated that staff had determined that membership in GEM would be beneficial to the Authority, especially in renewal negotiations for excess and reinsurance for the liability program.

Director Santa Ines moved to approve of the Authority's membership in Government Entities Mutual Inc., PCC, and authorize the Chief Executive Officer to execute all necessary documents to complete the membership process, including issuance of payment of the initial surplus contribution. The motion was seconded by Director Waronek. The motion carried unanimously by roll call vote.

RESOLUTION
NO. 2020-05 WR
Warrant Register

President Finlay read, by title only, Resolution No. 2020-05 WR,

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS OF THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY ALLOWING CERTAIN CLAIMS AND DEMANDS IN THE TOTAL OF \$7,710,317.95.

Director Waronek moved to waive further reading and adopt Resolution 2020-05 WR. The motion was seconded by Director

Schnopp. The motion carried unanimously by roll call vote.

ADJOURNMENT

President Finlay adjourned the meeting at 6:47 p.m., in memory of Senior Risk Manager Jim Gross.

The next regular meeting will be on June 24, 2020, at 5:30 p.m.

Tom Chavez, Secretary

CALIFORNIA JPIA

AGENDA REPORT

To: EXECUTIVE COMMITTEE

From: Jonathan Shull, Chief Executive Officer

By: Alexander Smith, Chief Financial Officer

Date: June 24, 2020

Subject: Treasurer's Monthly Compliance Report

Attached is the Treasurer's Monthly Compliance Report for May 2020.

Directly held investments, as of May 31, 2020, totaled \$266.4 million. Cash held in LAIF was \$276,875 and the money market account balance was \$240,912. Cash held in the Los Angeles County Pooled Investment Fund was \$99,505. Altogether, cash and investments totaled \$267.0 million at the end of the month.

The annualized yield to maturity at cost earned by direct investments was 2.18%. Accrual basis earnings were \$1,329,342. The quarter-to-date yield reported by LAIF was 1.52%, and the money market account yield was 0.06%. The Los Angeles County Pooled Investment Fund yielded 1.40%.

Recommended Action

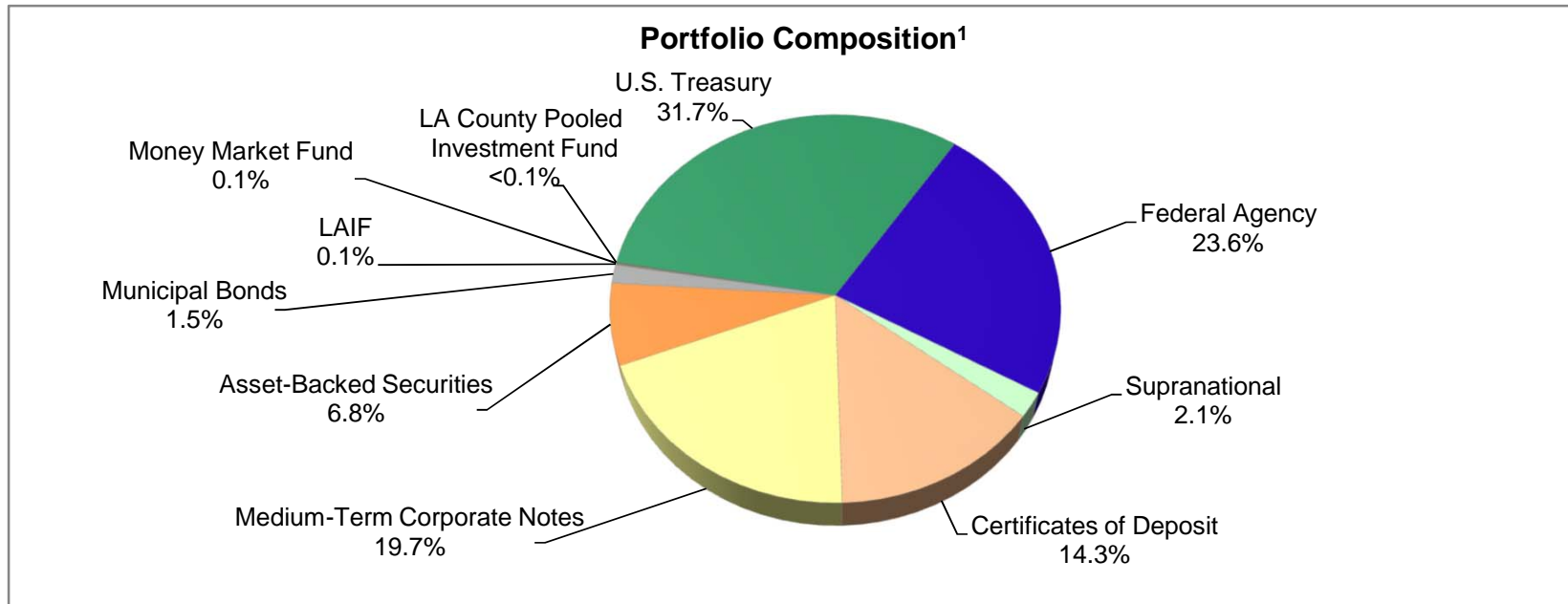
Receive and file.

<u>Security Type</u>	<u>Par Value</u>	<u>Original Cost</u>	<u>Amortized Cost</u>	<u>Market Value</u>	<u>Longest Maturity</u>	<u>Maximum Allowable Maturity</u>	<u>YTM at Cost</u>
U.S. Treasury	\$77,810,000.00	\$78,299,072.89	\$78,466,868.49	\$84,227,298.16	8.96 Years	10 Years	2.02%
Federal Agency	\$59,394,682.53	\$59,780,705.52	\$59,708,955.63	\$62,843,460.64	8.47 Years	10 Years	1.97%
Supranational	\$5,505,000.00	\$5,532,999.00	\$5,516,023.01	\$5,639,673.03	1.66 Years	5 Years	2.17%
Certificates of Deposit	\$37,495,000.00	\$37,489,183.40	\$37,494,199.47	\$37,999,112.72	2.24 Years	5 Years	2.46%
Medium-Term Corporate Notes	\$50,400,000.00	\$51,009,226.15	\$50,617,291.25	\$52,218,016.90	4.71 Years	5 Years	2.36%
Asset-Backed Securities	\$17,786,625.79	\$17,785,060.82	\$17,785,636.61	\$18,081,313.09	4.55 Years	5 Years	2.65%
Municipal Bonds	\$3,925,000.00	\$3,985,030.00	\$3,975,804.25	\$4,100,165.00	3.34 Years	5 Years	1.90%
Total Securities	\$252,316,308.32	\$253,881,277.78	\$253,564,778.71	\$265,109,039.54			2.18%
Accrued Interest			\$1,329,342.13	\$1,329,342.13			
Total Portfolio	\$252,316,308.32	\$253,881,277.78	\$254,894,120.84	\$266,438,381.67			
LAIF	\$276,874.58	\$276,874.58	\$276,874.58	\$276,874.58	1 Day		1.52%
Money Market Fund	\$240,912.00	\$240,912.00	\$240,912.00	\$240,912.00	1 Day		0.06%
LA County Pooled Investment Fund	\$99,505.48	\$99,505.48	\$99,505.48	\$99,505.48	1 Day		1.40%
Total Liquidity	\$617,292.06	\$617,292.06	\$617,292.06	\$617,292.06			0.93%
Total Investments	\$252,933,600.38	\$254,498,569.84	\$255,511,412.90	\$267,055,673.73			2.18%

1. I hereby certify that all investments are in compliance with the investment policy adopted by the Executive Committee as of May 2018.
2. The California JPIA investment portfolio is managed by PFM Asset Management LLC.
3. PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by F.T. Interactive Data, Bloomberg or Telerate. Prices that fall between data points are interpolated.
4. In accordance with Generally Accepted Accounting Principles (GAAP), month-end holdings and information are reported on a trade date basis. Securities listed in bold type on the Security Transactions & Interest page have been traded, but have not yet settled.
5. All ratings are as of month end.
6. The Authority has the ability to meet its budgeted expenditures for the next six months.
7. Excludes \$2,358,534.60 of funds deposited with the Authority by the Central Coast Cities for payments on worker's compensation tail claims.
8. The yield for LAIF is the quarter to date yield as of May 31, 2020
9. The yield for the LA County Pooled Investment Fund is the earnings rate for April 2020. The county reports earnings with a one month lag.
10. Compliance with the investment policy is measured at the time of purchase.

Jose Gomez
California JPIA Treasurer

<u>Security Type</u>	<u>Market Value (\$)</u>	<u>% of Portfolio¹</u>	<u>Permitted by Policy (% or \$)</u>	<u>In Compliance</u>
U.S. Treasury	\$84,227,298.16	31.7%	100%	Yes
Federal Agency	\$62,843,460.64	23.6%	100%	Yes
Supranational	\$5,639,673.03	2.1%	7.5%	Yes
Certificates of Deposit	\$37,999,112.72	14.3%	30%	Yes
Medium-Term Corporate Notes	\$52,218,016.90	19.7%	30%	Yes
Asset-Backed Securities	\$18,081,313.09	6.8%	10%	Yes
Municipal Bonds	\$4,100,165.00	1.5%	5%	Yes
LAIF	\$276,874.58	0.1%	\$75,000,000	Yes
Money Market Fund	\$240,912.00	0.1%	20%	Yes
LA County Pooled Investment Fund	\$99,505.48	<0.1%	\$30,000,000	Yes
Accrued Interest	\$1,329,342.13			
Total Investments	\$267,055,673.73			



1. Percentages may not sum to 100% due to rounding.

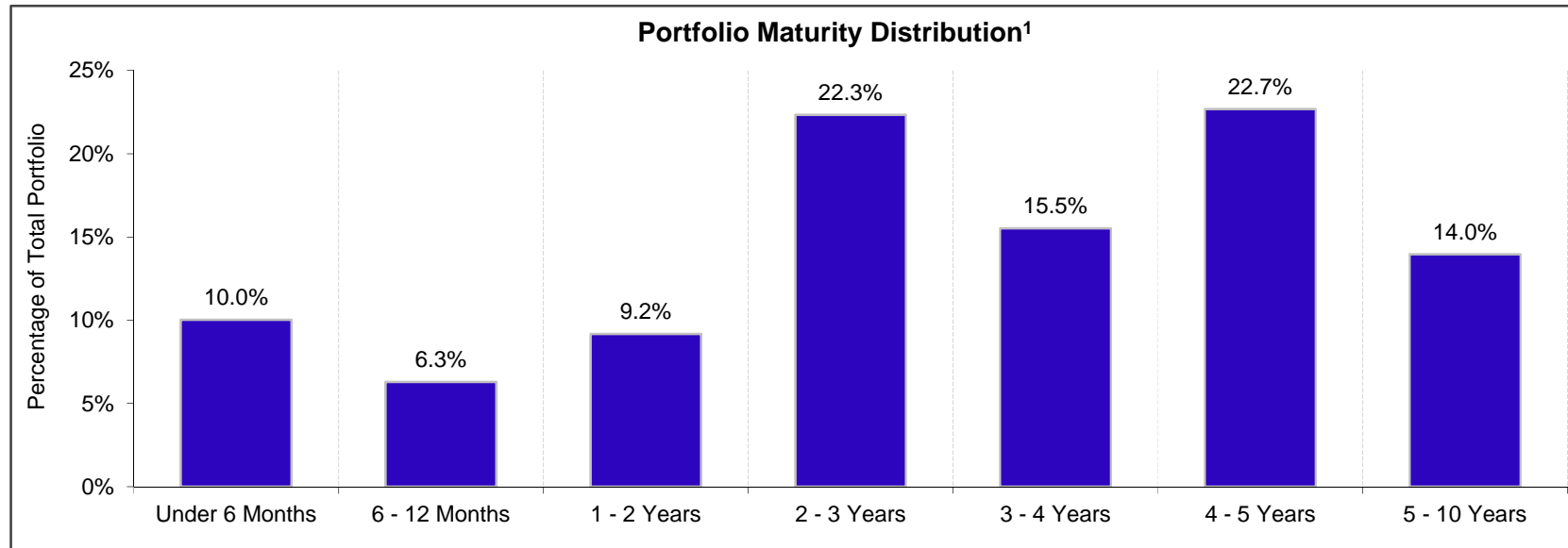
Maturity Distribution¹

May 31, 2020

Under 6 Months	\$26,770,299.76
6 - 12 Months	\$16,808,781.63
1 - 2 Years	\$24,500,277.72
2 - 3 Years	\$59,650,339.76
3 - 4 Years	\$41,457,234.27
4 - 5 Years	\$60,576,926.51
5 - 10 Years	\$37,291,814.08

Portfolio Duration²	
Effective ³	3.00

Totals \$267,055,673.73



Notes: 1. 5.8% of the portfolio is invested in currently callable securities. The callable securities are included in the maturity distribution to their stated maturity date, although they may be called prior to maturity.
 2. Duration calculations exclude balances in LAIF and the money market fund.
 3. Effective duration is the change in price for a 1% change in yield, while also taking into account the likelihood of options such as calls and paydowns for mortgage-backed securities being exercised.
 4. Percentages may not add up to 100% due to rounding.



Managed Account Summary Statement

For the Month Ending **May 31, 2020**

CALIFORNIA JOINT POWERS INSURANCE AUTH

Transaction Summary - Managed Account

Opening Market Value	\$262,444,048.31
Maturities/Calls	(1,085,877.53)
Principal Dispositions	(5,890,458.99)
Principal Acquisitions	8,715,558.50
Unsettled Trades	0.00
Change in Current Value	925,769.25
Closing Market Value	\$265,109,039.54

Cash Transactions Summary - Managed Account

Maturities/Calls	0.00
Sale Proceeds	5,911,756.46
Coupon/Interest/Dividend Income	498,585.76
Principal Payments	1,085,877.53
Security Purchases	(8,726,386.58)
Net Cash Contribution	0.00
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	519,883.23
Less Purchased Interest Related to Interest/Coupons	(10,828.08)
Plus Net Realized Gains/Losses	294,936.45
Total Cash Basis Earnings	\$803,991.60

Cash Balance

Closing Cash Balance	\$331,755.89
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Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	253,564,778.71
Ending Accrued Interest	1,329,342.13
Plus Proceeds from Sales	5,911,756.46
Plus Proceeds of Maturities/Calls/Principal Payments	1,085,877.53
Plus Coupons/Dividends Received	498,585.76
Less Cost of New Purchases	(8,726,386.58)
Less Beginning Amortized Value of Securities	(251,561,049.32)
Less Beginning Accrued Interest	(1,346,458.79)
Total Accrual Basis Earnings	\$756,445.90



Portfolio Summary and Statistics

For the Month Ending **May 31, 2020**

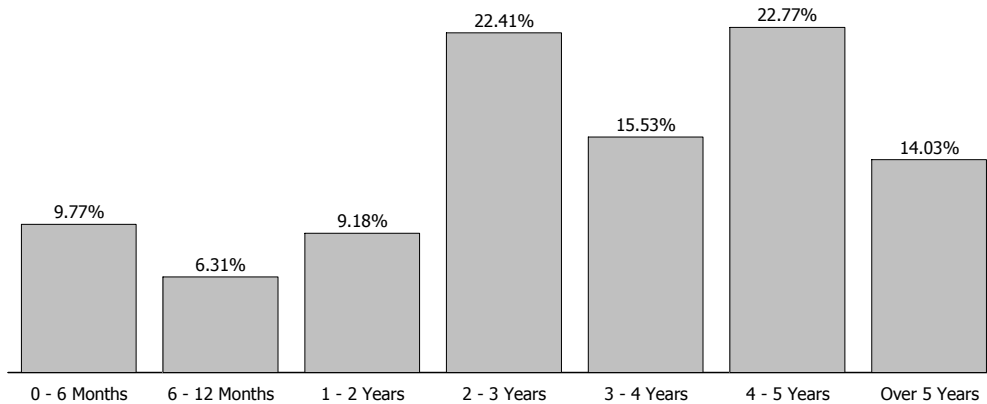
CALIFORNIA JOINT POWERS INSURANCE AUTH

Account Summary

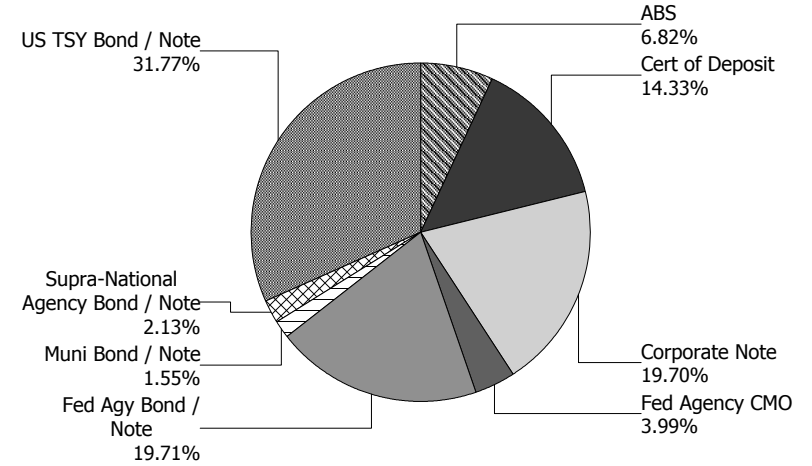
Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	77,810,000.00	84,227,298.16	31.77
Supra-National Agency Bond / Note	5,505,000.00	5,639,673.03	2.13
Municipal Bond / Note	3,925,000.00	4,100,165.00	1.55
Federal Agency Collateralized Mortgage Obligation	10,214,682.53	10,584,062.75	3.99
Federal Agency Bond / Note	49,180,000.00	52,259,397.89	19.71
Corporate Note	50,400,000.00	52,218,016.90	19.70
Certificate of Deposit	37,495,000.00	37,999,112.72	14.33
Asset-Backed Security	17,786,625.79	18,081,313.09	6.82
Managed Account Sub-Total	252,316,308.32	265,109,039.54	100.00%
Accrued Interest		1,329,342.13	
Total Portfolio	252,316,308.32	266,438,381.67	

Unsettled Trades **0.00** **0.00**

Maturity Distribution



Sector Allocation



Characteristics

Yield to Maturity at Cost	2.18%
Yield to Maturity at Market	0.65%
Weighted Average Days to Maturity	1211



Managed Account Issuer Summary

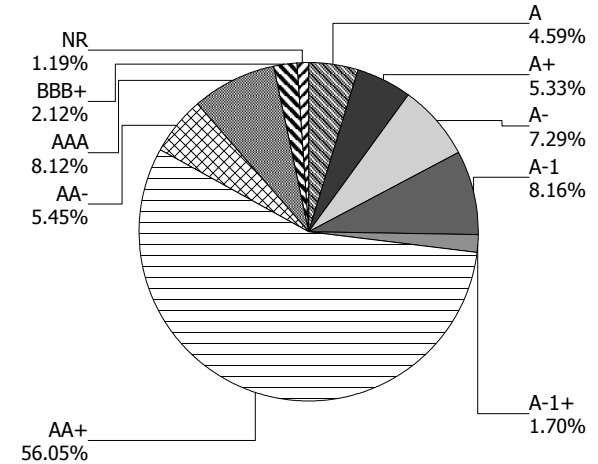
For the Month Ending **May 31, 2020**

CALIFORNIA JOINT POWERS INSURANCE AUTH

Issuer Summary

Issuer	Market Value of Holdings	Percent
ALLY AUTO RECEIVABLES TRUST	2,699,465.99	1.02
AMAZON.COM INC	3,073,176.65	1.16
AMERICAN HONDA FINANCE	2,615,727.40	0.99
APPLE INC	1,519,392.32	0.57
BANK OF AMERICA CO	2,898,079.17	1.09
BANK OF MONTREAL	3,389,377.50	1.28
BANK OF NOVA SCOTIA	4,571,471.54	1.72
CALIFORNIA ST	3,145,380.00	1.19
CAPITAL ONE PRIME AUTO REC TRUST	821,593.28	0.31
CARMAX AUTO OWNER TRUST	924,668.82	0.35
CATERPILLAR INC	1,656,553.24	0.62
CITIGROUP INC	2,923,379.75	1.10
CREDIT AGRICOLE SA	1,911,358.13	0.72
FANNIE MAE	30,312,959.90	11.44
FEDERAL FARM CREDIT BANKS	3,399,199.75	1.28
FEDERAL HOME LOAN BANKS	10,479,814.88	3.95
FREDDIE MAC	18,651,486.11	7.04
GOLDMAN SACHS GROUP INC	2,695,462.26	1.02
HOME DEPOT INC	2,994,874.60	1.13
HONDA AUTO RECEIVABLES	1,857,350.48	0.70
HYUNDAI AUTO RECEIVABLES	2,030,194.07	0.77
INTER-AMERICAN DEVELOPMENT BANK	2,556,117.03	0.96
INTL BANK OF RECONSTRUCTION AND DEV	3,083,556.00	1.16
JOHN DEERE OWNER TRUST	111,218.95	0.04
JP MORGAN CHASE & CO	4,106,688.42	1.55
MERCEDES-BENZ AUTO RECEIVABLES	1,547,096.86	0.58
MINITUBISHI UFJ FINANCIAL GROUP INC	2,923,193.88	1.10
NISSAN AUTO RECEIVABLES	4,179,178.91	1.58
NORDEA BANK AB	4,452,654.24	1.68
ORACLE CORP	2,628,352.00	0.99
PFIZER INC	3,789,985.50	1.43
SAN DIEGO CA CMNTY CLG DIST	954,785.00	0.36

Credit Quality (S&P Ratings)





Managed Account Issuer Summary

For the Month Ending **May 31, 2020**

CALIFORNIA JOINT POWERS INSURANCE AUTH

Issuer	Market Value of Holdings	Percent
SKANDINAVISKA ENSKILDA BANKEN AB	4,845,371.00	1.83
SOCIETE GENERALE	2,573,746.65	0.97
SUMITOMO MITSUI FINANCIAL GROUP INC	3,036,687.00	1.15
SWEDBANK AB	5,789,708.40	2.18
THE BANK OF NEW YORK MELLON CORPORATION	4,951,742.25	1.87
THE WALT DISNEY CORPORATION	3,611,347.46	1.36
TOYOTA MOTOR CORP	5,918,754.12	2.23
TRUIST FIN CORP	1,494,782.24	0.56
UNITED STATES TREASURY	84,227,298.16	31.78
US BANCORP	4,638,811.25	1.75
WELLS FARGO & COMPANY	4,611,454.00	1.74
WESTPAC BANKING CORP	4,505,544.38	1.70
Total	\$265,109,039.54	100.00%



Managed Account Detail of Securities Held

For the Month Ending **May 31, 2020**

CALIFORNIA JOINT POWERS INSURANCE AUTH

Security Type/Description	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 12/31/2015 2.125% 12/31/2022	912828N30	340,000.00	AA+	Aaa	02/01/16	02/03/16	349,947.66	1.67	3,036.88	343,718.05	357,000.00
US TREASURY NOTES DTD 02/01/2016 1.750% 01/31/2023	912828P38	1,300,000.00	AA+	Aaa	01/30/19	01/31/19	1,260,289.06	2.56	7,625.00	1,273,526.04	1,353,828.06
US TREASURY NOTES DTD 02/01/2016 1.750% 01/31/2023	912828P38	5,300,000.00	AA+	Aaa	10/02/18	10/04/18	5,047,007.81	2.93	31,086.54	5,144,041.52	5,519,452.86
US TREASURY NOTES DTD 02/29/2016 1.500% 02/28/2023	912828P79	2,840,000.00	AA+	Aaa	07/02/18	07/05/18	2,686,906.25	2.74	10,765.76	2,749,711.63	2,941,618.61
US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	3,365,000.00	AA+	Aaa	02/08/19	02/12/19	3,241,047.07	2.44	8,550.41	3,280,090.60	3,489,609.99
US TREASURY NOTES DTD 05/15/2013 1.750% 05/15/2023	912828VB3	1,240,000.00	AA+	Aaa	03/26/15	03/27/15	1,225,323.44	1.91	1,002.45	1,234,674.75	1,296,575.00
US TREASURY NOTES DTD 05/15/2013 1.750% 05/15/2023	912828VB3	1,250,000.00	AA+	Aaa	07/10/15	07/13/15	1,207,177.73	2.23	1,010.53	1,233,876.21	1,307,031.25
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	1,135,000.00	AA+	Aaa	03/06/19	03/08/19	1,074,969.14	2.53	4,755.15	1,091,827.12	1,172,419.59
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	1,975,000.00	AA+	Aaa	04/02/19	04/04/19	1,891,371.09	2.28	8,274.38	1,913,827.49	2,040,113.38
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	3,430,000.00	AA+	Aaa	02/08/19	02/12/19	3,258,366.02	2.44	14,370.19	3,308,382.06	3,543,082.98
US TREASURY NOTES DTD 11/15/2013 2.750% 11/15/2023	912828WE6	1,350,000.00	AA+	Aaa	07/12/16	07/13/16	1,481,730.47	1.35	1,715.01	1,412,008.15	1,467,492.12
US TREASURY N/B DTD 12/31/2018 2.625% 12/31/2023	9128285U0	110,000.00	AA+	Aaa	01/30/19	01/31/19	110,326.56	2.56	1,213.70	110,237.96	119,384.38
US TREASURY NOTES DTD 08/15/2014 2.375% 08/15/2024	912828D56	1,100,000.00	AA+	Aaa	12/01/16	12/05/16	1,101,890.63	2.35	7,679.60	1,101,033.45	1,196,937.50
US TREASURY NOTES DTD 08/15/2014 2.375% 08/15/2024	912828D56	1,335,000.00	AA+	Aaa	07/10/15	07/13/15	1,338,858.98	2.34	9,320.25	1,336,784.82	1,452,646.88



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U.S. Treasury Bond / Note											
US TREASURY N/B NOTES DTD 08/31/2017 1.875% 08/31/2024	9128282U3	2,000,000.00	AA+	Aaa	08/30/17	08/31/17	1,987,734.38	1.97	9,476.90	1,992,555.24	2,135,000.00
US TREASURY NOTES DTD 10/02/2017 2.125% 09/30/2024	9128282Y5	2,850,000.00	AA+	Aaa	10/01/19	10/03/19	2,935,166.02	1.50	10,259.22	2,923,866.58	3,076,218.75
US TREASURY N/B DTD 10/31/2017 2.250% 10/31/2024	9128283D0	2,825,000.00	AA+	Aaa	11/01/19	11/05/19	2,917,364.26	1.57	5,527.17	2,906,769.24	3,068,656.25
US TREASURY NOTES DTD 11/17/2014 2.250% 11/15/2024	912828G38	925,000.00	AA+	Aaa	07/12/16	07/13/16	983,824.22	1.44	961.45	956,429.55	1,005,359.38
US TREASURY N/B DTD 11/30/2017 2.125% 11/30/2024	9128283J7	3,575,000.00	AA+	Aaa	12/02/19	12/04/19	3,648,455.08	1.69	207.56	3,641,202.25	3,867,703.13
US TREASURY N/B DTD 11/30/2017 2.125% 11/30/2024	9128283J7	3,975,000.00	AA+	Aaa	01/03/20	01/07/20	4,067,077.15	1.63	230.79	4,059,562.75	4,300,453.12
UNITED STATES TREASURY NOTES DTD 01/02/2018 2.250% 12/31/2024	9128283P3	1,000,000.00	AA+	Aaa	08/20/19	08/21/19	1,041,132.81	1.45	9,457.42	1,035,148.71	1,089,062.50
UNITED STATES TREASURY NOTES DTD 01/31/2018 2.500% 01/31/2025	9128283V0	2,000,000.00	AA+	Aaa	01/30/19	01/31/19	1,988,125.00	2.61	16,758.24	1,990,763.29	2,203,750.00
UNITED STATES TREASURY NOTES DTD 01/31/2018 2.500% 01/31/2025	9128283V0	3,575,000.00	AA+	Aaa	02/03/20	02/05/20	3,772,602.54	1.35	29,955.36	3,759,913.46	3,939,203.13
US TREASURY N/B DTD 02/17/2015 2.000% 02/15/2025	912828J27	2,300,000.00	AA+	Aaa	05/02/18	05/04/18	2,169,367.19	2.93	13,521.98	2,209,363.28	2,482,203.24
US TREASURY N/B DTD 02/17/2015 2.000% 02/15/2025	912828J27	3,800,000.00	AA+	Aaa	03/02/20	03/04/20	4,010,632.81	0.85	22,340.66	4,000,270.00	4,101,031.44
US TREASURY NOTES DTD 05/15/2015 2.125% 05/15/2025	912828XB1	1,000,000.00	AA+	Aaa	03/06/19	03/08/19	973,203.13	2.60	981.66	978,550.65	1,088,281.20
US TREASURY NOTES DTD 05/15/2015 2.125% 05/15/2025	912828XB1	1,775,000.00	AA+	Aaa	06/03/19	06/05/19	1,792,333.98	1.95	1,742.44	1,789,443.65	1,931,699.13
US TREASURY N/B NOTES DTD 07/02/2018 2.750% 06/30/2025	912828XZ8	1,000,000.00	AA+	Aaa	07/24/19	07/25/19	1,048,945.31	1.87	11,559.07	1,041,898.27	1,121,562.50



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U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 08/17/2015 2.000% 08/15/2025	912828K74	975,000.00	AA+	Aaa	07/12/16	07/13/16	1,016,856.45	1.49	5,732.14	998,966.60	1,058,179.69
US TREASURY NOTES DTD 08/17/2015 2.000% 08/15/2025	912828K74	1,100,000.00	AA+	Aaa	12/01/16	12/05/16	1,063,347.66	2.43	6,467.04	1,078,054.77	1,193,843.75
US TREASURY N/B DTD 11/16/2015 2.250% 11/15/2025	912828M56	2,000,000.00	AA+	Aaa	01/30/19	01/31/19	1,951,484.38	2.64	2,078.80	1,961,011.44	2,202,812.40
UNITED STATES TREASURY NOTES DTD 01/31/2019 2.625% 01/31/2026	9128286A3	2,000,000.00	AA+	Aaa	08/20/19	08/21/19	2,138,750.00	1.49	17,596.15	2,121,958.60	2,250,312.40
US TREASURY NOTES DTD 02/16/2016 1.625% 02/15/2026	912828P46	1,000,000.00	AA+	Aaa	03/06/19	03/08/19	937,226.56	2.62	4,776.79	948,390.13	1,069,218.80
US TREASURY N/B DTD 03/31/2019 2.250% 03/31/2026	9128286L9	545,000.00	AA+	Aaa	03/02/20	03/04/20	587,088.48	0.94	2,077.25	585,399.63	602,735.94
US TREASURY NOTES DTD 05/16/2016 1.625% 05/15/2026	912828R36	1,045,000.00	AA+	Aaa	07/24/19	07/25/19	1,025,161.33	1.92	784.46	1,027,651.14	1,118,803.13
UNITED STATES TREASURY NOTES DTD 05/31/2019 2.125% 05/31/2026	9128286X3	1,000,000.00	AA+	Aaa	06/03/19	06/05/19	1,008,945.31	1.99	58.06	1,007,676.42	1,100,625.00
UNITED STATES TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	1,000,000.00	AA+	Aaa	03/06/19	03/08/19	979,375.00	2.66	1,097.15	982,485.99	1,129,062.50
UNITED STATES TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	1,000,000.00	AA+	Aaa	06/03/19	06/05/19	1,025,117.19	2.03	1,097.15	1,021,982.95	1,129,062.50
UNITED STATES TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	1,000,000.00	AA+	Aaa	07/24/19	07/25/19	1,030,039.06	1.96	1,097.15	1,026,751.73	1,129,062.50
US TREASURY N/B DTD 05/15/2018 2.875% 05/15/2028	9128284N7	950,000.00	AA+	Aaa	07/24/19	07/25/19	1,015,609.38	2.02	1,261.72	1,009,246.27	1,122,187.50
US TREASURY N/B DTD 05/15/2018 2.875% 05/15/2028	9128284N7	1,000,000.00	AA+	Aaa	06/03/19	06/05/19	1,064,765.63	2.08	1,328.12	1,057,589.27	1,181,250.00
UNITED STATES TREASURY NOTES DTD 08/15/2018 2.875% 08/15/2028	9128284V9	1,000,000.00	AA+	Aaa	08/20/19	08/21/19	1,111,171.88	1.54	8,451.24	1,101,518.01	1,185,468.80



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U.S. Treasury Bond / Note											
UNITED STATES TREASURY NOTES DTD 02/15/2019 2.625% 02/15/2029	9128286B1	1,000,000.00	AA+	Aaa	08/20/19	08/21/19	1,094,296.88	1.55	7,716.35	1,086,543.10	1,172,500.00
UNITED STATES TREASURY NOTES DTD 05/15/2019 2.375% 05/15/2029	9128286T2	535,000.00	AA+	Aaa	03/02/20	03/04/20	596,211.52	1.07	586.97	594,589.66	617,590.63
UNITED STATES TREASURY NOTES DTD 05/15/2019 2.375% 05/15/2029	9128286T2	990,000.00	AA+	Aaa	07/24/19	07/25/19	1,018,114.45	2.05	1,086.18	1,015,665.62	1,142,831.25
UNITED STATES TREASURY NOTES DTD 05/15/2019 2.375% 05/15/2029	9128286T2	1,000,000.00	AA+	Aaa	06/03/19	06/05/19	1,024,335.94	2.10	1,097.15	1,021,910.39	1,154,375.00
Security Type Sub-Total		77,810,000.00					78,299,072.89	2.02	307,775.64	78,466,868.49	84,227,298.16
Supra-National Agency Bond / Note											
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	2,505,000.00	AAA	Aaa	04/12/18	04/19/18	2,499,489.00	2.70	7,671.56	2,503,380.89	2,556,117.03
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 01/26/2017 2.000% 01/26/2022	459058FY4	3,000,000.00	AAA	Aaa	09/06/17	09/08/17	3,033,510.00	1.73	20,833.33	3,012,642.12	3,083,556.00
Security Type Sub-Total		5,505,000.00					5,532,999.00	2.17	28,504.89	5,516,023.01	5,639,673.03
Municipal Bond / Note											
SAN DIEGO CCD, CA TXBL GO BONDS DTD 10/16/2019 1.996% 08/01/2023	797272ON4	925,000.00	AAA	Aaa	09/18/19	10/16/19	925,000.00	2.00	6,154.33	925,000.00	954,785.00
CA ST TXBL GO BONDS DTD 10/24/2019 2.400% 10/01/2023	13063DRJ9	3,000,000.00	AA-	Aa2	10/16/19	10/24/19	3,060,030.00	1.87	12,000.00	3,050,804.25	3,145,380.00
Security Type Sub-Total		3,925,000.00					3,985,030.00	1.90	18,154.33	3,975,804.25	4,100,165.00
Federal Agency Collateralized Mortgage Obligation											
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	1,047,244.77	AA+	Aaa	04/11/18	04/30/18	1,068,075.52	2.93	3,106.83	1,055,047.76	1,056,207.58



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Federal Agency Collateralized Mortgage Obligation											
FHLMC MULTIFAMILY STRUCTURED P DTD 05/01/2015 2.791% 01/01/2022	3137BHYX8	2,555,000.00	AA+	Aaa	05/16/19	05/21/19	2,570,968.75	2.54	5,942.50	2,564,671.45	2,604,065.58
FHLMC MULTIFAMILY STRUCTURED P DTD 11/01/2015 2.716% 06/01/2022	3137BLUR7	1,000,000.00	AA+	Aaa	04/02/19	04/05/19	1,002,500.00	2.63	2,263.33	1,001,582.83	1,024,574.44
FHLMC MULTIFAMILY STRUCTURED P DTD 12/01/2012 2.307% 08/01/2022	3137AWOH1	1,435,000.00	AA+	Aaa	09/04/19	09/09/19	1,456,188.67	1.78	2,758.79	1,450,856.42	1,479,820.14
FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	1,470,000.00	AA+	Aaa	04/04/18	04/09/18	1,482,517.97	2.88	3,785.25	1,476,286.80	1,529,087.46
FANNIEMAE-ACES DTD 04/01/2014 3.346% 03/01/2024	3136AJB54	1,917,672.73	AA+	Aaa	12/13/19	12/18/19	2,010,859.64	2.14	5,347.11	2,000,782.10	2,079,798.17
FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FO3V3	789,765.03	AA+	Aaa	11/20/19	11/26/19	789,746.07	2.09	1,376.82	789,748.16	810,509.38
Security Type Sub-Total		10,214,682.53					10,380,856.62	2.42	24,580.63	10,338,975.52	10,584,062.75

Federal Agency Bond / Note											
FANNIE MAE NOTES DTD 01/23/2018 2.375% 01/19/2023	3135G0T94	2,805,000.00	AA+	Aaa	07/12/18	07/13/18	2,751,648.90	2.83	24,426.88	2,773,913.53	2,960,282.00
FANNIE MAE NOTES DTD 05/22/2020 0.250% 05/22/2023	3135G04O3	3,960,000.00	AA+	Aaa	05/20/20	05/22/20	3,948,080.40	0.35	247.50	3,948,189.25	3,953,671.92
FREDDIE MAC NOTES DTD 06/11/2018 2.750% 06/19/2023	3137EAEN5	3,110,000.00	AA+	Aaa	11/01/18	11/05/18	3,068,574.80	3.06	38,486.25	3,082,669.68	3,340,765.11
FREDDIE MAC NOTES DTD 06/11/2018 2.750% 06/19/2023	3137EAEN5	5,800,000.00	AA+	Aaa	01/08/19	01/09/19	5,829,174.00	2.63	71,775.00	5,820,018.90	6,230,365.80
FEDERAL HOME LOAN BANKS NOTES DTD 12/09/2013 3.375% 12/08/2023	3130A0F70	2,300,000.00	AA+	Aaa	01/30/19	01/31/19	2,367,789.95	2.72	37,303.13	2,349,159.19	2,541,106.70
FHLB BONDS DTD 02/15/2019 2.500% 02/13/2024	3130AFW94	510,000.00	AA+	Aaa	02/14/19	02/15/19	508,194.60	2.58	3,825.00	508,661.79	549,802.95
FEDERAL FARM CREDIT BANK NOTES DTD 04/08/2020 0.875% 04/08/2024	3133ELVX9	1,500,000.00	AA+	Aaa	04/07/20	04/08/20	1,500,000.00	0.88	1,932.29	1,500,000.00	1,510,737.00



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Federal Agency Bond / Note											
FNMA BENCHMARK NOTES DTD 09/08/2014 2.625% 09/06/2024	3135G0ZR7	860,000.00	AA+	Aaa	03/19/20	03/20/20	920,157.00	1.02	5,330.21	917,464.50	939,651.48
FNMA BENCHMARK NOTES DTD 09/08/2014 2.625% 09/06/2024	3135G0ZR7	1,000,000.00	AA+	Aaa	02/02/15	02/04/15	1,057,000.00	1.97	6,197.92	1,025,358.65	1,092,618.00
FNMA BENCHMARK NOTES DTD 09/08/2014 2.625% 09/06/2024	3135G0ZR7	1,910,000.00	AA+	Aaa	06/27/17	06/29/17	1,973,049.10	2.13	11,838.02	1,947,406.89	2,086,900.38
FANNIE MAE NOTES DTD 10/18/2019 1.625% 10/15/2024	3135G0W66	1,500,000.00	AA+	Aaa	04/07/20	04/08/20	1,560,330.00	0.72	3,114.58	1,558,356.76	1,576,191.00
FREDDIE MAC NOTES DTD 02/14/2020 1.500% 02/12/2025	3137EAEP0	1,560,000.00	AA+	Aaa	02/27/20	02/28/20	1,583,587.20	1.18	6,955.00	1,582,362.91	1,632,298.20
FEDERAL FARM CREDIT BANK NOTES DTD 04/09/2020 1.150% 04/09/2025	3133ELWC4	1,885,000.00	AA+	Aaa	04/09/20	04/13/20	1,885,000.00	1.15	3,131.19	1,885,000.00	1,888,462.75
FEDERAL HOME LOAN BANK NOTES DTD 04/16/2020 0.500% 04/14/2025	3130AJHU6	2,635,000.00	AA+	Aaa	04/15/20	04/16/20	2,621,930.40	0.60	1,646.88	2,622,260.01	2,633,677.23
FANNIE MAE NOTES DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	1,275,000.00	AA+	Aaa	05/21/20	05/26/20	1,279,194.75	0.56	819.01	1,279,180.71	1,282,046.93
FANNIE MAE NOTES DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	3,520,000.00	AA+	Aaa	04/22/20	04/24/20	3,512,748.80	0.67	2,261.11	3,512,899.87	3,539,455.04
FNMA NOTES DTD 04/26/2016 2.125% 04/24/2026	3135G0K36	3,050,000.00	AA+	Aaa	04/25/16	04/26/16	3,026,149.00	2.21	6,661.28	3,035,931.18	3,315,313.40
FNMA BENCHMARK NOTE DTD 09/27/2016 1.875% 09/24/2026	3135G0O22	2,000,000.00	AA+	Aaa	08/30/17	08/31/17	1,932,740.00	2.29	6,979.17	1,953,155.68	2,143,608.00
FNMA BENCHMARK NOTE DTD 09/27/2016 1.875% 09/24/2026	3135G0O22	4,000,000.00	AA+	Aaa	09/26/16	09/27/16	3,983,800.00	1.92	13,958.33	3,989,762.35	4,287,216.00
FEDERAL HOME LOAN BANKS NOTES DTD 11/16/2018 3.250% 11/16/2028	3130AFFX0	1,000,000.00	AA+	Aaa	03/06/19	03/08/19	1,025,300.00	2.95	1,354.17	1,022,077.66	1,188,807.00
FEDERAL HOME LOAN BANKS NOTES DTD 11/16/2018 3.250% 11/16/2028	3130AFFX0	3,000,000.00	AA+	Aaa	01/07/19	01/09/19	3,065,400.00	2.99	4,062.50	3,056,150.60	3,566,421.00



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Security Type Sub-Total		49,180,000.00					49,399,848.90	1.88	252,305.42	49,369,980.11	52,259,397.89
Corporate Note											
WELLS FARGO & COMPANY NOTES DTD 07/22/2015 2.600% 07/22/2020	94974BGM6	4,600,000.00	A-	A2	09/08/16	09/13/16	4,731,836.00	1.83	42,856.67	4,604,913.78	4,611,454.00
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	1,480,000.00	A-	A3	10/23/17	10/26/17	1,479,319.20	2.17	10,606.67	1,479,860.30	1,494,782.24
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	4,875,000.00	A	A1	09/06/17	09/08/17	4,965,090.00	1.97	15,572.92	4,895,136.94	4,951,742.25
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	2,845,000.00	A-	A2	11/01/17	11/03/17	2,866,309.05	2.40	8,712.81	2,850,432.71	2,898,079.17
ORACLE CORP BONDS DTD 07/08/2014 2.800% 07/08/2021	68389XBA2	2,560,000.00	A+	A3	02/01/17	02/03/17	2,607,974.40	2.35	28,472.89	2,571,934.23	2,628,352.00
GOLDMAN SACHS GROUP CORP NOTES DTD 07/27/2011 5.250% 07/27/2021	38141GGO1	2,570,000.00	BBB+	A3	11/03/17	11/07/17	2,816,437.30	2.53	46,474.17	2,646,399.19	2,695,462.26
AMERICAN HONDA FINANCE CORP NOTES DTD 09/09/2016 1.700% 09/09/2021	02665WBG5	2,600,000.00	A-	A3	09/06/17	09/08/17	2,574,494.00	1.96	10,067.78	2,591,887.63	2,615,727.40
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	2,845,000.00	BBB+	A3	11/20/17	11/22/17	2,864,431.35	2.72	39,648.24	2,852,050.08	2,923,379.75
WALT DISNEY COMPANY/THE CORP NOTES DTD 11/30/2012 2.350% 12/01/2022	25468PCW4	570,000.00	A-	A2	04/03/18	04/05/18	552,193.20	3.07	6,697.50	560,442.32	592,996.08
JPMORGAN CHASE & CO (CALLABLE) NOTES DTD 12/08/2016 2.972% 01/15/2023	48128BAB7	3,000,000.00	A-	A2	01/29/19	01/31/19	2,962,110.00	3.31	33,682.67	2,974,879.85	3,106,629.00
AMAZON.COM INC BONDS DTD 06/06/2018 2.400% 02/22/2023	023135AW6	2,915,000.00	AA-	A2	05/21/19	05/23/19	2,885,208.70	2.69	19,239.00	2,893,357.31	3,073,176.65
CATERPILLAR FIN SERVICES CORP CORP NOTES DTD 02/28/2013 2.625% 03/01/2023	14912L5Q0	1,585,000.00	A	A3	04/03/18	04/05/18	1,544,249.65	3.20	10,401.56	1,562,178.89	1,656,553.24



Managed Account Detail of Securities Held

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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											
JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	965,000.00	A-	A2	04/02/19	04/04/19	970,336.45	3.06	5,157.93	968,266.32	1,000,059.42
HOME DEPOT INC CORP NOTES DTD 04/05/2013 2.700% 04/01/2023	437076AZ5	2,845,000.00	A	A2	04/03/18	04/05/18	2,790,945.00	3.11	12,802.50	2,814,323.34	2,994,874.60
APPLE INC CORPORATE NOTES DTD 05/11/2020 0.750% 05/11/2023	037833DV9	1,505,000.00	AA+	Aa1	05/04/20	05/11/20	1,500,906.40	0.84	627.08	1,500,984.91	1,519,392.32
US BANK NA CINCINNATI CORP NOTES DTD 02/04/2019 3.375% 02/05/2024	91159HHV5	4,250,000.00	A+	A1	07/19/19	07/23/19	4,451,407.50	2.27	46,218.75	4,413,263.98	4,638,811.25
PFIZER INC CORP NOTES DTD 03/11/2019 2.950% 03/15/2024	717081ES8	3,500,000.00	AA-	A1	04/02/19	04/04/19	3,545,535.00	2.67	21,797.22	3,534,850.53	3,789,985.50
WALT DISNEY COMPANY/THE DTD 09/06/2019 1.750% 08/30/2024	254687FK7	2,925,000.00	A-	A2	09/03/19	09/06/19	2,913,066.00	1.83	13,223.44	2,914,829.87	3,018,351.38
TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 02/13/2020 1.800% 02/13/2025	89236TGT6	830,000.00	A+	A1	05/21/20	05/26/20	841,288.00	1.50	4,482.00	841,248.71	848,250.87
TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 02/13/2020 1.800% 02/13/2025	89236TGT6	1,135,000.00	A+	A1	05/20/20	05/26/20	1,146,088.95	1.58	6,129.00	1,146,050.36	1,159,957.52

Security Type Sub-Total		50,400,000.00					51,009,226.15	2.36	382,870.80	50,617,291.25	52,218,016.90
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Certificate of Deposit											
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	4,570,000.00	A-1	P-1	06/05/18	06/07/18	4,568,263.40	3.10	68,814.04	4,569,966.22	4,571,471.54
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	3,370,000.00	A-1	P-1	08/01/18	08/03/18	3,370,000.00	3.19	89,884.45	3,370,000.00	3,389,377.50
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	4,490,000.00	A-1+	P-1	08/03/17	08/07/17	4,490,000.00	2.05	29,147.58	4,490,000.00	4,505,544.38
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	3,000,000.00	A-1	P-1	10/16/18	10/18/18	2,995,920.00	3.45	12,995.00	2,999,233.25	3,036,687.00



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Certificate of Deposit											
SWEDBANK (NEW YORK) CERT DEPOS DTD 05/16/2019 2.270% 11/16/2020	87019U6D6	5,740,000.00	A-1	P-1	11/16/17	11/17/17	5,740,000.00	2.24	5,067.14	5,740,000.00	5,789,708.40
MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.970% 02/26/2021	55379WZT6	2,865,000.00	A-1	P-1	02/27/19	02/28/19	2,865,000.00	2.94	22,690.80	2,865,000.00	2,923,193.88
CREDIT AGRICOLE CIB NY CERT DEPOS DTD 04/04/2019 2.830% 04/02/2021	22535CDU2	1,875,000.00	A-1	P-1	04/03/19	04/04/19	1,875,000.00	2.83	8,254.17	1,875,000.00	1,911,358.13
SOCIETE GENERALE NY CERT DEPOS DTD 02/19/2020 1.800% 02/14/2022	83369XDL9	2,565,000.00	A	A1	02/14/20	02/19/20	2,565,000.00	1.80	13,081.50	2,565,000.00	2,573,746.65
NORDEA BANK ABP NEW YORK CERT DEPOS DTD 08/29/2019 1.850% 08/26/2022	65558TLL7	4,320,000.00	AA-	Aa3	08/27/19	08/29/19	4,320,000.00	1.84	21,312.00	4,320,000.00	4,452,654.24
SKANDINAV ENSKILDA BANK LT CD DTD 09/03/2019 1.860% 08/26/2022	83050PDR7	4,700,000.00	A+	Aa2	08/29/19	09/03/19	4,700,000.00	1.85	23,312.00	4,700,000.00	4,845,371.00

Security Type Sub-Total		37,495,000.00					37,489,183.40	2.46	294,558.68	37,494,199.47	37,999,112.72
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Asset-Backed Security											
HONDA ABS 2017-2 A3 DTD 06/27/2017 1.680% 08/15/2021	43811BAC8	503,535.14	AAA	Aaa	06/20/17	06/27/17	503,491.58	1.68	375.97	503,522.45	504,709.03
JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	111,144.21	NR	Aaa	07/11/17	07/18/17	111,136.06	1.82	89.90	111,141.58	111,218.95
HAROT 2017-4 A3 DTD 11/29/2017 2.050% 11/21/2021	43813FAC7	507,561.38	NR	Aaa	11/22/17	11/29/17	507,489.87	2.05	289.03	507,534.90	509,145.58
TAOT 2017-D A3 DTD 11/15/2017 1.930% 01/15/2022	89238KAD4	868,772.64	AAA	Aaa	11/07/17	11/15/17	868,692.53	1.93	745.21	868,741.43	871,761.57
ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	687,204.14	AAA	Aaa	11/14/17	11/22/17	687,150.81	1.99	607.79	687,182.05	689,547.03
NAROT 2017-C A3 DTD 12/13/2017 2.120% 04/15/2022	65478HAD0	520,590.23	NR	Aaa	12/06/17	12/13/17	520,502.21	2.12	490.51	520,552.28	523,294.54
TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	931,429.94	AAA	Aaa	01/23/18	01/31/18	931,419.23	2.35	972.83	931,425.06	938,905.32



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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
Asset-Backed Security											
HART 2018-A A3 DTD 04/18/2018 2.790% 07/15/2022	44891KAD7	791,304.11	AAA	Aaa	04/10/18	04/18/18	791,184.94	2.79	981.22	791,244.56	799,657.91
TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	2,066,588.17	AAA	Aaa	05/09/18	05/16/18	2,066,557.37	2.96	2,718.71	2,066,571.90	2,099,878.84
MBART 2018-1 A3 DTD 07/25/2018 3.030% 01/15/2023	58772RAD6	1,527,852.94	AAA	Aaa	07/17/18	07/25/18	1,527,794.27	3.03	2,057.51	1,527,818.56	1,547,096.86
ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	1,985,642.89	AAA	Aaa	06/19/18	06/27/18	1,985,507.07	3.00	2,647.52	1,985,564.65	2,009,918.96
NAROT 2018-B A3 DTD 07/25/2018 3.060% 03/15/2023	65479GAD1	1,625,000.00	AAA	Aaa	07/17/18	07/25/18	1,624,947.35	3.06	2,210.00	1,624,968.39	1,654,788.53
HAROT 2019-1 A3 DTD 02/27/2019 2.830% 03/20/2023	43814WAC9	820,000.00	AAA	NR	02/19/19	02/27/19	819,978.02	2.83	837.99	819,984.84	843,495.87
HYUNDAI AUTO RECEIVABLES TRUST DTD 04/10/2019 2.660% 06/15/2023	44932NAD2	1,200,000.00	AAA	NR	04/03/19	04/10/19	1,199,842.08	2.66	1,418.67	1,199,885.31	1,230,536.16
NAROT 2019-A A3 DTD 02/13/2019 2.900% 10/15/2023	65479KAD2	1,940,000.00	NR	Aaa	02/05/19	02/13/19	1,939,706.09	2.90	2,500.44	1,939,787.80	2,001,095.84
COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	800,000.00	AAA	Aaa	05/21/19	05/30/19	799,837.92	2.51	892.44	799,874.51	821,593.28
CARMX 2020-1 A3 DTD 01/22/2020 1.890% 12/16/2024	14315XAC2	900,000.00	AAA	NR	01/14/20	01/22/20	899,823.42	1.89	756.00	899,836.34	924,668.82
Security Type Sub-Total		17,786,625.79					17,785,060.82	2.65	20,591.74	17,785,636.61	18,081,313.09
Managed Account Sub-Total		252,316,308.32					253,881,277.78	2.18	1,329,342.13	253,564,778.71	265,109,039.54
Securities Sub-Total		\$252,316,308.32					\$253,881,277.78	2.18%	\$1,329,342.13	\$253,564,778.71	\$265,109,039.54
Accrued Interest											\$1,329,342.13
Total Investments											\$266,438,381.67



Managed Account Security Transactions & Interest

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CALIFORNIA JOINT POWERS INSURANCE AUTH

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
05/04/20	05/11/20	APPLE INC CORPORATE NOTES DTD 05/11/2020 0.750% 05/11/2023	037833DV9	1,505,000.00	(1,500,906.40)	0.00	(1,500,906.40)			
05/20/20	05/22/20	FANNIE MAE NOTES DTD 05/22/2020 0.250% 05/22/2023	3135G0403	3,960,000.00	(3,948,080.40)	0.00	(3,948,080.40)			
05/20/20	05/26/20	TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 02/13/2020 1.800% 02/13/2025	89236TGT6	1,135,000.00	(1,146,088.95)	(5,845.25)	(1,151,934.20)			
05/21/20	05/26/20	FANNIE MAE NOTES DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	1,275,000.00	(1,279,194.75)	(708.33)	(1,279,903.08)			
05/21/20	05/26/20	TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 02/13/2020 1.800% 02/13/2025	89236TGT6	830,000.00	(841,288.00)	(4,274.50)	(845,562.50)			

Transaction Type Sub-Total **8,705,000.00** **(8,715,558.50)** **(10,828.08)** **(8,726,386.58)**

INTEREST										
05/01/20	05/01/20	MONEY MARKET FUND	MONEY0002	0.00	0.00	267.98	267.98			
05/01/20	05/25/20	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	1,470,000.00	0.00	3,785.25	3,785.25			
05/01/20	05/25/20	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	1,157,877.00	0.00	3,605.75	3,605.75			
05/01/20	05/25/20	FHLMC MULTIFAMILY STRUCTURED P DTD 11/01/2015 2.716% 06/01/2022	3137BLUR7	1,000,000.00	0.00	2,263.33	2,263.33			
05/01/20	05/25/20	FANNIEMAE-ACES DTD 04/01/2014 3.346% 03/01/2024	3136AJB54	1,975,000.00	0.00	5,356.65	5,356.65			
05/01/20	05/25/20	FHLMC MULTIFAMILY STRUCTURED P DTD 12/01/2012 2.307% 08/01/2022	3137AWOH1	1,435,000.00	0.00	2,758.79	2,758.79			
05/01/20	05/25/20	FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	809,722.44	0.00	1,845.03	1,845.03			
05/01/20	05/25/20	FHLMC MULTIFAMILY STRUCTURED P DTD 05/01/2015 2.791% 01/01/2022	3137BHXY8	2,555,000.00	0.00	5,942.50	5,942.50			
05/12/20	05/12/20	MONEY MARKET FUND	MONEY0002	0.00	0.00	31.34	31.34			
05/15/20	05/15/20	NAROT 2018-B A3 DTD 07/25/2018 3.060% 03/15/2023	65479GAD1	1,625,000.00	0.00	4,143.75	4,143.75			



Managed Account Security Transactions & Interest

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Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
05/15/20	05/15/20	UNITED STATES TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	3,000,000.00	0.00	35,625.00	35,625.00			
05/15/20	05/15/20	MBART 2018-1 A3 DTD 07/25/2018 3.030% 01/15/2023	58772RAD6	1,735,000.00	0.00	4,095.19	4,095.19			
05/15/20	05/15/20	COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	800,000.00	0.00	1,673.33	1,673.33			
05/15/20	05/15/20	NAROT 2019-A A3 DTD 02/13/2019 2.900% 10/15/2023	65479KAD2	1,940,000.00	0.00	4,688.33	4,688.33			
05/15/20	05/15/20	US TREASURY NOTES DTD 11/15/2012 1.625% 11/15/2022	912828TY6	600,000.00	0.00	4,875.00	4,875.00			
05/15/20	05/15/20	ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	1,006,401.86	0.00	1,302.75	1,302.75			
05/15/20	05/15/20	US TREASURY N/B DTD 11/16/2015 2.250% 11/15/2025	912828M56	2,000,000.00	0.00	22,500.00	22,500.00			
05/15/20	05/15/20	ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	2,454,900.48	0.00	5,314.00	5,314.00			
05/15/20	05/15/20	US TREASURY NOTES DTD 05/15/2013 1.750% 05/15/2023	912828VB3	2,490,000.00	0.00	21,787.50	21,787.50			
05/15/20	05/15/20	HART 2018-A A3 DTD 04/18/2018 2.790% 07/15/2022	44891KAD7	930,000.00	0.00	1,995.28	1,995.28			
05/15/20	05/15/20	US TREASURY NOTES DTD 11/15/2013 2.750% 11/15/2023	912828WE6	1,350,000.00	0.00	18,562.50	18,562.50			
05/15/20	05/15/20	CARMX 2020-1 A3 DTD 01/22/2020 1.890% 12/16/2024	14315XAC2	900,000.00	0.00	1,417.50	1,417.50			
05/15/20	05/15/20	HYUNDAI AUTO RECEIVABLES TRUST DTD 04/10/2019 2.660% 06/15/2023	44932NAD2	1,200,000.00	0.00	2,660.00	2,660.00			
05/15/20	05/15/20	UNITED STATES TREASURY NOTES DTD 05/15/2019 2.375% 05/15/2029	9128286T2	2,525,000.00	0.00	29,984.38	29,984.38			
05/15/20	05/15/20	US TREASURY NOTES DTD 05/15/2015 2.125% 05/15/2025	912828XB1	2,775,000.00	0.00	29,484.38	29,484.38			
05/15/20	05/15/20	NAROT 2017-C A3 DTD 12/13/2017 2.120% 04/15/2022	65478HAD0	692,697.51	0.00	1,014.01	1,014.01			
05/15/20	05/15/20	TAOT 2017-D A3 DTD 11/15/2017 1.930% 01/15/2022	89238KAD4	1,183,576.90	0.00	1,552.16	1,552.16			



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Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
05/15/20	05/15/20	US TREASURY NOTES DTD 05/16/2016 1.625% 05/15/2026	912828R36	1,045,000.00	0.00	8,490.63	8,490.63			
05/15/20	05/15/20	HONDA ABS 2017-2 A3 DTD 06/27/2017 1.680% 08/15/2021	43811BAC8	782,993.36	0.00	826.68	826.68			
05/15/20	05/15/20	US TREASURY NOTES DTD 11/17/2014 2.250% 11/15/2024	912828G38	925,000.00	0.00	10,406.25	10,406.25			
05/15/20	05/15/20	TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	2,275,000.00	0.00	5,444.01	5,444.01			
05/15/20	05/15/20	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	241,936.40	0.00	236.31	236.31			
05/15/20	05/15/20	US TREASURY N/B DTD 05/15/2018 2.875% 05/15/2028	9128284N7	1,950,000.00	0.00	28,031.25	28,031.25			
05/15/20	05/15/20	TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	1,197,898.64	0.00	1,984.03	1,984.03			
05/16/20	05/16/20	FEDERAL HOME LOAN BANKS NOTES DTD 11/16/2018 3.250% 11/16/2028	3130AFFX0	4,000,000.00	0.00	65,000.00	65,000.00			
05/18/20	05/18/20	SWEDBANK (NEW YORK) CERT DEPOS DTD 05/16/2019 2.270% 11/16/2020	87019U6D6	5,740,000.00	0.00	65,872.88	65,872.88			
05/18/20	05/18/20	HAROT 2019-1 A3 DTD 02/27/2019 2.830% 03/20/2023	43814WAC9	820,000.00	0.00	1,933.83	1,933.83			
05/21/20	05/21/20	HAROT 2017-4 A3 DTD 11/29/2017 2.050% 11/21/2021	43813FAC7	727,522.36	0.00	984.46	984.46			
05/31/20	05/31/20	US TREASURY N/B DTD 11/30/2017 2.125% 11/30/2024	9128283J7	7,550,000.00	0.00	80,218.75	80,218.75			
05/31/20	05/31/20	UNITED STATES TREASURY NOTES DTD 05/31/2019 2.125% 05/31/2026	9128286X3	1,000,000.00	0.00	10,625.00	10,625.00			
Transaction Type Sub-Total				67,865,526.95	0.00	498,585.76	498,585.76			

PAYDOWNS										
05/01/20	05/25/20	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	92,352.93	92,352.93	0.00	92,352.93	(1,836.99)	0.00	
05/01/20	05/25/20	FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	18,661.82	18,661.82	0.00	18,661.82	0.45	0.00	



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For the Month Ending **May 31, 2020**

CALIFORNIA JOINT POWERS INSURANCE AUTH

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
PAYDOWNS										
05/01/20	05/25/20	FANNIEMAE-ACES DTD 04/01/2014 3.346% 03/01/2024	3136AJB54	3,514.63	3,514.63	0.00	3,514.63	(170.79)	0.00	
05/15/20	05/15/20	HART 2018-A A3 DTD 04/18/2018 2.790% 07/15/2022	44891KAD7	66,879.03	66,879.03	0.00	66,879.03	10.07	0.00	
05/15/20	05/15/20	TAOT 2017-D A3 DTD 11/15/2017 1.930% 01/15/2022	89238KAD4	96,303.04	96,303.04	0.00	96,303.04	8.88	0.00	
05/15/20	05/15/20	HONDA ABS 2017-2 A3 DTD 06/27/2017 1.680% 08/15/2021	43811BAC8	86,953.86	86,953.86	0.00	86,953.86	7.52	0.00	
05/15/20	05/15/20	TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	140,440.91	140,440.91	0.00	140,440.91	2.09	0.00	
05/15/20	05/15/20	NAROT 2017-C A3 DTD 12/13/2017 2.120% 04/15/2022	65478HAD0	53,376.57	53,376.57	0.00	53,376.57	9.03	0.00	
05/15/20	05/15/20	ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	139,955.75	139,955.75	0.00	139,955.75	9.57	0.00	
05/15/20	05/15/20	TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	81,693.26	81,693.26	0.00	81,693.26	0.94	0.00	
05/15/20	05/15/20	MBART 2018-1 A3 DTD 07/25/2018 3.030% 01/15/2023	58772RAD6	94,003.26	94,003.26	0.00	94,003.26	3.61	0.00	
05/15/20	05/15/20	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	44,665.06	44,665.06	0.00	44,665.06	3.27	0.00	
05/15/20	05/15/20	ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	98,370.81	98,370.81	0.00	98,370.81	7.63	0.00	
05/21/20	05/21/20	HAROT 2017-4 A3 DTD 11/29/2017 2.050% 11/21/2021	43813FAC7	68,706.60	68,706.60	0.00	68,706.60	9.68	0.00	
Transaction Type Sub-Total				1,085,877.53	1,085,877.53	0.00	1,085,877.53	(1,935.04)	0.00	
SELL										
05/21/20	05/22/20	US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	2,110,000.00	2,215,500.00	17,614.73	2,233,114.73	43,766.02	82,181.54	FIFO
05/21/20	05/22/20	US TREASURY N/B NOTES DTD 10/31/2017 2.000% 10/31/2022	9128283C2	2,000,000.00	2,087,968.75	2,391.30	2,090,360.05	142,890.62	119,988.56	FIFO
05/21/20	05/22/20	US TREASURY N/B NOTES DTD 10/31/2017 2.000% 10/31/2022	9128283C2	925,000.00	965,685.55	1,105.98	966,791.53	71,542.97	57,458.75	FIFO



Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2020**

CALIFORNIA JOINT POWERS INSURANCE AUTH

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
SELL										
05/21/20	05/22/20	US TREASURY NOTES DTD 11/15/2012 1.625% 11/15/2022	912828TY6	600,000.00	621,304.69	185.46	621,490.15	38,671.88	28,560.35	FIFO
Transaction Type Sub-Total				5,635,000.00	5,890,458.99	21,297.47	5,911,756.46	296,871.49	288,189.20	
Managed Account Sub-Total					(1,739,221.98)	509,055.15	(1,230,166.83)	294,936.45	288,189.20	
Total Security Transactions					(\$1,739,221.98)	\$509,055.15	(\$1,230,166.83)	\$294,936.45	\$288,189.20	

CALIFORNIA JPIA

AGENDA REPORT

To: EXECUTIVE COMMITTEE
From: Jonathan Shull, Chief Executive Officer
By: Lam Le, Financial Analyst
Date: June 24, 2020
Subject: Quarterly Financial Statements

Financial statements for the quarter ended March 31, 2020 are enclosed.

Recommended Action

Receive and file.

California Joint Powers Insurance Authority
Statement of Net Position
3/31/20

	Primary Liability	Primary WC	Insurance Programs	Excess Liability	Excess WC	Sequoia Pacific	Total
ASSETS							
CURRENT ASSETS:							
Cash and investments	\$ 124,213,276	\$ 142,615,824	\$ 2,457,005	\$ 9,592,145	\$ 2,797,376	\$ 31,514,266	\$ 313,189,892
Interest receivable	734,602	685,893	14,973	44,858	14,953	-	1,495,279
Retrospective deposits receivable	1,140,492	76,185	-	-	-	-	1,216,677
Contributions receivable	-	-	-	-	-	-	-
Accounts receivable	750,000	-	-	-	-	-	750,000
Excess Recoveries Receivable	3,971,898	278,897	4,611,949	-	-	-	8,862,744
Prepaid expenses	1,543,140	1,128,615	8,861,218	333,753	47,386	-	11,914,112
TOTAL CURRENT ASSETS	132,353,408	144,785,414	15,945,145	9,970,756	2,859,715	31,514,266	337,428,704
NON-CURRENT ASSETS:							
Retrospective deposits receivable	5,336,914	3,606,017	-	-	-	-	8,942,931
Salvaged assets	1,200,000	-	-	-	-	-	1,200,000
Capital assets, not being depreciated	1,218,837	812,558	-	-	-	-	2,031,395
Capital assets, net of depreciation	1,391,899	981,998	1,182	8,249	-	-	2,383,328
Net pension assets	10,098	9,220	1,756	877	-	-	21,951
TOTAL NON-CURRENT ASSETS	9,157,748	5,409,793	2,938	9,126	-	-	14,579,605
TOTAL ASSETS	141,511,156	150,195,207	15,948,083	9,979,882	2,859,715	31,514,266	352,008,309
DEFERRED OUTFLOWS OF RESOURCES	544,579	497,223	94,710	47,354	-	-	1,183,866
LIABILITIES							
CURRENT LIABILITIES:							
Accounts payable	231,291	118,353	8,070	10,759	2,690	50,000	421,163
Compensated absences	231,246	212,369	28,316	-	-	-	471,931
Unearned contributions	12,065,380	8,911,422	4,018,104	1,332,067	419,009	3,392,250	30,138,232
Retrospective refunds payable	158,991	92,749	-	-	-	-	251,740
TOTAL CURRENT LIABILITIES	12,686,908	9,334,893	4,054,490	1,342,826	421,699	3,442,250	31,283,066
NON-CURRENT LIABILITIES:							
Retrospective refunds payable	-	-	-	-	-	-	-
Claims payable	69,234,672	106,438,429	-	2,458,000	412,000	8,340,000	186,883,101
Net pension liability	1,244,903	1,136,651	216,505	108,252	-	-	2,706,311
Net OPEB liability	743,060	678,446	129,228	64,614	-	-	1,615,348
TOTAL NON-CURRENT LIABILITIES	71,222,635	108,253,526	345,733	2,630,866	412,000	8,340,000	191,204,760
TOTAL LIABILITIES	83,909,543	117,588,419	4,400,223	3,973,692	833,699	11,782,250	222,487,826
DEFERRED INFLOWS OF RESOURCES	246,292	224,875	42,834	21,417	-	-	535,418
NET POSITION							
Invested in capital assets	2,610,736	1,794,556	1,182	8,249	-	-	4,414,723
Unrestricted	65,147,164	40,378,577	11,946,555	6,431,876	2,118,017	-	126,022,189
Minimal capital requirement	-	-	-	-	-	-	-
Surplus contribution	-	-	-	-	-	-	-
Earned surplus/(deficit)	-	-	-	-	-	(267,984)	(267,984)
TOTAL NET POSITION	\$ 67,757,900	\$ 42,173,133	\$ 11,947,737	\$ 6,440,125	\$ 2,118,017	\$ (267,984)	\$ 130,168,928

California Joint Powers Insurance Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Nine Months Ended March 31, 2020

	Primary Liability	Primary WC	Insurance Programs	Excess Liability	Excess WC	Sequoia Pacific	Total
OPERATING REVENUES							
Contributions	\$ 36,198,641	\$ 26,734,265	\$ 12,054,311	\$ 3,996,201	\$ 1,257,027	\$ 10,176,750	\$ 90,417,195
Retrospective adjustments, net	-	-	-	-	-	-	-
Miscellaneous Income	246,260	192,964	497,856	5,831	635	50	943,596
Total Operating Revenues	36,444,901	26,927,229	12,552,167	4,002,032	1,257,662	10,176,800	91,360,791
OPERATING EXPENSES							
Coverages:							
Claim payments	42,415,194	18,619,696	3,486,871	-	-	-	64,521,761
Change in claim reserves	(16,607,328)	2,537,429	-	-	-	8,340,000	(5,729,899)
Claims administration	1,861,380	1,890,210	-	70,000	-	-	3,821,590
State assessment	-	1,194,816	-	-	-	-	1,194,816
Excess and re-insurance premiums	7,870,681	1,382,326	6,265,711	967,775	135,225	-	16,621,718
Broker fees	136,937	50,582	400,000	16,011	7,142	-	610,672
Contractual services:							
Legal services	92,854	37,919	3,266	3,447	862	1,141	139,489
Investment and bank services	78,583	73,961	1,541	-	-	46,853	200,938
Technology support	117,576	107,778	7,349	9,798	2,449	-	244,950
Risk management evaluations	4,245	3,891	265	354	88	-	8,843
Loss control services	(77,613)	(6,208)	(2,733)	(3,644)	(911)	-	(91,109)
Audit services	44,552	38,256	972	1,296	324	-	85,400
Actuarial services	34,790	31,891	2,174	2,899	725	5,298	77,777
Employment law resource	227,855	-	-	-	-	-	227,855
Other contractual services	140,922	126,623	670,722	11,056	2,759	50,000	1,002,082
General and administrative:							
Salaries and employee benefits	2,131,350	1,793,734	330,906	170,446	2,068	-	4,428,504
Office expenses	222,695	233,717	14,164	18,691	4,629	5,250	499,146
Conference, training and meetings	1,006,597	924,042	65,802	83,573	20,893	-	2,100,907
Depreciation	138,868	94,735	-	926	-	-	234,529
Utilities and miscellaneous expenses	242,641	220,129	15,009	20,012	5,003	-	502,794
TOTAL OPERATING EXPENSES	40,082,779	29,355,527	11,262,019	1,372,640	181,256	8,448,542	90,702,763
OPERATING INCOME (LOSS)	(3,637,878)	(2,428,298)	1,290,148	2,629,392	1,076,406	1,728,258	658,028
NON-OPERATING REVENUES (EXPENSES)							
Gain (loss) on disposal of fixed assets	(10,720)	-	-	-	-	-	(10,720)
Investment income	2,647,269	2,500,105	72,745	157,088	49,835	520,096	5,947,138
Unrealized gain/(loss) on investments	4,128,718	3,517,056	-	-	-	(2,516,338)	5,129,436
TOTAL NON-OPERATING REVENUES (EXPENSES)	6,765,267	6,017,161	72,745	157,088	49,835	(1,996,242)	11,065,854
Deposits / withdrawals	(5,000,000)	-	5,000,000	-	-	-	-
CHANGE IN NET POSITION	(1,872,611)	3,588,863	6,362,893	2,786,480	1,126,241	(267,984)	11,723,882
BEGINNING NET POSITION	69,630,511	38,584,270	5,584,844	3,653,645	991,776	-	118,445,046
ENDING NET POSITION	\$ 67,757,900	\$ 42,173,133	\$ 11,947,737	\$ 6,440,125	\$ 2,118,017	\$ (267,984)	\$ 130,168,928

CALIFORNIA JPIA

AGENDA ITEM

To: EXECUTIVE COMMITTEE

From: Jonathan Shull, Chief Executive Officer

By: Norman Lefmann, Assistant Executive Officer

Date: June 24, 2020

Subject: Endorsements Providing for Member Co-Payments

Introduction

In the interest of protecting the financial condition of the Authority's coverage programs and members, at times it has been necessary to issue coverage endorsements. This necessity may come from the high-risk nature of an agency's operations or from an agency's lack of adherence to best risk management practices that may lead to claims.

LA Impact

Since 2012, Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force has had its coverage in the Primary Liability Program endorsed to exclude coverage associated with its high-risk policing activities (coverage is only for administrative activities). Policing activity coverage is provided through the "home agencies" of the participating officers (some through California JPIA and others through different pools and self-insurance). This endorsement is being renewed for coverage period 2020-21.

Port Hueneme

At its meeting of August 23, 2017, the Executive Committee directed staff to provide the city with notice of the Authority's intent to exclude employment practices liability (EPL) protection of the city effective July 1, 2017. This was due to employment practices concerns that had risen to the levels present when the city's Performance Improvement Plan (PIP) was first initiated, which created greater exposure not only for the city, but for the entire pool. The city presented its appeal of the Executive Committee's action at the meeting of September 27, 2017.

Representatives from the city proposed that the city be allowed to take a retention on claims involving EPL rather than imposition of an absolute exclusion. The Executive Committee extended the appeal timeline to allow staff to work with the city to find an acceptable alternative.

On October 25, 2017, the Executive Committee discussed the item and approved a member self-insured retention of \$250,000 that applied to coverage for the city and its employees or officials for employment practices injury protection. The endorsement became effective for occurrences taking place on or after July 1, 2017 through July 1, 2018. On June 27, 2018, the Executive Committee released the city from its PIP obligations; however, it approved an extension of the

member self-insured retention from July 1, 2018 through July 1, 2019. This was due to ongoing matters at the city.

On June 26, 2019, an extension of the member self-insured retention was approved from July 1, 2019 through July 1, 2020. During the fiscal year preceding this action, the city had experienced the departure of a Deputy City Manager and Human Resources Analyst. The Deputy City Manager position administered the human resources division. Human resources functions were being contracted out to Regional Government Services and a recruitment for a Deputy City Manager and Human Resources Manager was ongoing. Prior to the staff departures, an assessment of the human resources division was conducted to evaluate key functional areas and identify priorities for strengthening. Some of the weaknesses identified included an unusually high turnover rate, lack of formal process for identifying job vacancies, and incomplete or inconsistent documentation of processes and internal controls.

Since then, the city has filled the Deputy City Manager and Human Resources Manager position. The recruitment to fill the Human Resources Analyst position is currently in the interview phase. Over the last year, significant improvements have been made in the human resources division. The division is proactive and addresses employee matters in a comprehensive and timely manner. The Human Resources Manager has developed a manager's guide to filling positions and implemented recruitment processes. Other improvements include revising the salary schedule, utilizing and maintaining all functions of the city's applicant tracking system, implementing a reclassification process, securing a human resources information system, and implementing a monthly review to ensure that performance evaluations are being conducted annually for each employee, even when they reach the top of their range. Currently, the Human Resources Manager is assessing work teams within the city. The Lominger Competencies model will be used for talent management.

The human resources division has an open-door policy and communication with employee unions is collaborative. The Human Resources Manager is also knowledgeable and experienced in working with police departments. Because of the improvements in the human resources division and the stability brought forth by the onboarding of human resources manager, functional weaknesses identified in the past have and continue to be addressed. Only one EPL claim was filed during the three coverage periods in which the endorsement was in place (civil rights violation allegation by a city councilmember).

In summary, staff feels that the city has made sufficient improvement and progress in both human resources and employment practices, and warrants removing the self-insured retention.

Palm Desert

Palm Desert has experienced significant losses under the Property Program for slab leaks to City's residential housing at One Quail Place, 72-600 Fred Waring Drive. In 2019, staff determined that the standard deductible of \$10,000 was insufficient. As of July 1, 2019, the deductible for all losses to buildings at this location due to slab leaks is \$250,000 per occurrence. This endorsement is being renewed for coverage period 2020-21.

West Hollywood

West Hollywood rejoined the Authority effective July 1, 2019 and is participating in the Excess Liability Program with a \$250,000 member retained limit. For claims categorized as employment practices liability, the city has a separate member retained limit of \$500,000 per occurrence. No employment practices claims have been filed since the city rejoined the Authority. Staff recommends removing the employment practices liability self-insured retention.

Recommended Action

It is recommended that the Executive Committee:

- Renew LA IMPACT's endorsement excluding coverage associated with its high-risk policing activities for coverage period 2020-21.
- Remove Port Hueneme's self-insured retention of \$250,000 applicable to the Primary Liability Program Coverage for the city and its employees or officials for employment practices injury protection.
- Renew Palm Desert's \$250,000 property deductible endorsement for losses to buildings at One Quail Place, 72-600 Fred Waring Drive for coverage period 2020-21.
- Remove West Hollywood's self-insured retention of \$500,000 applicable to the Excess Liability Program Coverage for the city and its employees or officials for employment practices injury protection.

Attachments

LA IMPACT endorsement
Palm Desert endorsement

ENDORSEMENT

**California Joint Powers Insurance Authority
Memorandum of Coverage – Primary Liability Program
12:01 a.m. July 1, 2020 to 12:01 a.m. July 1, 2021**

This Endorsement is issued to L.A. IMPACT.

Notwithstanding any other provision of the Memorandum of Coverage – Primary Liability Program, this Coverage applies to liability arising out of activities of staff employed by L.A. IMPACT as described in Sections 12.01-12.04 and 14.06 of the L.A. IMPACT Joint Powers Agreement. Coverage shall not apply to liability arising out of activities of "Contributed Member Employees" described in Sections 12.05 and 14.02-14.04 of the L.A. IMPACT Joint Powers Agreement, unless the Contributing Member is itself a Member of the California JPIA.

This Endorsement is effective for Occurrences taking place on or after 12:01 a.m. July 1, 2020.

California JPIA

A handwritten signature in black ink that reads "Margaret E. Finley". The signature is written in a cursive style with a large, prominent initial "M".

President

June 24, 2020

ENDORSEMENT

**California Joint Powers Insurance Authority
Memorandum of Coverage – Property Program
12:01 a.m. July 1, 2020 to 12:01 a.m. July 1, 2021**

This Endorsement is issued to City of Palm Desert.

Notwithstanding any other provision of the Memorandum of Coverage – Property Program, a \$250,000 deductible will apply to coverage for water damage related losses due to the failure of water utility systems at the location listed below:

One Quail Place, 72-600 Fred Waring Drive

This Endorsement is effective for Occurrences taking place on or after 12:01 a.m. July 1, 2020.

California JPIA

A handwritten signature in black ink that reads "Margaret E. Finley". The signature is written in a cursive style with a large, prominent "M" and "F".

President

June 24, 2020

CALIFORNIA JPIA

AGENDA REPORT

To: EXECUTIVE COMMITTEE

From: Jonathan Shull, Chief Executive Officer

By: Paul Zeglovitch, Liability Program Manager

Date: June 24, 2020

Subject: 2020/2021 Memorandum of Coverage - Liability Program

Each year we conduct an analysis of the prior year's Memorandum of Coverage to determine if there are needed amendments or edits, in an effort to add coverage, remove coverage or clarify existing coverage. For the 2020/2021 Liability Memorandum of Coverage staff met with our General Counsel, Byrne Conley and have agreed upon the recommended changes noted below. Of significance is that for 2020/2021 there will be one Liability Memorandum of Coverage for the liability program, with an Endorsement for language that differs for Excess Liability Program members. In past years there were individual Liability Memoranda of Coverage for each program. The document presented herein serves to ensure that coverage is being described and applied uniformly between the programs, with the exception of the information contained within the Excess Liability Program Endorsement.

The substantive changes that were made for 2020/2021 that should be addressed are:

Page 2, Protection Provided; Language relative to the limits of coverage available should our insurers deny coverage was previously only in the Excess MOC.

Page 6, Chief Executive Separation Payment Benefit; Clarify definition language to indicate that the term "salary" when computing the benefit is only the pensionable salary the Chief Executive had been receiving when employed in that role. It does not include allowances, bonuses or other special pay.

Page 18-19, Exclusion "K"; Clarification that the exclusion does not apply to member maintenance of their own property that is adjacent to a railroad.

Page 20, Exclusion "P"; Clarification that for the exception to the Exclusion to apply, there needs to be an actual Occurrence.

Page 21, Exclusion “V”; Added additional language to prevent the Authority from being involved in Councilmembers’ actions against other Councilmembers, which could be purely political in nature.

Page 23, Exclusion “Z”; Added language to indicate that disputes over the determination of whether someone is an employee or an independent contractor, and resulting damages, are not covered.

Page 23, Exclusions “BB – EE”; Added exclusions for Uninsured Motorist, Asbestos, Criminal Acts and Landfill, which were previously part of the Excess Liability MOC, but not part of the Primary Liability MOC.

Page 26-27, Assignment; Bolstered existing language from the Primary Liability MOC with additional language that was in the Excess Liability MOC relative to Members not assigning, transferring or pledging their rights under the Memorandum.

Endorsement 1; We have created this Endorsement in order to address the exposures related to COVID 19 and limit the Authority’s exposure

Endorsement 2; In addition to the material changes to the Liability MOC and in conjunction with combining the Primary and Excess Liability MOCs, there was a need to have an additional Endorsement to the now singular Liability MOC, for purposes of evaluating coverage for members of the Excess Liability Program.

The attached **Endorsement 2** addresses the coverage language that is specific to the Excess Liability Program. The areas that are covered include the application of the Member Retained Limit as it relates to reduction of limits, Chief Executive Separation Payment benefit, and the necessity for a trust account, amongst other things. Other areas include control of claims and litigation, selection of defense counsel, reserving practices, and settlement authority. Finally, members of the Excess Liability Program are subject to an Earth Movement exclusion. Within the Liability MOC we have placed notifications where language differs for Excess Liability Program Members and we direct them to the Endorsement.

Recommended Action

The Coverage Committee will be evaluating the changes noted above prior to the Executive Committee and providing its recommendation. We recommend that the Executive Committee follow the recommendation of the Coverage Committee, which will be provided at the meeting.



CALIFORNIA
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*Providing innovative risk management solutions
for our public agency partners*

MEMORANDUM OF COVERAGE **PRIMARY** LIABILITY PROGRAM

EFFECTIVE JULY 1, 2020 - JULY 1, 2021

INTEGRITY

EXCELLENCE

INNOVATION

TEAMWORK

Issued to the «Agency»



MEMORANDUM OF COVERAGE ~~PRIMARY~~ LIABILITY PROGRAM

ADMINISTERED BY THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

MEMBER: «Member_Name»

MAILING ADDRESS: «Member_Address»
«City», «State» «Zip»

PROTECTION LIMITS: Primary layer: \$30,000,000

PROTECTION PERIOD: From July 1, 2020 at 12:01 a.m. Pacific Time until July 1, 2021 at 12:01 a.m. Pacific Time.

ENDORSEMENT(S):

This Memorandum and any endorsements thereto are a description of the terms and conditions of the Program through which certain specified and limited self-insured risks of liability are administered by the Authority and shared by its Members. *This Memorandum is not an insurance policy.* As provided in Section 990.8 of the California Government Code and appellate court cases of *Orange County Water District v. Association of California Water Agencies JPIA* (1997) and *City of South El Monte v. Southern California Joint Powers Insurance Authority* (1995), the pooling of self-insured claims or losses among the Members of the Authority shall not be considered insurance nor be subject to regulation under the Insurance Code.

California JPIA

A handwritten signature in black ink that reads "Margaret E. Finlay".

President

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I. INTRODUCTION

This **Memorandum of Coverage** (hereinafter **Memorandum**) is a description of the terms and conditions of the **Primary Liability Program** (hereinafter **Program**) through which certain self-insured risks of liability are administered by the **California Joint Powers Insurance Authority** (hereinafter **Authority**) and shared by its **Members** pursuant to the Joint Powers Agreement creating the **Authority** under the provisions of Section 6500 et seq. of the Government Code.

As provided in Section 990.8 of the Government Code, pooling of losses in this **Program** is not insurance. The sole duty of the **Authority** is to administer the **Program** adopted by the **Members**. The **Authority** can indemnify only **Claims** or losses, which are pooled under the terms of this **Memorandum** and the Joint Powers Agreement. There is no transfer of risk from the **Member** or any **Protected Party** to the **Authority** nor assumption of risk by the **Authority**.

The provisions of the **Program** are subject to and subordinated to the Joint Powers Agreement or any action taken by the Executive Committee or the Board of Directors in connection with the **Program**. This **Program** has been adopted pursuant to action taken by the Executive Committee, and is subject to any amendment, modification or extension by the Executive Committee or the Board of Directors.

The terms of this **Memorandum** shall be construed in an evenhanded fashion in accordance with the principles of California contract law. If the language of this **Memorandum** is alleged to be ambiguous or unclear, the issue of how the protection should apply shall be resolved in a manner most consistent with the relevant terms of this **Memorandum** without regard to authorship of the language and without any presumption of arbitrary interpretation or construction in favor of either the **Protected Party** or the **Authority**. Any controversy or dispute arising out of or related to an interpretation or breach of this **Memorandum** shall be settled in accordance with the appeals procedures as set forth in this **Memorandum**.

Throughout this Memorandum, words and phrases that appear in bold print are defined in Section III. **DEFINITIONS**.

II. PROTECTION PROVIDED

A. *Payments on Behalf of Protected Parties – Excess Liability Program – please see Endorsement*

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Subject to all provisions of this **Memorandum**, the **Authority** will cause the **Program** to pay on behalf of the **Protected Party** all sums that the **Protected Party** shall become legally obligated to pay as **Damages** by reason of **Tort Liability** imposed by law, or the **Tort Liability** of others assumed in a **Protected Contract**, because of:

1. Bodily Injury or Property Damage, including **Automobile Liability**
2. Personal Injury;
3. Public Officials Errors and Omissions;

4. Broadcast/Publication Injury;
5. Employment Practices Injury; or
6. Employee Benefit Administration Liability

caused by an **Occurrence** during the **Protection Period**, to which this **Memorandum** applies.

Coverage provided under this **Memorandum** is funded through **Member** contributions for a pooled layer of coverage, and backed by reinsurance purchased by the **Authority** on behalf of its **Members** for higher layers of coverage, per Government Code section 990.8(d). In the event of failure by the reinsurer to pay or reimburse for **Damages** or **Defense Costs** within the reinsured layer of coverage, due to insolvency, the maximum **Protection Limit** will be not more than the pooled layer of coverage, provided that this limitation shall not relieve any reinsurer of its obligations under its reinsurance agreement, and shall not relieve the **Authority** of its coverage obligations if reinsurance coverage is established and is collectible. In the event of a failure by the reinsurer to pay or reimburse for **Damages** or **Defense Costs** within the reinsured layer of coverage, due to the application of an exclusion in the reinsurance agreement, no coverage shall apply under this **Memorandum** within that layer.

B. Defense and Settlement – Excess Liability Program – please see Endorsement

The **Authority**, at the shared expense of its **Members**, and out of funds of the **Program** deposited or obligated to be deposited by its **Members**, shall investigate, negotiate, settle, or **Defend**, at the **Authority**'s sole discretion, any **Claim** which has been tendered to the **Authority** and which in the sole opinion of the **Authority** is encompassed by this **Program**. The **Authority** shall control selection of defense counsel. **Defense Costs** incurred by the **Protected Party** prior to the tender of the **Claim**, as required by Section V. **CONDITIONS AND RESPONSIBILITIES**, to the **Authority** are the sole obligation of the **Protected Party**. The date of the tender of the **Claim** shall be the date written notice of said **Claim** is received at the **Authority**'s offices (or it's designated Claims Administrator).

The obligation of the **Authority** as described above shall cease to apply after the **Protection Limit** has been exhausted by any combination of payments hereunder for judgments, settlements, or **Defense Costs**, or if the **Authority** tenders the **Protection Limit** on behalf of any **Protected Party**. For purposes of excess insurance or reinsurance, any **Defense Costs** incurred prior to the tender of the **Protection Limit** shall be deducted from the **Protection Limit** that is tendered.

With respect to any **Claim** or part thereof which has been tendered to the **Authority** and over which the **Authority** assumes full or partial responsibility or charge of the settlement or **Defense**, the **Authority** shall, if applicable, cause the **Program** to pay:

1. All expenses incurred by the **Authority** on behalf of a **Protected Party**;
2. Costs taxed against a **Protected Party** in the **Claim**; and

3. Other reasonable expenses incurred by a **Protected Party** at the **Authority's** request to assist the **Authority** in the investigation or **Defense** of the **Claim**; but this shall not include the office expenses of the **Protected Party**, the salaries of **Employees** or officials of the **Protected Party**, nor expenses of any claims administrator engaged by the **Protected Party**.

With respect to a **Claim** for which the **Authority** has determined that only a portion is encompassed by this **Program**, the **Authority** shall cause the **Program** to fund any **Defense** to the **Claim** against the **Member** and any settlement or final judgment of that **Claim**, subject to the reservation by the **Authority** of the right to recover from the **Member** any amounts paid by the **Authority** for such settlement or final judgment which are paid to claimants for **Claims**, or portions thereof, not encompassed by the **Program**.

With respect to a **Claim** for which the **Authority** has determined that no portion is encompassed by this **Program**, the **Claim** shall be referred, in its entirety, back to the **Protected Party**. With respect to a **Claim** for which the **Authority**, its **Employee**, or an Executive Committee member is a defendant or the claimant, special counsel shall be assigned to monitor the handling of the case by the **Authority**.

The payment of **Defense Costs** will reduce the **Protection Limit** under this **Program**.

C. Protection Limit

The **Protection Limit** shown on the Cover Page and the rules below determine the most the **Program** will pay, inclusive of **Defense Costs**, regardless of the number of:

1. Protected Parties;
2. **Claims** made; or
3. Persons or organizations that sustain injuries or **Damages**.

The **Protection Limit** stated on the Cover Page is the most the **Program** will pay per **Member** for the sum of **Damages**, **Defense Costs** and expenses as included in Section *B. Defense and Settlement* under any or all or any combination of **Bodily Injury**, **Property Damage**, **Personal Injury**, **Public Officials Errors and Omissions**, **Broadcast/Publication Injury**, **Employment Practices Injury**, **Employee Benefit Administration Injury**, or **Chief Executive Separation Payment** arising out of any one **Occurrence**.

For the purpose of determining the **Protection Limit** all **Bodily Injury**, **Property Damage**, **Personal Injury**, **Public Officials Errors and Omissions**, **Broadcast/Publication Injury**, **Employment Practices Injury**, **Employee Benefit Administration Liability**, or **Chief Executive Separation Payment** arising out of exposure to substantially the same general condition(s) shall be considered as arising out of one **Occurrence**. All protection shall be deemed to arise from a single **Occurrence** where the underlying cause is continuous or repeated exposure to the same generally harmful conditions, such as a breach or breaches of security, malware, virus, hacking, or similar cyber-related events.

Any actual or alleged loss of use of tangible property not physically injured or destroyed shall be deemed to occur at the time of the **Occurrence** that caused such loss of use. Any other injury or damage occurring or alleged to have occurred over more than one **Protection Period** shall be deemed to have occurred during the **Protection Period** when the **Occurrence** began.

For an **Additional Contribution, Tort Liability** may be assumed in a **Protected Contract** on behalf of a **Railroad**, and the **Protection Limit** for such assumed **Tort Liability** shall be \$2,000,000 per occurrence and in the aggregate. For purposes of this coverage, the **Additional Contribution** shall be determined based upon the number of railroad crossings for which a **Member** seeks coverage.

D. Statutory Limitations

Notwithstanding Sections II.A. *Payments on Behalf of Protected Parties* and II.B. *Defense and Settlement* above, the defense and/or indemnity protections afforded by this agreement to a past or present elected or appointed official or **Employee** of a **Member** are not broader than the **Member's** own duty to defend and indemnify its official or **Employee** under California Government Code sections 825, et seq. and 995, et seq. All immunities, defenses, rights, and privileges of the **Member** under the Government Code apply to the **Program** as well, including any defense that the official or **Employee** acted outside the course and scope of employment or acted with fraud, corruption or actual malice, or any defense that the action or proceeding or type of damage sought is not the type for which the **Member** is obligated to provide defense and/or indemnity. The defense and/or indemnity protections are also subject to all the terms, conditions, and Exclusions of this **Memorandum** and do not apply if not covered by this **Memorandum**, even if an obligation to defend and/or indemnify would exist under the Government Code.

E. Territorial Limitation

This **Memorandum** applies to **Claims** arising out of **Occurrences** during the **Protection Period**, anywhere in the world, that are filed in the state or federal courts of the United States of America.

F. Chief Executive Separation Payment – Excess Liability Program – please see Endorsement

This **Program** will also pay a **Chief Executive Separation Payment** to an eligible **Chief Executive** who is separated from employment involuntarily, by the governing body of the **Member**. A **Chief Executive** that is forced to resign in lieu of termination will also be eligible for the **Chief Executive Separation Payment**. A **Chief Executive** that is subjected to a **Termination for Cause**, as defined in this **Memorandum**, shall not be eligible for the **Chief Executive Separation Payment**, nor will an interim or acting **Chief Executive**. The **Authority** at its sole discretion shall determine eligibility for the **Chief Executive Separation Payment**.

Conditions of eligibility require the separated **Chief Executive** to place the **Authority** on notice of intent to be considered for the **Chief Executive Separation Payment** within 60

days of the date of separation. The **Chief Executive** will be required to complete and submit a **Waiver** to the **Authority**, within 60 days of the date of separation. The **Chief Executive** will further be required to submit a **Certification** to the **Authority** within 60 days following the **Waiting Period**. Failure to complete the **Waiver** or **Certification** shall render the **Chief Executive** ineligible for the **Chief Executive Separation Payment**.

The **Authority** will compute the proper payment, and payment shall commence within 30 days following the submission of the first **Certification**. For a qualifying **Chief Executive** who has applied for, but not yet received benefits from a public retirement system, the **Authority** will require the **Chief Executive** to provide written proof, from the provider, of the amount of public retirement benefit to be paid, prior to calculating and paying the **Chief Executive Separation Payment**. Payments will be made in arrears where necessary.

The **Chief Executive Separation Payment** shall not be considered “unemployment insurance,” nor shall it be considered a “severance” payment.

The **Chief Executive Separation Payment** can only be waived by the **Chief Executive** if it is specifically noted, by name, within any separation or employment agreement entered into with the **Member**.

III. **DEFINITIONS** – ~~Excess Liability Program~~ – please see ~~Endorsement for additional definitions~~

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Additional Contribution means an assessment charged to a **Member** for the cost or additional exposure associated with the **Member**'s participation in an optional liability protection available through this **Memorandum**.

Administration under **Employee Benefits Administration Liability** means:

- A. Giving counsel to employees with respect to the Employee Benefits Programs;
- B. Interpreting the Employee Benefits Programs;
- C. Handling of records in connection with the **Employee Benefits Programs**; or
- D. Effecting enrollment, termination, or cancellation of employees under the **Employee Benefits Programs**, provided all such acts are authorized by the **Member**.

Aircraft means any vehicle designed to transport people or property through the air but does not include Small Unmanned Aircraft, as defined in 14 Code of Federal Regulations, Section 107.3.

Airport means any locality either on land or water which is adopted for the landing and taking off of **Aircraft**, including all land, water, buildings, structures, equipment or other improvements necessary or convenient in the establishment and operation of an **Airport**.

Authority means the California Joint Powers Insurance Authority.

Automobile means a land motor vehicle, trailer, or semi-trailer.

Automobile Liability means **Tort Liability** for **Bodily Injury** or **Property Damage**, arising from the use of an **Automobile** by a person defined in the **Protected Party** definition, Sections B., E. or F.

Bodily Injury means bodily injury, sickness, or disease sustained by any person, including death resulting from any of these at any time.

Broadcast/Publication Injury means injury caused by or arising out of:

- A. Any form of defamation or other tort related to disparagement or harm to the character, reputation or feelings of any natural person or organization including but not limited to libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage, or outrageous conduct;
- B. Any form of invasion of, infringement of, or interference with rights of privacy or publicity; including but not limited to false light, public disclosure of private facts, intrusion, and commercial appropriation of name or likeness;
- C. Infringement of copyright or trademark;
- D. Plagiarism or piracy or misappropriation of ideas under implied contract;
- E. Unauthorized use of names, trade names, trademarks, service marks, titles, formats, ideas, characters, character names, characterizations, performances, plots, musical compositions, slogans, program material, or any other similar material; or
- F. Denial of access to broadcast facilities based upon application of judgment or standards relating to the acceptability of material for public broadcast; committed in the course of the **Protected Party's** broadcast or publication activities.

Certification means a signed statement by a **Chief Executive** that he or she is entitled to the **Chief Executive Separation Payment** because he or she is unemployed or is employed but receiving **Compensation** that is lower than he or she was earning at the time of the **Occurrence**. The initial executed **Certification** is a form provided by the **Authority** and must be received within 60 days following the **Waiting Period**.

Chief Executive means the governing body-appointed chief administrative officer of a **Protected Party** whether called city manager, chief administrative officer, general manager or other title designating the highest appointed official of the governmental entity.

Chief Executive Separation Payment means a payment that shall be paid once a month, in arrears, for a time period not to exceed six months, following the **Waiting Period**. The payment shall equal the amount of the **Chief Executive's** salary at the time of the separation of employment **Occurrence**, plus payment of the **Medical Benefit**, less the total amount of **Compensation** being received after the separation of employment **Occurrence** and any other payments made to the **Chief Executive**, by the member, during the payment period. The term 'salary' shall be calculated in the same manner as 'pensionable compensation' as defined by Government Code section 7522.34, and applicable related regulations.

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Claim means a notice, demand, or **Suit** against a **Protected Party** to recover **Damages**. **Claim** does not include an administrative claim filed with the Equal Opportunity Employment Commission, the California Department of Fair Employment and Housing, Public Employment Relations Board or other similar state or federal administrative agency.

Compensation for purposes of computation of the **Chief Executive Separation Payment** means:

- A. Wages or salary earned as an employee of a new employer, subsequent to separation,
- B. Payments from a defined benefit retirement plan commencing subsequent to separation for which benefits were earned while employed by the **Member**,
- C. Unemployment insurance, and
- D. Income earned from self-employment or from work or activities as an independent contractor, consultant, or in a similar capacity subsequent to separation.

Compensation does not include Social Security, Medicare or disability benefits.

Dam means a structure described by California Water Code sections 6002 through 6004.

Damages means compensation in money recovered by a party for loss or detriment it has suffered through the acts of a Protected Party. **Damages** does not include defense of **Claims**, fines, or any punitive, exemplary or multiplied damages or non-monetary relief or redress or injunctive relief, nor does it include attorney fees or costs awarded to the prevailing party in a **Claim** or **Suit**, except where such attorney fees or costs are attributable to a claim for compensatory damages covered by this **Memorandum**.

Defense Costs means all fees and expenses incurred in connection with the adjustment, investigation, defense, and appeal of a **Claim** covered hereunder, including attorney fees, court costs, premiums for appeal bonds, and interest on judgments accruing after the entry of judgment, and also shall include the costs of any claims administrator or defense counsel assigned by the **Authority** to respond to any **Claim** on behalf of the **Authority**. **Defense Costs** shall not include the office expenses of the **Protected Party**, nor the salaries of employees or officials of the **Protected Party**, nor expenses of any claims administrator engaged by the **Protected Party**. **Defense Costs** also do not include any fee or expense relating to coverage issues between the **Authority** and any **Protected Party**.

Discrimination means injury caused by or arising out of:

- A. Unlawful discrimination because of race, sex, color, age, religion, or national origin, or membership in any similar legally protected class; or
- B. Violation of the discrimination prohibitions of the Americans with Disabilities Act of 1990, any rules or regulations promulgated thereunder and amendments thereto or similar provisions of any federal, state, or local statutory law or common law.

Employee means any person falling within the definition of "employee" under section 810.2 of the Government Code. That section provides: "**Employee** includes an officer...employee,

or servant, whether or not compensated, but does not include an independent contractor.”

Employee also includes any volunteer designated by the **Member** to perform specific functions in the course and scope of authorized activities under the direction and control of the **Member**.

Employee Benefit Administration Liability means liability for injury or damage caused by or arising out of any negligent act, error or omission of the **Protected Party** in the **Administration** of the **Member’s Employee Benefits Programs**.

Employee Benefits Program means group life insurance or self-insurance, group medical, dental or vision-care insurance or self-insurance, pension plans, retirement plans, deferred compensation plans, workers’ compensation, unemployment insurance, social benefits, disability benefits, and other similar employee benefits.

Employment Practices Injury means injury arising out of the following offenses:

- A. Wrongful dismissal, discharge, or termination of employment;
- B. Breach of any oral or written employment contract or quasi-employment contract;
- C. Employment-related coercion or misrepresentation;
- D. Violation of employment discrimination laws;
- E. Workplace sexual or other harassment;
- F. Wrongful failure to employ or promote;
- G. Wrongful discipline, negligent evaluation, or wrongful demotion;
- H. Wrongful deprivation of a career opportunity; or
- I. Employment-related:
 1. Invasion of privacy,
 2. Defamation, or
 3. Wrongful infliction of emotional distress.

Fungi means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents, or byproducts produced or released by fungi.

Hostile Fire means a fire that becomes uncontrollable and breaks out from where it is intended to be.

Levee means a permanent embankment intentionally constructed for the purpose of preventing overflow of a watercourse or body of water.

Medical Benefit means the cost of all benefits to which a **Chief Executive** is entitled under the Comprehensive Omnibus Budget Reconciliation Act of 1986 (COBRA). The **Chief Executive** may provide proof of medical coverage from an alternate provider, not to exceed the cost of coverage through COBRA.

Member means the entity, including all of its departments and constituent agencies, that is a signatory to the Joint Powers Agreement creating the **Authority** as may be amended from time to time, which has adopted a resolution to participate in the **Program**, and whose name appears on the Cover Page of this **Memorandum**. **Member** includes any other agency for which the **Member's** governing board or council acts as the governing board, and also includes any commissions, agencies, districts, authorities, successor agencies, boards, or similar entities coming under the **Member's** sole direction and control. **Member** shall include any other agency authorized by the **Authority's** Executive Committee or Board of Directors.

Memorandum means this Memorandum of Coverage – Primary Liability Program authorized by the Joint Powers Agreement of the **Authority** specifying the terms and conditions of the **Program** through which certain specified and limited self-insured risks of liability are administered by the **Authority** and shared by its **Members**.

Nuclear Material means “source material,” “special nuclear material,” or “by-product material” as those terms are given meaning in the Atomic Energy Act of 1954 or any law amendatory thereto.

Occurrence means:

- A. With respect to **Bodily Injury** or **Property Damage**, an accident, including continuous or repeated exposure to conditions, that first occurs during the **Protection Period** and that results in **Bodily Injury** or **Property Damage** neither expected nor intended from the standpoint of the **Protected Party**;
- B. With respect to Public Officials Errors and Omissions, actual or alleged conduct described in the definition of Public Officials Errors and Omissions during the Protection Period;
- C. With respect to Employee Benefits Administration Liability, actual or alleged conduct described in the definition of Employee Benefits Administration Liability during the Protection Period;
- D. With respect to **Personal Injury**, **Broadcast/Publication Injury**, and **Employment Practices Liability**, an offense described in the definitions of those terms; or
- E. With respect to **Chief Executive Separation Payment**, injury arising out of:
 1. Dismissal, discharge, resignation in lieu of termination or termination of the employment of a **Chief Executive**; or
 2. Failure to renew an employment contract which results in termination of the employment of a **Chief Executive**

for which liability on the part of a **Protected Party** can be settled through the acceptance by the **Chief Executive** of a **Chief Executive Separation Payment** in exchange for a **Waiver** and **Certification**.

- F. All claims based on or arising out of **Harassment** or similar conduct (including molestation or sexual abuse) by an **Employee**, or more than one **Employee**

acting in concert, will be considered arising out of one **Occurrence** and shall be deemed to have been committed at the time of the first of such acts or alleged acts, regardless of the number of:

1. Protected Parties;
2. **Claims** made; or
3. persons or organizations that sustain injuries or **Damages**.

If a series of wrongful acts committed by one **Employee**, or more than one **Employee** acting in concert, takes place over more than one **Protection Period**, the wrongful acts will be deemed to have been committed during the first **Protection Period** and only the **Protection Limit** for that **Protection Period** shall apply.

Personal Injury means injury, other than **Bodily Injury**, **Property Damage** or **Public Officials Errors and Omissions**, resulting from one or more of the following offenses:

- A. False arrest, detention, or imprisonment;
- B. The use of force for the purpose of protecting persons or property;
- C. Malicious prosecution or abuse of process;
- D. Wrongful entry by any employee of the **Member** into a room, dwelling, or other similar premises that a person occupies;
- E. Wrongful eviction by any employee of the **Member** of a person from a room, dwelling, or other similar premises that such person occupies;
- F. The publication or utterance of a libel or slander, including statements that disparage a person's or organization's goods, products, or services;
- G. A publication or utterance that violates a person's right of privacy;
- H. Interference with an existing or prospective economic advantage, contract, or agreement;
- I. Discrimination;
- J. Violation of civil rights; or
- K. Infliction of emotional distress.

Pollutants/Hazardous Materials includes without limitation:

- A. Any flammable or explosive substances, radioactive materials, asbestos, polychlorinated biphenyls, chemicals, substances known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, or related materials which are regulated by or under any federal, state, or local environmental law;

- B. Any material identified as hazardous in Sections 66261.10 through 66261.126 of Title 22 of the California Code of Regulations, as amended from time to time (collectively);
- C. Any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. The term “waste” includes materials to be recycled, reconditioned, or reclaimed; or
- D. **Fungi** and bacteria of any kind, unless caused by an otherwise covered **Occurrence**.

Program means the California Joint Powers Insurance Authority Primary Liability Protection Program described by this **Memorandum** and the Joint Powers Agreement of the **Members** creating the **Authority**. The **Program** is a fund created by the **Members** for the purpose of pooling self-insured losses.

Property Damage means:

- A. Physical injury to or destruction of tangible property which occurs during the **Protection Period**, including the loss of use thereof at any time resulting there from; or
- B. Loss of use of tangible property that has not been physically injured or destroyed provided such loss of use is caused by an **Occurrence** during the **Protection Period**.

Protected Contract means a written agreement that satisfies all of the following:

- A. The agreement pertains to the **Member's** operations and by the contract terms the **Member** assumes the **Tort Liability** of another to pay damages because of **Bodily Injury** or **Property Damage** to a third person or organization;
- B. The agreement is entered into prior to the **Bodily Injury** or **Property Damage** for which a **Claim** is made; and
- C. The agreement, including its value, is reported by the **Member** and approved by the **Authority** through issuance of an evidence of coverage letter prior to the **Bodily Injury** or **Property Damage** and the value is added to the **Member's** annual payroll for use in any retrospective deposit or annual contribution computation.

A **Protected Contract** may cover an architect, engineer, or surveyor for his or her role as a Public Official, except for the application of Sections B.1. and B.2. below. **Protected Contracts** may apply to contract public works directors, building officials, planning directors, city managers, **Chief Executives**, city attorneys, city prosecutors, redevelopment directors, or other contracted Public Officials for occurrences arising out of their official duties, but this coverage applies only to the named contract Public Official and does not extend to other individuals within the contractor's firm.

A **Protected Contract** does not include any part of any contract or agreement:

- A. That indemnifies any person or organization for injury or damages caused by or arising out of the ownership, operation, maintenance or use of any **Aircraft, Airport or Watercraft**;
- B. That indemnifies an architect, engineer, or surveyor. This exclusion does not apply in the instance where an individual is under an exclusive contract as a contract Public Official solely for the benefit of the **Member** (i.e., no work is performed by the person for any other person or entity), for injury or damage arising out of:
 - 1. Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - 2. Giving or failing to give directions or instructions, if that is the primary cause of the injury or damage;
- C. Under which the **Protected Party**, if an architect, engineer, or surveyor, assumes liability for injury or damage arising out of the **Protected Party's** rendering or failing to render professional services, including those listed in Section B. above and supervisory, inspection, or engineering services; or
- D. That indemnifies any person or organization for damages by fire, explosion, or water damage to premises rented or loaned to the **Member**.

Limited Protected Contract means a written agreement, contract or permit in which:

- A. The **Member** assumes the **Tort Liability** of another to pay damages because of **Bodily Injury or Property Damage** to a third party in one of the following:
 - 1. Easements or License Agreements;
 - 2. Leases of Real or Personal Property;
 - 3. Encroachment Permits;
 - 4. Special Events Sponsored by the Member; or
 - 5. Use of Facilities, Equipment, real or personal property by the Member;
- B. The **Member** assumes the **Tort Liability** of another to pay damages because of **Bodily Injury or Property Damage** to a third party for an activity not named in Section A. directly above, and upon its review of the agreement, **Authority** staff has determined at its sole discretion that any risks assumed in the agreement do not significantly increase the **Member's** risk exposure, and an Evidence of Coverage letter has been issued by the **Authority**; or
- C. The **Member** is obligated to provide evidence of coverage for a third party to participate in a funding program administered by another government or evidence of coverage required by bond indentures entered into by the **Member** if **Authority** staff has determined in its sole discretion that any risks assumed in the agreement do not significantly increase the **Member's** risk exposure, and an Evidence of Coverage letter has been issued by the **Authority**;

and which is entered into prior to the **Bodily Injury** or **Property Damage** for which a **Claim** is made.

A **Limited Protected Contract** does not include any part of any contract or agreement that indemnifies any person or organization for injury or damages caused by the sole negligence of such person or organization, or that cannot be included in a **Protected Contract**.

A **Limited Protected Contract** also does not include any part of a contract or agreement that indemnifies the owner or operator of a **Railroad**.

Protected Party means:

- A. The **Member** named on the Cover Page;
- B. Persons who are, or were, elected or appointed officials or **Employees** of the **Member**, whether or not compensated, while acting within the scope of their duties or employment as such, including while acting on outside committees, commissions, or boards at the direction of the **Member**, except that the protection so provided does not apply to **Bodily Injury** to another official or employee of the **Member** in the course of and arising out of his or her duties to or employment by the same **Member**, nor does it apply to other individuals within the contract appointed official's firm or organization, but only to the named appointed official.
- C. Any nonprofit California corporation or unincorporated association under written contract, approved by the **Member's** governing board or council, to perform specified functions under the **Member's** direction and control. The corporation or unincorporated association is a **Protected Party** only for **Occurrences** arising out of the functions described in the contract. For the purposes of this Section C., direction and control means the Authority of the **Member** to be involved in decision making and to overturn decisions;
- D. Any person or entity identified as an additional **Protected Party** in a letter certifying such additional **Protected Party** status issued by the **Authority**, for **Bodily Injury** or **Property Damage** during the time period identified in the letter; if a particular activity is identified in the letter, the person or entity is a **Protected Party** only for **Occurrences** arising out of the described activity. Additional **Protected Party** status will apply only where required by the terms of a written agreement;
- E. Any person while using an **Automobile** owned, hired, or leased by a **Member**, and any person or organization legally responsible for the use thereof, provided the use is with the express permission of the **Member**, and only for **Bodily Injury** and **Property Damage**. This protection does not apply to:
 1. Any person or organization, or any agent or employee thereof, other than the member, engaged in selling, repairing, servicing, delivering, testing, road testing, parking or storing, **Automobiles**, with respect to any **Occurrence** arising out of any such occupation or activity;

2. With respect to any hired automobile, to the owner or a lessee thereof, other than the **Member**, or to any agent or employee of such owner or lessee; or
3. Any person or organization, or to any agent or employee thereof, engaged in a business of operating buses or other **Automobiles** for the transport of members of the public unless that business is owned by the **Member** and operated by its employees.
4. This **Memorandum** does not provide Underinsured or Uninsured Motorist coverage.

F. The **Authority**, its officers and employees while acting in the course and scope of their duties or employment.

No person or entity is a **Protected Party** with respect to the conduct of any current or past partnership, joint venture or joint powers authority (including any separate entity created pursuant to a joint powers agreement). However, for any person who is an official or **Employee** of a **Member**, who participates in the activities of a partnership, joint venture, or joint powers authority and is acting for or on behalf of the **Member** at the time of the **Occurrence**, protection is afforded by this **Memorandum**. Such coverage shall be in excess of, and shall not contribute with, any collectible insurance, self-insurance or other coverage provided to the other joint powers authority, agency or entity.

Protection Period means the time period shown on the Cover Page of this **Memorandum**.

Public Officials Errors and Omissions means any act, error, omission, misstatement, misleading statement, neglect, or breach of duty by any **Protected Party** in the discharge of that individual's duties for the **Member**; or any matter claimed against any **Protected Party** solely by reason of the individual being or having been an employee of the **Member**. **Public Officials Errors and Omissions** does not include **Bodily Injury, Property Damage, Personal Injury, Broadcast/Publication Injury, or Employment Practices Injury**.

Radioactive Contamination Injury means **Bodily Injury** or **Property Damage** caused by or arising from ionizing radiations or contamination by radioactive material.

Railroad means a commercial railway as described by the California Public Utilities Code, Section 229. **Railroad** includes street railroad as described by the California Public Utilities Code, Section 231. **Railroad** does not include amusement railroad rides that do not cross public streets.

Suit means a civil proceeding in which a **Protected Party** is named as a defendant or cross defendant, or an arbitration proceeding or alternative-dispute resolution proceeding to which a **Protected Party** submits with the **Authority's** written consent.

Termination for Cause means dismissal, discharge, termination of employment, or failure to renew a contract for the reasons stated in California Government Code section 7522.72(a) relating to conviction for conduct arising out of or in the performance of official duties, in pursuit of office or employment, or in connection with obtaining salary, disability retirement, service retirement or other benefits. This also includes dismissal, discharge, termination of

employment, or failure to renew a contract of the employment of a **Chief Executive** because the **Chief Executive** has been convicted of robbery, bribery, extortion, embezzlement, fraud, grand larceny, burglary, arson, a felony violation of a state or federal law regulating a controlled substance (felony drug conviction), murder, rape, kidnapping, perjury, assault with intent to kill, or any felony involving abuse or misuse of the **Chief Executive's** position to obtain illegal personal gain.

In the event that charges for any of the offenses referred to in this paragraph are brought and pending at the time of termination, the **Authority** will be authorized to defer determination of eligibility for **Chief Executive Separation Payment** until the outcome of criminal proceedings.

Tort Liability means civil liability that would be imposed by law in the absence of any agreement or contract.

Waiting Period means a period of time after the termination of employment **Occurrence** equal to the greater of (1) six months or (2) the number of months of salary received by the **Chief Executive** as a severance payment from the **Member**, regardless of whether the severance payment is made in lump sum or in multiple payments.

Waiver means a full and complete relinquishment by a **Chief Executive** of any and all rights to sue a **Protected Party** for any **Benefit**, compensation, injury, or damages, known or unknown, past, present or future, arising out of the employment of, termination of the employment of, or failure to employ the **Chief Executive**. The **Waiver** is a form provided by the **Authority** and must be signed and returned to the **Authority** within 60 days following the termination of employment. **Waiver** does not mean any waiver and release agreement signed by the **Chief Executive** directly with the member, during the separation process.

Watercraft means a vessel, 26 feet or more in length, designed to transport persons or property in, on, or through water.

IV. **EXCLUSIONS** – Excess Liability Program – please see Endorsement for additional definitions

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This **Memorandum**, including any obligation to defend or to pay **Defense Costs**, does not apply to:

- A. Any **Claim**, liability, alleged liability, loss, cost, or expense caused by or arising out of the ownership, maintenance, use or operation of any **Watercraft**, **Aircraft**, or **Airport** or any air show events sponsored or controlled by the **Protected Party** or conducted on property owned by the **Protected Party**. Protection does apply to use of an **Aircraft** or **Watercraft**, if the **Aircraft** or **Watercraft** is not owned in whole or in part by the **Member** and the **Member** exercises no part in the servicing or maintenance of the **Aircraft** or **Watercraft**. However, this limited protection does not apply to:
 1. Loss, loss of use of, or damage to the **Aircraft** or **Watercraft**;
 2. Use of any **Aircraft** or **Watercraft** for hire or reward; or

3. Public Officials Errors and Omissions coverage.
- B. Any **Claim**, obligation or alleged obligation for which a **Protected Party** or any insurance company as his/her/its insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law.
- C. Any **Claim**, liability, alleged liability, loss, cost, or expense for **Bodily Injury** to:
1. An employee of the **Protected Party** arising out of and in the course of employment by the **Protected Party**; or
 2. The spouse, child, parent, brother, or sister of that employee as a consequence of Section 1. above.

"Employee" for purposes of this Exclusion C. shall mean a person deemed to be an employee under Labor Code Sections 3352 and 3600, et seq.

This Exclusion C. applies whether the **Protected Party** may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury. However, this Exclusion C. does not apply to liability assumed in a **Protected Contract** or **Limited Protected Contract**.

- D. Injury to or destruction of:
1. Property owned by the **Protected Party**;
 2. Property rented to or leased to the **Protected Party** where it has assumed liability under any contract for damage to or destruction of such property unless the **Protected Party** would have been liable in the absence of such assumption of liability; or
 3. Property in the care, custody, or control of any **Protected Party**.
- E. Any **Claim**, liability, alleged liability, loss, cost, or expense caused by, arising out of or in any way connected with the operation of the principles of eminent domain, condemnation proceedings, or inverse condemnation, by whatever name called, whether such liability accrues directly against the **Protected Party** or by virtue of any agreement entered into by or on behalf of the **Protected Party**. This Exclusion E. shall not apply to liability, loss, cost or expense arising from **property damage** caused by earth movement, subsidence of land, flooding not caused by the failure of a **Dam** or **Levee**, or sewer backup, even though a legal theory upon which a claimant seeks recovery is the principle of inverse condemnation. This Exclusion E. shall not apply when the Claim alleges damages arising out of temporary physical measures taken by the **Member** for public safety reasons in an effort to prevent or reduce a loss.
- F. Any Claim, liability, alleged liability, loss, cost, or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, or any other forms of exposure to or the presence of Pollutants/Hazardous

Materials including any Claim, liability, alleged liability, loss, cost or expense directly or indirectly caused by or arising out of any:

1. Request, demand, or order that any **Protected Party** or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of **Pollutants/Hazardous Materials**;
2. **Claim** by or on behalf of a governmental authority or any other entity or person for costs of or damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of **Pollutants/Hazardous Materials**; or
3. Actions or steps taken to mitigate damages or to relocate persons, property or business as a result of **Pollutants/Hazardous Materials**.
4. **Claim** or **Suit** brought under the Clean Water Act, including state or federal enforcement actions under 33 U.S. Code sections 1319, et seq.; citizen **Claim** or **Suit** brought under sections 1365, et seq.; or state enforcement actions brought under the California Water Code sections 13385, et seq.; or a **Claim** or **Suit** brought under any similar law relating to discharge permit violations.

EXCEPTION TO EXCLUSION, PROTECTION FOR CERTAIN ACCIDENTAL POLLUTION INJURIES. However, this Exclusion F. does not apply to **Bodily Injury** or **Property Damage** arising out of or caused by any actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants/Hazardous Materials** if all of the following:

1. It was directly caused by **Hostile Fire**, explosion, lightning, windstorm, vandalism or malicious mischief or collision, overturning or upset of a motor vehicle or railroad vehicle;
2. It was accidental and was neither expected nor intended by the **Protected Party**;
3. It was instantaneous and was demonstrable as having commenced at a specific time and date during the term of this **Memorandum**;
4. Its commencement became known to the **Protected Party** within seven days;
5. Its commencement was reported in writing to the **Authority** within twenty days of becoming known to the **Protected Party**; and
6. Reasonable efforts were expended by the **Protected Party** to correct or terminate the discharge, dispersal, seepage, migration, release, or escape of **Pollutants/Hazardous Materials**.

Nothing contained in this EXCEPTION TO EXCLUSION, PROTECTION FOR CERTAIN ACCIDENTAL POLLUTION INJURIES shall operate to provide any protection or obligation to defend or pay **Defense Costs** with respect to:

1. Any site or location used by others on the **Protected Party's** behalf for the handling, storage, disposal, dumping, processing, or treatment of waste material. This Exclusion F. applies whether or not the action by others was known to the **Protected Party**;
 2. Any clean-up costs mandated by the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and any similar laws or statutes;
 3. Clean up, removal, containment, treatment, detoxification or neutralization of **Pollutants/Hazardous Materials** situated on premises the **Protected Party** currently owns, rents or occupies; or
 4. Any **Claim**, liability, alleged liability, loss, cost, or expense based upon or arising out of **Personal Injury** or **Public Officials Errors and Omissions**.
- G. Any **Claim**, liability, alleged liability, loss, cost, or expense directly or indirectly based on or arising out of the hazardous properties of **Nuclear Material**. However, this Exclusion G. does not apply to **Radioactive Contamination Injury**.
- H. Any **Claim**, liability, alleged liability, loss, cost, or expense directly or indirectly caused by any complete or partial failure, interruption or surge in the member's supply of water, electrical power, gas or fuel, unless such failure, interruption or surge results from sudden and accidental physical destruction of tangible property which is used in the generation or transmission of the supply.
- I. Any **Claim**, liability, alleged liability, loss, cost, or expense arising out of the partial or complete structural failure of a **Dam** or **Levee**.
- J. Any **Claim**, liability, alleged liability, loss, cost, or expense caused by, or arising out of, or in connection with the operation of any hospital, clinic (including a mobile clinic), or established health-care facility owned or operated by the **Protected Party**, but protection does apply to liability arising out of the rendering of emergency medical aid by paramedics, emergency medical technicians, or other **Protected Parties** who are not acting in the course of their employment by a hospital, clinic, or established health-care facility. Protection also applies for liability arising out of the operation of any hospital, clinic (including a mobile clinic) or established health care facility, owned and operated by the **Protected Party** for animal care and control purposes.
- K. Any **Claim**, liability, alleged liability, loss, cost, or expense caused by or arising out of or in connection with the ownership, maintenance, use, or operation by the **Protected Party** of any **Railroad**. [However, this Exclusion K shall not apply to](#)

Member maintenance of its own property, such as streets, sidewalks or open areas, located at, near, or crossing Railroad property.

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- L. Any **Claim**, liability, alleged liability, loss, cost, or expense caused by, based upon or arising out of the Employee Retirement Income Security Act of 1974, Public Law 93-406, or any amendment or addition thereto, or any statute or common law rule which imposes fiduciary duties and responsibilities with respect to employee benefits or retirement plans; however, this Exclusion L. does not apply to liability protected under **Employee Benefit Administration Liability**.
- M. Any **Claim**, liability, or alleged liability for punitive or exemplary damages, fines, penalties or other damages imposed primarily for the sake of example and by way of punishing the **Protected Party**, including liability of a **Member** to defend or pay damages where the governing body thereof has elected to provide a defense or pay damages for a **Claim**, action or judgment for punitive or exemplary damages.
- N. Any **Claim**, liability, alleged liability, loss, cost, or expense caused by the intentional conduct of a **Protected Party** with willful and conscious disregard of the rights or safety of other or with malice. However, where the **Protected Party** 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 the claim against the **Protected Party** is based solely on its vicarious liability arising from its relationship with such **Employee**, elected or appointed official or volunteer, this Exclusion N. does not apply to that **Protected Party**.
- O. Any **Claim**, liability, alleged liability, loss, cost, or expense caused by or arising out of any violation of state or federal antitrust or restraint-of-trade laws.
- P. Any **Claim**, liability, alleged liability, loss, cost, or expense arising out of
1. The adoption or administrative application of any ordinance, resolution or regulation;
 2. The approval or disapproval of any land-use entitlement including but not limited to general plan amendments, zoning amendments, permits, tract maps, development agreements, owner-participation agreements, or disposition-and-development agreements;
 3. The approval or disapproval of any rent control ordinance, outdoor advertising ordinance, or adult bookstore ordinance; or
 4. The approval or disapproval of the operation of any cannabis dispensary, business, cultivator, or manufacturer; or any ordinances governing that activity and any and all enforcement efforts.
 5. The decision by a Member with respect to obtaining water, electrical power, gas or fuel, or other utilities, including decisions relating to the quality thereof; or allocating such water, electrical power, gas or fuel, or other utilities, among the users thereof.

This Exclusion P. shall not apply to the physical enforcement of an ordinance, resolution or regulation, such as **Tort Liability** arising from an Occurrence in the act of delivering a fine, citation, warning, notice or inspection.

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- Q. Any **Claim**, liability, alleged liability, loss, cost, or expense including **Tort Liability**:
1. Arising out of or as a consequence of an actual or alleged breach of any contract or agreement;
 2. For any amount actually or allegedly due under the terms of any contract or agreement; or
 3. Arising out of or as a consequence of the failure, refusal, or inability of a **Protected Party** or anyone acting on behalf of a **Protected Party** to enter into or renew any contract or agreement.

However, this Exclusion Q. shall not apply to **Tort Liability** imposed by law for **Damages** caused by, arising out of, or as a consequence of failure or delay by a **Protected Party** or anyone acting on behalf of a **Protected Party** to fully perform any duties or obligations under any contract or agreement.

As used in this Exclusion Q., the term “contract or agreement” shall include but not be limited to a **Protected Contract** or **Limited Protected Contract**.

- R. Any **Claim**, liability, alleged liability, loss, cost, or expense for declaratory, injunctive, equitable or other relief, writs of mandate or prohibition or other prerogative writs, or other relief not seeking **Damages**. This includes any expense or cost incurred by a **Protected Party** arising from the cost of reasonable accommodation of any disabled person, including any **Employee**.
- S. Any **Claim**, liability, alleged liability, loss, cost, or expense for **Personal Injury** or **Broadcast/Publication Injury** directly or indirectly caused by or arising out of any:
1. Oral or written publication of material, if done by or at the direction of the **Protected Party** with knowledge of its falsity;
 2. Oral or written publication of material whose first publication took place before the beginning of the **Protection Period**; or
 3. Act, omission, or offense committed by a **Protected Party** with actual malice.
- T. Any liability for which the **Protected Party** is obligated to pay damages by reason of liability assumed in a contract or agreement. This Exclusion T. does not apply to liability for **Bodily Injury** or **Property Damage**:
1. Assumed in a contract or agreement that is a **Protected Contract** or **Limited Protected Contract**; or
 2. That the **Protected Party** would have independent of a written contract or agreement.

- U. Any **Claim** by a **Member** against a **Protected Party**, except that this Section U. shall not apply to a **Claim** brought against the **Authority**.
- V. Any **Claim** by a **Member** against another **Member**; or by any present or former Member(s) of any legislative body of the Member against any present or former Member(s) of any legislative body of the Member.
- W. Any **Claim**, liability, alleged liability, loss, cost, or expense based upon or arising out of:
 1. Loss of, loss of use of, injury to, destruction of, diminution of value of, disappearance of, or costs of recovery of any money or securities, or any financial loss or default;
 2. Refunds of taxes, fees, or assessments;
 3. The issuance, management of proceeds or repayment of bonds, notes or other debt instruments by any **Member** or any agent acting on behalf of such **Member**; or
 4. The purchase, transfer, or sale of any securities by any **Member** or agent acting on behalf of such **Member**.
- X. Any **Claim**, liability, alleged liability, loss, cost, or expense for **Public Officials Errors and Omissions Liability** based upon or arising out of:
 1. Liability of any **Protected Party** arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans including liability for mechanic's lien claims, stop notice claims, change order claims, site differential claims, or similar claims for the value of services or materials provided; this Exclusion X. extends to such claims, however denominated, including claims of breach of oral or written contract, third party beneficiary claims, quantum meruit claims, and/or open account claims;
 2. Any **Protected Party** obtaining remuneration or financial gain to which the **Protected Party** is or was not legally entitled;
 3. Liability assumed by a **Protected Party** in a contract or agreement, but this Exclusion X. does not apply to liability for **Damages** that the **Protected Party** would have independent of the contract or agreement; or
 4. Willful violation of penal code or ordinance committed by or with the knowledge or consent of any **Protected Party**.
- Y. Under **Employment Practices Injury**, any **Claim**, liability, alleged liability, loss, cost, or expense that:
 1. Constitutes benefits due or to become due or the equivalent value of such benefits, including but not limited to perquisites, fringe benefits,

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- payments in connection with an employee benefits plan, service, disability or industrial disability retirement benefits, severance pay or any other payment other than salary or wages to or for the benefit of an **Employee** arising out of the employment relationship;
2. Is representative of back salary either unpaid in whole or part or paid at an improper rate to an **Employee** by the **Member**;
 3. Is based upon, arises from, or is in consequence of the employment reinstatement of the claimant by the **Member** or the continued employment of the claimant;
 4. Is based upon, arises from, or is a consequence of an **Occurrence** that began prior to this **Memorandum's Protection Period**;
 5. Constitutes front pay, future damages or other future economic relief or the equivalent thereof, if the **Member** is ordered to reinstate the **Employee** pursuant to a judgment or other final adjudication, but fails to do so;
 6. Is in the form of paid administrative leave; or
 7. Is based upon, arises from or is in consequence of an actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, rules or regulations promulgated there under and amendments thereto or similar provisions of any federal, state, or local statutory law or common law.

However, with respect to the Exclusion Y., Sections 1. through 7. immediately above, no fact pertaining to or knowledge possessed by any **Protected Party** shall be imputed to any other **Protected Party** to determine if protection is available under this **Memorandum**.

- Z. Any **Claim**, liability, alleged liability, loss, cost, or expense for **Employee Benefit Administration Liability** based upon or arising out of:
1. Any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination, or humiliation;
 2. Failure of performance of contract by an insurer;
 3. Failure of any investment plan to perform as represented by a **Protected Party**;
 4. Advice given by a **Protected Party** to an **Employee** to participate or not participate in subscription plans; or

5. The inability of any **Employee Benefits Program** to meet its obligations due to insolvency or inadequacy of funding.

~~5-6.~~ A determination by the Member or its staff that an individual is an independent contractor rather than an Employee, or an Employee rather than an independent contractor, and any consequent decision whether to enroll the person in an Employee Benefits Program and/or whether to withhold payroll taxes for or on account of that person

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AA. Any **Claim**, liability, alleged liability, loss, cost or expense falling within the Protection Provided terms of the "Memorandum of Coverage – Cyber Liability Program" issued by the **Authority**, "Privacy Regulatory Claims Coverage" or "Security Breach Response Coverage."

BB. Any **Claim** arising from or related to any uninsured motorist or underinsured motorist law and to any sums the Member may be legally entitled to, to recover as Damages from the owner or operator of an uninsured or underinsured Automobile because of Bodily Injury or Property Damage caused by an Occurrence and arising out of the ownership, maintenance or use of such Automobile. Use includes operations and loading or unloading.

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CC. Asbestos – any **Claim**, caused by, or arising out of:

1. Inhaling, ingesting or physical exposure to asbestos or goods or products containing asbestos;
2. The use of asbestos in construction or manufacturing any good, product or structure;
3. The removal of asbestos from any good, product or structure;
4. The manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos; or
5. Investigation or defense of any loss, injury or **Damage** at any cost, fine or penalty or for any expense of **Claim** related to any of the above.

Commented [LB1]: The sentence should say: "Any **Claim**, caused by, or arising out of:"

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Commented [LB2]: The first sentence should say: "Any **Claim**, arising out of or involving willful violation of a penal statute or ordinance committed by the **Protected Party** or with the **Protected Party's** consent or knowledge."

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Commented [LB3]: The first sentence should say: "Any **Claim**, arising out of the ownership, operation, maintenance, or control of any permanent landfill site or facility."

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AA-EE. Landfill – any **Claim**, arising out of the ownership, operation, maintenance, or control of any permanent landfill site or facility. Landfill includes any site for permanent storage accumulation, burial, compost, sludge, or any other process for reducing or disposing of waste.

V. **CONDITIONS AND RESPONSIBILITIES** – ~~Excess Liability Program~~ – please see [Endorsement for additional definitions](#)

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A. *Inspection and Audit*

The **Authority** shall be permitted but not obligated to inspect the **Protected Party's** property and operations at any time. Neither the **Authority's** right to make inspections nor the making thereof nor any report hereon shall constitute an undertaking, on behalf of or for the benefit of the **Protected Party** or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulations. The **Authority** may examine and audit the **Protected Party's** books and records at any time during the **Protection Period** and extensions thereof and within three years after the final termination of this **Program**, as far as they relate to the subject matter of this **Memorandum**.

B. *Severability of Interest*

The term **Protected Party** is used severally and not collectively, and the protection afforded applies to each **Protected Party** against whom a **Claim** is made as if a separate **Memorandum** were issued to it, but the inclusion herein of more than one **Protected Party** shall not operate to increase the per **Member Protection Limit**.

C. *Protected Party's Duties in the Event of Occurrence or Claim*

1. In the event of any **Occurrence**, written notice containing particulars sufficient to identify the **Protected Party** and also reasonably obtainable information with respect to the time, place, and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the **Protected Party** to the **Authority's** Claims Administrator as soon as practicable.
2. If a **Claim** is made against a **Protected Party**, the **Protected Party** shall immediately forward to the **Authority's** Claims Administrator every demand, notice, summons or other process received by the **Protected Party** or the **Protected Party's** representative.
3. The **Authority's** Claims Administrator will review the **Claim**, undertake whatever investigation is indicated, and take appropriate action, depending on the circumstances. A **Claim** may be returned to claimant as "insufficient," if it does not contain minimum and essential information about the incident or the identity of the claimant. A **Claim** may also be returned as "late," if the prescribed time for filing has been exceeded. The Claims Administrator may request that the **Member** reject the **Claim**, or take no action until further notice, or such actions may be taken by the Claims Administrator if claims handling authority has been delegated to the **Authority** by the **Member**.
4. The **Protected Party** shall cooperate with the **Authority** and, upon the **Authority's** request, assist in making settlements, in the conduct of **Claims**, attending hearings and trials, securing and giving evidence,

obtaining the attendance of witnesses and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Protected Party** because of injury or damage with respect to which protection, including any **Defense** obligation, is afforded under this Memorandum; and the **Protected Party** shall not, except at the **Protected Party's** own cost, voluntarily make any payment, assume any obligation or incur any expense. No **Claim** shall be settled 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. The **Protected Party** shall not take any action whatsoever, subsequent to an **Occurrence** or **Claim** that could increase the liability exposure of, or jeopardize the program or **Authority** in any way.

D. Other Protection

If collectible insurance or any other coverage or protection with any insurer, any permissibly self-insured general employer, joint powers insurance authority or any other source is available to the **Protected Party** covering a loss also protected hereunder (whether on a primary, excess or contingent basis), the protection hereunder (including any **Defense** obligation) shall be in excess of, and shall not contribute with, such insurance or other coverage or protection, provided that this clause does not apply with respect to any insurance purchased by a **Protected Party** specifically to be in excess of this **Memorandum**. Under no circumstances shall the protection afforded by this **Program** be considered primary, pro rata, concurrent or co-existent with such insurance, coverage, or other protection, unless agreed to by the **Member** through a written agreement approved by the **Authority** through the issuance of an evidence of coverage letter prior to a loss.

Protection Provided under this **Memorandum** of a **Claim**, liability, alleged liability, loss, cost or expense also falling within the coverage terms of the Memorandum of Coverage - Cyber Liability issued by the **Authority**, "Privacy Liability (including employee liability)", "Security Liability", and/or "Multimedia Liability", shall be on an excess and non-contributory basis except that if coverage exists under this **Memorandum**, it shall apply to the Retention amount in the Memorandum of Coverage - Cyber Liability.

E. Termination or Amendment

This **Memorandum** may be terminated or amended at any time in accordance with the Joint Powers Agreement and Bylaws of the **Authority**. The Executive Committee may adopt exclusions of coverage, copayments, member retained limits or deductibles for actions or omissions of a Member that are deemed to be a risk to the program. Such exclusions, copayments, member retained limits or deductibles may be imposed immediately upon adoption by the Executive Committee or as a consequence of a **Member's** failure to adhere to an approved Performance Improvement Plan as defined in the Healthy Member Protocol.

The member will be given an opportunity to formally appeal the intended action before the Executive Committee if such a request is made within 14 days from the date the Notice of

Intent is issued. The Executive Committee will hear any appeal from the member and then take action to either enforce the Notice of Intent or provide additional direction to the Chief Executive Officer.

F. Changes to Memorandum

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

G. Subrogation and Recovery

The **Authority** shall reserve the right to subrogate for any payments made hereunder and to assume the **Protected Party's** recovery rights. The **Protected Party** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. The **Protected Party** may waive subrogation rights, but only through written agreement executed before the **Occurrence** giving rise to the loss. The **Authority** shall have standing to seek subrogation recovery in its own name or in the name of the **Protected Party**, and the **Protected Party** shall cooperate with and assist the **Authority** in pursuing such recovery, including assigning its right to recover subrogated amounts, and if necessary executing a written agreement to effect such assignment. Any amount so recovered shall be apportioned as follows:

1. The Authority shall be reimbursed to the extent of all payment under this Memorandum. Any remaining balance shall be applied to reimburse the Protected Party;
2. The expenses of such recovery proceedings shall be apportioned in the ratio of respective recoveries. If there is no recovery in proceedings conducted solely by the Authority, the Authority shall bear the expenses thereof.

H. Assignment

Assignment of interest under this **Memorandum** shall not bind the **Authority** until its consent is endorsed hereon; if, however, the **Member** shall be adjudged bankrupt or insolvent, such protection and **Defense** obligations as are afforded by this **Memorandum** shall apply (a) to **Member's** legal representative, as the **Member**, but only while acting within the scope of said representative's duties as such, and (b) with respect to the property of the **Member**, to the person having proper temporary custody thereof, as a **Protected Party**, but only until the appointment and qualification of a legal representative.

The **Member** shall not assign, transfer, or pledge all or any portion of the **Member's** rights or interests under this **Memorandum**, and the **Authority** shall not be liable to any person or entity claiming any such rights by virtue of any reported assignment, transfer, or pledge thereof. The **Authority's** denial of a defense shall not relieve the **Member** from complying with the provisions of this paragraph. Further, any such assignment, transfer, or pledge shall relieve the **Authority** of all duties, obligations and coverage provided under this

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Memorandum to the Member with respect to the Claim in which the rights were assigned, transferred, or pledged.

I. Joint Powers Agreement

The provisions of this **Memorandum** are subject to and subordinate to the terms and provisions of the Joint Powers Agreement creating the **Authority**, and in the event of any conflict between the terms and provisions of said Joint Powers Agreement and this **Memorandum**, the terms and provisions of the Joint Powers Agreement shall control.

J. Appeal of Disputes

No party is entitled to appeal or arbitrate claims under this **Memorandum** other than the **Member**. Specifically, **Employees** are not intended to be third party beneficiaries of this agreement and shall have no right to bring an action against the **Authority** for a declaration of rights to protection under this **Memorandum**. The sole remedy of any **Employee** shall be the **Employee's** right to defense or indemnity against the employing **Member** under the provisions of the California Government Code.

Any disputes concerning coverage, protection, **Defense** obligations, or procedures of the **Program**, as interpreted by the **Authority's** staff, shall be appealed to the **Authority's** Executive Committee in accordance with the following procedures.

1. A written notice that a **Claim** is not covered by the **Memorandum** will normally be provided to the **Member** by the Claims Administrator. A **Member** may request any determination of a lack of coverage made by the Claims Administrator to be reviewed by the Chief Executive Officer. Such a request shall be in writing and must be made within 90 days of the date of the written notice from the Claims Administrator.
2. Upon request, the Chief Executive Officer shall review a determination of a lack of coverage made by the Claims Administrator or **Authority** staff and shall send to the **Member** a written determination of coverage.
3. If a **Member** disagrees with the coverage determination by the Chief Executive Officer, the **Member** may appeal the decision to the Appeals Committee. The Appeals Committee consists of the Executive Committee and the chairs of the Managers and Finance Officers Committees. Appeals must be in writing within 90 days of the date of the Chief Executive Officer's written decision. The appeal request must state why the **Member** disagrees with the denial, and the **Member** should present any information that may have a bearing on the ultimate determination of coverage.
4. The appeal request shall be presented by **Authority** staff to the Appeals Committee, on a regularly scheduled Executive Committee meeting day, allowing time for sufficient review and agenda deadlines. Staff shall notify the **Member** in advance of the meeting at which its appeal will be presented.

5. If the **Member** would like to personally address the Appeals Committee, the Member or the Member's representative may attend the meeting and speak to the issue.
6. The Appeals Committee may refer the appeal to the Coverage Committee and consider the recommendation of the Coverage Committee during its deliberation on the appeal. The Appeals Committee's decision is final. **Authority** staff will notify the **Member** of the Appeals Committee's decision in writing.
7. Following a final determination regarding a **Claim**, consideration of the decision may be reopened at the request of the **Member** if circumstances change as follows: (1) a new and distinct **Claim** arising out of the prior **Occurrence** is presented to the **Member**, or (2) new and distinct causes of action are added to the **Claim**. If the new **Claim** or causes of action are reasonably thought by the **Member** to be covered, the Appeals Committee will reconsider the issue, in accordance with the procedure in this Section *J. Appeal of Disputes*, upon request. Any request for such reconsideration must be in writing within 90 days of the notice to the **Member** of the new **Claim** or cause of action.

If a **Member** disputes a coverage issue relating to the application or scope of an exclusion, then, during the course of the administrative and arbitration proceedings provided herein, only upon the request of the **Member**, the **Authority** shall defend the **Claim** against the **Member** and have the right to control any settlement of that **Claim**, subject to the right of the **Authority** to recover from the **Member** any amounts paid out by the **Authority** for such defense or settlement which are finally determined by the Appeals Committee, or as a result of the Binding Arbitration Process, not to be owed by the **Authority** under the **Program**. If the **Member** does not elect to request such a defense, **Defense Costs** incurred during the coverage appeal shall be at the sole cost and expense of the **Member**.

K. Arbitration

If the **Member** has followed the coverage appeals procedure outlined in Section *V.J. Appeal of Disputes* and disagrees with the final determination of the Appeals Committee, the **Member** may request consideration of the coverage issue through the **Authority's** Binding Arbitration Process.

The Arbitration Process shall be as follows:

1. Following a decision by the Appeals Committee, the appealing Member shall notify the Chief Executive Officer in writing, within 30 days of the Appeals Committee's final decision, that it wishes to participate in Binding Arbitration and shall submit a non-refundable \$1,000 arbitration appeal fee. The written notice shall specify the grounds for the arbitration.

2. Following payment of the arbitration appeals fee, the name of each Member, other than the appealing Member and the Members represented on the Appeals Committee, shall be placed in an unmarked envelope. Each envelope shall be placed in a box and eleven envelopes shall be drawn by the Chief Executive Officer. A representative of the appealing Member may be present at the drawing.
3. The Chief Executives of the eleven Members shall be the pool of potential arbitrators. The eleven Members and the names of their Chief Executives shall be given in writing to the appealing Member.
4. The appealing Member shall have the right to strike two or less names from the pool for any reason which shall not be disclosed. The Authority shall have the right to strike two or less names from the pool for any reason which shall not be disclosed. The appealing Member and the Authority must strike names within five business days of the drawing. The right of either party to strike names shall lapse at 5:00 PM on the fifth day following the drawing. Notice of names stricken by either party shall be given in writing to the other party prior to 5:00 PM on the fifth day following the drawing.
5. The remaining Chief Executives shall be contacted by the Chief Executive Officer to determine their willingness to serve on the arbitration panel. If more than five are willing to serve, each name shall be placed in an unmarked envelope, put in a box, and the Chief Executive Officer shall draw five envelopes from the box. The individuals whose names are drawn shall be the arbitration panel and they shall be disclosed in writing to the appealing Member.
6. If only five are willing to serve, they shall be the arbitration panel.
7. If fewer than five are willing to serve, the name of each member not drawn in the previous selection drawing shall be placed in an unmarked envelope, put in a box, and four envelopes shall be drawn for each arbitration panel position needed to have a five-member panel. A representative of the appealing Member may be present at the drawing. The names drawn shall be disclosed to the appealing Member who may reject, for any reason which shall not be disclosed, one name for each four names drawn. The Authority may also reject one name for each four names drawn and shall not disclose the reason. Names rejected by the appealing Member and the Authority must be rejected within 48-hours of the drawing. The right to reject names shall lapse 48-hours following the drawing.
8. The Chief Executives of the Members remaining shall be contacted by the Chief Executive Officer to determine their willingness to serve on the arbitration panel. The names of those willing to serve shall be placed in

- unmarked envelopes, put in a box, and the number necessary to fill out the arbitration panel shall be drawn by the Chief Executive Officer and disclosed in writing to the appealing Member. A representative of the appealing Member may be present at the drawing.
9. This process shall be repeated until five members are obtained for the arbitration panel.
 10. The arbitration panel members shall be compensated at the rate of \$125 per half-day or portion thereof. If a panel member is required to stay away from home overnight, lodging shall be paid by the Authority. Necessary meals shall be provided for all panel members. Mileage costs shall be reimbursed by the Authority at its standard rate.
 11. The cost of the arbitration panel shall be borne by the Authority. The cost of presentation by the appealing Member, including preparation, exhibits, attorneys, and all other costs of the Member shall be paid by the Member.
 12. The arbitration panel may request legal counsel that shall be selected by the Chief Executive Officer and paid for by the Authority. Legal counsel shall not be the counsel for the Authority that has advised the staff and Executive Committee. However, counsel for the Authority may participate in or make the presentation to the arbitration panel on behalf of the Authority, as requested by the Chief Executive Officer.
 13. The parties to the arbitration shall not be governed by formal rules of evidence.
 14. The arbitration panel's decision shall be final and binding on the Member and the Authority. Decisions of the arbitration panel shall be by majority vote.
 15. The decision of the arbitration panel shall be written and shall govern the issue decided but may be referred to by the Authority and future arbitration panels for precedent.

L. Limitation of Liability

Under no circumstances shall the **Authority** be liable for consequential damages, “bad faith” damages, or any sums beyond the amounts due under Section II. **PROTECTION PROVIDED**, plus interest at the same rate as the **Authority** earned on investments for the time period involved.

Endorsement 1

Liability Coverage Program

I. ENDORSEMENT

The Liability Program Memorandum of Coverage is amended for members of the Primary and Excess Liability Programs.

This Endorsement constitutes an amendment to the coverage found in the 2020-2021 Liability Memorandum of Coverage for members of the Primary and Excess Liability Programs as follows:

II. PROTECTION PROVIDED

C. Protection Limit

Notwithstanding what is stated in the Cover Page, a Sublimit of \$1,000,000 (one million dollars) per occurrence applies to any claim arising out of **Organic Pathogens**. The Sublimit is the most the Authority will pay for the total of **Damages** and **Defense Costs** arising out of or related to:

A. ORGANIC PATHOGENS

- (a) All liability or expense arising out of any actual, alleged or threatened infectious, pathogenic, toxic or other harmful properties of any **Organic Pathogen**, including exposure to any **Organic Pathogen**; and
- (b) Any loss, cost or expense arising out of any:
 - (i) request, demand, order or statutory or regulatory requirement that any **Protected Party** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of any **Organic Pathogen**,
 - (ii) **Claim** or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of any **Organic Pathogen**, or

- (c) All liability or expense arising out of any actual or alleged failure by a **Protected Party** to properly quarantine those affected by an **Organic Pathogen**.

This exclusion does not apply to **Bodily Injury** caused by any **Organic Pathogen** in or on any food or beverages sold, distributed, served or handled by the **Protected Party**.

DEFINITION

B. ORGANIC PATHOGEN

“Organic Pathogen” means any:

- (a) Viruses or other pathogens (whether or not a microorganism); or
- (b) Colony or group of any of the foregoing.

Liability Coverage Program

Endorsement 2

This Endorsement is issued to:

<u>Member Name</u>	<u>Member Retained Limit</u>
Alhambra	\$750,000
Azusa	\$250,000
Commerce	\$250,000
Hemet	\$250,000
Irwindale	\$150,000
La Verne	\$250,000
Pacific Grove	\$150,000
San Luis Obispo	\$500,000
Stanton	\$100,000
Vista	\$150,000
West Covina	\$1,000,000
West Hollywood	\$250,000

I. ENDORSEMENT

The Liability Program Memorandum of Coverage is amended for the listed participants in the Excess Liability Program.

This Endorsement constitutes an amendment to the coverage found in the 2020-2021 Liability Memorandum of Coverage for members of the Excess Liability Program as follows:

II. PROTECTION PROVIDED

A. *Payments on Behalf of Protected Parties*

Subject to all provisions of this **Memorandum**, the **Authority** will cause the **Program** to pay on behalf of the **Protected Party** all sums above the **Member Retained Limit** that the **Protected Party** shall become legally obligated to pay as **Damages** by reason of **Tort Liability** imposed by law, or the **Tort Liability** of others assumed in a **Protected Contract**, because of:

1. Bodily Injury or Property Damage, including **Automobile Liability**
2. Personal Injury;
3. Public Officials Errors and Omissions;
4. Broadcast/Publication Injury;
5. Employment Practices Injury; or
6. Employee Benefit Administration Liability

caused by an **Occurrence** during the **Protection Period**, to which this **Memorandum** applies.

B. *Defense and Settlement*

The **Authority** shall have no duty to assume charge of investigation or defense of any **Claim**. However, the **Authority** shall have the right to assume control of the negotiation, investigation, defense, appeal, or settlement of any **Claim** which the **Authority** determines, in its sole discretion, to have a reasonable possibility of resulting in a total of **Damages** and **Defense Costs** in excess of the applicable **Member Retained Limit**. The **Member** and **Protected Parties** shall fully cooperate in all matters pertaining to such **Claim** or proceeding. If the **Authority** assumes control of the handling of a **Claim**, the **Member** and **Protected Parties** shall be obligated to pay, at the direction of the **Authority**, any sum as it is incurred, necessary for **Defense Costs** for the settlement of a **Claim** or to satisfy liability imposed by law, up to the applicable **Member Retained Limit**.

No **Claim** shall be settled for an amount in excess of the **Member 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. With regard to **Claims** that are determined by the **Authority** to have a reasonable possibility of exceeding the **Member Retained Limit**, the **Authority** shall, from the point of such determination, have sole

settlement authority, control selection of defense counsel, **Claims** investigation and **Claims** handling.

For **Claims** which have not yet been determined by the **Authority** to have a reasonable possibility of exceeding the **Member Retained Limit**, or for which the **Authority** determines, in its sole discretion, should continue to be managed entirely within the **Member Retained Limit**, a collaborative approach is utilized in which the **Member**:

1. Retains settlement authority, except in cases of death or serious injury, or any **Claim** type listed in Section **VI. CONDITIONS AND RESPONSIBILITIES** of the Addendum (claims with catastrophic potential);
2. Retains the right to select defense counsel, from the **Authority's** pre-approved defense panel;
3. Receives professional analysis and recommendations on matters such as defense strategy, and other key decisions throughout the claims handling process;
4. Receives regular and frequent communication regarding **Claims** as they develop;
5. Retains the ability to tailor participation and level of engagement to its preferences;
6. Is required to establish and maintain a trust account for liability claim payments;
7. Is required to use the **Authority**-designated Claims Administrator;
8. Is encouraged to provide input and guidance concerning procedural preferences for claims handling;
9. Is not permitted to self-administer **Claims**.

C. Reduction of Limits

All covered **Claim** payments for **Damages** or **Defense Costs**, which fall within the **Member Retained Limit**, will reduce the **Protection Limit** under this **Program**.

D. Partial Coverage And Pre-Tender Fees

With respect to a **Claim** for which the **Authority** has determined that only a portion is encompassed by this **Program**, the **Authority** shall cause the **Program** to fund any defense of the **Claim** against the **Member** and any settlement or final judgment of that **Claim** above the **Member Retained Limit**, subject to the reservation by the **Authority** of the right to recover from the **Member** any amounts paid by the **Authority** for such settlement, **Defense Costs**, or final judgment paid to claimants for **Claims**, or portions thereof, not encompassed by the **Program**.

Expenses incurred prior to the reporting of a **Claim**, including but not limited to legal fees, **Defense Costs** and all expenses related to **Claim** investigation are not covered under this **Memorandum**, unless such expenses are approved by the **Authority** in writing.

E. Chief Executive Separation Payment

This **Program** will also pay a **Chief Executive Separation Payment** to an eligible **Chief Executive** who is separated from employment involuntarily, by the governing body of the **Member**. A **Chief Executive** that is forced to resign in lieu of termination will also be eligible for the **Chief Executive Separation Payment**. The **Member Retained Limit** shall not be assessed to this coverage. A **Chief Executive** that is subjected to a **Termination for Cause**, as defined in this **Memorandum**, shall not be eligible for the **Chief Executive Separation Payment**, nor will an interim or acting **Chief Executive**. The **Authority** at its sole discretion shall determine eligibility for the **Chief Executive Separation Payment**.

III. MEMBER RETAINED LIMIT

A. General Rules

The **Member Retained Limit** shall be applied to the aggregate of all covered **Claims** arising from an **Occurrence** as defined in this **Memorandum**. The **Member Retained Limit** shall be reduced by both the payment of **Damages** and **Defense Costs**. The following general rules apply to **Claims** within the **Member Retained Limit**:

1. The **Member Retained Limit** shall not be impaired by any **Claim** brought against a **Member** which is not covered under this **Memorandum**.
2. The **Member** agrees not to insure or otherwise reinsure the **Member Retained Limit** without the **Authority's** written permission.
3. This **Memorandum** will not drop down to assume or satisfy the financial obligations of the **Member** for **Damages** or **Defense Costs** within the **Member Retained Limit**. The **Member Retained Limit** can be satisfied only through payments for **Damages** and **Defense Costs** actually paid by the **Member**, to which the **Authority** has agreed.
4. The **Member** agrees that in the event of a judgment, settlement, or any **Claim** payment (including **Defense Costs**), in excess of the **Member Retained Limit**, all outstanding amounts within the **Member Retained Limit** will be due and payable to the **Authority** upon demand. Such payment must be made before the **Authority** pays, tenders, or deposits in court, any part of said judgment, settlement, or defense expenditure. Failure of the **Member** to comply with this provision will not invalidate the **Memorandum**, but in the event of such failure, the **Authority** will be liable only to the extent that it would have otherwise been liable had the **Member** complied with this provision.

B. Reserving Policy

With regard to the case reserves of individual **Claims** within the **Member Retained Limit**, the **Authority**-designated Claims Administrator, with oversight from **Authority** staff, shall determine reserve amounts as necessary and appropriate, in a manner consistent with the **Authority's** reserving policy, using reasonable estimates of probable liability exposure, based on facts and circumstances relevant to individual **Claims**. The **Authority**-designated Claims Administrator and **Authority** staff shall inform the **Member** of large reserve changes and provide the **Member** with an opportunity to give input concerning the establishment of reserve estimates for large **Claims**, however the **Member's** sole recourse for disputing reserve estimates is to appeal in writing to the Executive Committee. The Executive Committee shall make a determination by majority vote, and the Executive Committee's determination shall be final and binding.

C. Total Incurred Claim Value Trigger

Total incurred **Claim** values, which include actual **Claim** payments as well as reserves for defense, indemnity, and expenses shall serve as the basis for the **Authority** determining whether a **Claim** has a reasonable possibility of exceeding the **Member Retained Limit**, and therefore trigger the **Authority's** control of settlement and disposition of the **Claim**. At such time as the total incurred value of a **Claim** exceeds the **Member Retained Limit**, settlement authority and control of the **Claim** shall transfer from the **Member**, and become the sole responsibility of the **Authority**.

D. Transfer Of Settlement Authority

Upon transfer of settlement authority from the **Member** to the **Authority** as described in Section III.C. *Total Incurred Claim Value Trigger* of the Addendum, the **Authority's** control of settlement and disposition of the **Claim** is inclusive of the **Member Retained Limit**; meaning, the **Member** is required to contribute up to the full amount, if necessary, of its **Member Retained Limit** in order to pay for **Damages** and **Defense Costs**, as those payments become due. The **Member** shall be notified by the **Authority** of the transfer of settlement authority from the **Member** to the **Authority**.

E. Trust Account For Claim Payments

The **Member** agrees to establish and maintain a trust account with a financial institution for the purpose of paying for **Claims**, **Damages**, **Defense Costs**, and any other covered claims expense within the **Member Retained Limit**. The **Member** further agrees to:

1. Grant appropriate authorization to the **Authority**-designated Claims Administrator to issue checks and/or other methods of payment as necessary;
2. Use the trust account exclusively for liability claim payments covered under this **Program**;
3. Issue all claim payments through the trust account, meaning: no liability claim payments are to be made or disbursed from other accounts, or

- from any other source without first providing written notice to the **Authority**;
4. Take reasonable steps to ensure that the trust account is adequately funded so that claim payments can be made without delay, as they become due;
 5. In the event that funds in the trust account are inadequate to pay for claim expenses as they become due, the **Member** shall be notified and required to deposit the necessary funds. If a lack of funding in the **Member's** trust account results in a delay in the payment of a settlement, judgment, or any other authorized **Claim** expense, which subsequently results in fees or penalties, the **Member** will be solely financially responsible for any and all such costs, arising from the late payment;
 6. Provide read-only access for on-line banking to the **Authority**, to facilitate claim payment reconciliations, and other data management needs of the **Authority**.

F. Authority-Designated Claims Administrator

The **Member** agrees to exclusively utilize the Claims Administrator that has been approved and designated by the **Authority**, and to report all **Claims**, regardless of whether the estimated **Damages** fall within or exceed the **Member Retained Limit**. Self-administration of **Claims** under this **Memorandum** is not permitted. The **Authority** agrees to take reasonable and appropriate steps to ensure that the designated Claims Administrator is periodically evaluated, and either meets or exceeds performance standards for claims handling and customer service, based on industry best practices. The **Authority** further agrees to provide appropriate oversight, regulate adjuster caseloads, and ensure that claims administration fees remain fair and equitable.

IV. DEFINITIONS

- A. **Member Retained Limit** means the amount per **Occurrence** stated on the cover page that the **Member** retains as its self-insurance. The **Member Retained Limit** includes both **Damages** and **Defense Costs**. For the purpose of settlement authority determination, the **Member Retained Limit** includes actual claim payments, and case reserves.
- B. **Protection Limit** means the sum of the **Member Retained Limit** and the **Pooled Retained Limit**, above which a **Claim** is tendered to the **Program's** excess or reinsurance carriers.

V. EXCLUSIONS

- A. **Earth Movement** – Any **Claim** of property damage directly or indirectly arising out of, caused by, resulting from, contributed to or aggravated by the settling, sinking,

slipping, falling away, caving in, shifting, eroding, mud flow, rising, tilting, or any other subsidence or movement of land.

1. Any **Claim**, liability, alleged liability, loss, cost, or expense caused by, arising out of or in any way connected with the operation of the principles of eminent domain, condemnation proceedings, or inverse condemnation, by whatever name called, whether such liability accrues directly against the **Protected Party** or by virtue of any agreement entered into by or on behalf of the **Protected Party**. This Exclusion A shall not apply to liability, loss, cost or expense arising from **property damage** caused by, flooding not caused by the failure of a **Dam** or **Levee**, or sewer backup, even though a legal theory upon which a claimant seeks recovery is the principle of inverse condemnation. This Exclusion A shall not apply when the Claim alleges damages arising out of temporary physical measures taken by the **Member** for public safety reasons in an effort to prevent or reduce a loss.

VI. CONDITIONS AND RESPONSIBILITIES

A. Authority's Rights And Duties In The Event Of A Claim

For any **Claim** that has exceeded the **Member Retained Limit**, or has been determined by the **Authority** to have a reasonable possibility of exceeding the **Member Retained Limit**, the following rights and duties apply:

1. The **Authority** shall have the right and the duty to defend any **Claim** against the **Member** seeking **Damages** on account of such injury as is covered in this **Memorandum**, after the **Claim** has exceeded the **Member Retained Limit**, even if the allegations of the **Claim** are groundless, false, or fraudulent.
2. The **Authority** shall conduct the defense of any **Claim** in the **Member's** name and recover in the **Member's** name for the **Member's** benefit any **Claim** for **Damages** or otherwise, against any third party, and the **Authority** shall have full discretion in the handling of any **Claim**.
3. The **Authority** shall have the right to control the litigation and select defense counsel. In the event that there is a coverage reservation of rights between the **Authority** and the **Member**, the **Authority** shall retain its right to select defense counsel and control the defense of the **Claim**, without waiving its right to pay only those **Damages** which are covered under the terms of this **Memorandum**.
4. The **Authority** has the right, but not the duty, to appeal any judgment.

B. Authority's Right To Control Claims With Catastrophic Potential

The **Authority** reserves the right at its sole discretion to exercise exclusive settlement authority and control over the disposition of certain **Claim** types, deemed by the nature of the allegations to automatically have catastrophic potential. The **Authority** may, at its sole discretion, exercise this right, commencing at the time the **Claim** is reported, or at any time during the **Claim** evaluation process, regardless of whether the **Claim** falls within or exceeds the **Member Retained Limit** based solely on established reserves.

The **Claim** types deemed to automatically have catastrophic potential are:

1. Any **Claim** involving death or serious injury, including but not limited to: spinal cord damage, brain damage, paralysis, loss of limbs, loss of sight or hearing, multiple fractures, damage to major organs, and serious burns;
2. Any **Claim** involving a proposed or certified class action;
3. Any **Claim** naming the **Authority**;
4. Any **Claim** involving environmental damage or injury with catastrophic potential, including those involving contamination, pollution, toxic chemicals, nuclear, radiation, lead, fungus, mold or asbestos;
5. Any **Claim** involving terrorism or suspected terrorism;
6. Any **Claim** alleging sexual misconduct of any type, including rape, abuse, assault, or molestation;
7. Any **Claim** alleging a civil rights violation with potential for an award of substantial attorney fees.

C. Defense Counsel Selection

Within the **Member Retained Limit**, **Members** retain the right to select defense counsel from the **Authority's** pre-approved defense panel. Should the **Member** desire to retain defense counsel not on the **Authority's** pre-approved defense panel, at the **Authority's** sole discretion, said counsel may be retained subject to the following provisions:

1. **Member** selected defense counsel must comply with all **Authority** litigation guidelines, including reporting requirements, preparation of a written litigation management plan, and litigation budget. The negotiated hourly rate for billing must also be equal to, or less than the **Authority's** standard rate applied to the **Authority's** pre-approved defense panel. In the event that the hourly rate charged by **Member** selected defense counsel is greater than the **Authority's** standard rate, the **Member** will be solely financially responsible for the difference, and the difference in cost shall not be considered a covered expense under the **Program**.
2. **Member** selected defense counsel must furnish any and all information related to the **Claim** that is requested by the **Authority**, and cooperate

with any counsel selected by the **Authority** to monitor or participate in the defense of the **Claim**.

3. If the **Authority** defends a **Protected Party** under a reservation of rights, defense counsel will be required to maintain records pertinent to the loss adjustment expenses. These records may be subject to inspection and audit by the **Authority**, and they may be used to determine the allocation of any loss adjustment expenses for which the **Protected Party** may be solely responsible, including defense of an allegation not covered by this **Memorandum**.
4. This **Program** does not pay for legal fees incurred by general counsel, supplemental counsel, or secondary counsel unless approved in writing by the **Authority**.

CALIFORNIA JPIA

AGENDA REPORT

To: EXECUTIVE COMMITTEE

From: Jonathan Shull, Chief Executive Officer

By: Jeff Rush, Workers' Compensation Program Manager

Date: June 24, 2020

Subject: 2020-2021 Memorandum of Coverage – Workers' Compensation Program

Attached is the redline version of the 2020-2021 Memorandum of Coverage – Workers' Compensation Program and the accompanying endorsement. This year's Memorandum specifies the coverage provided in both our primary and excess programs, with the differences in coverage between the programs outlined in the accompanying Endorsement. Other than updating the coverage period dates, replacing the § symbol with the word section, and other formatting revisions, there are no substantive changes.

Recommended Action

The Coverage Committee will be evaluating the changes noted above prior to the Executive Committee and providing its recommendation. We recommend that the Executive Committee follow the recommendation of the Coverage Committee, which will be provided at the meeting.



CALIFORNIA
J · P · I · A

*Providing innovative risk management solutions
for our public agency partners*

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MEMORANDUM OF COVERAGE WORKERS' COMPENSATION PROGRAM

EFFECTIVE JULY 1, 2020 - JULY 1, 2021

INTEGRITY

EXCELLENCE

INNOVATION

TEAMWORK

Issued to the «Agency»



MEMORANDUM OF WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY COVERAGE

ADMINISTERED BY THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

MEMBER: «Member_Name»

MAILING ADDRESS: «Member_Address»
«City», «State» «Zip»

PROTECTION LIMITS: Workers' Compensation: Statutory
Employer's Liability: \$10,000,000 per Occurrence

PROTECTION PERIOD: From July 1, 2020 at 12:01 a.m. Pacific Time until July 1, 2021 at 12:01 a.m. Pacific Time.

ENDORSEMENT(S):

This Memorandum and any endorsements thereto are a description of the terms and conditions of the Program through which certain specified and limited self-insured risks of liability are administered by the Authority and shared by its Members. *This Memorandum is not an insurance policy.* As provided in Section 990.8 of the California Government Code and appellate court cases of *Orange County Water District v. Association of California Water Agencies JPIA* (1997) and *City of South El Monte v. Southern California Joint Powers Insurance Authority* (1995), the pooling of self-insured claims or losses among the Members of the Authority shall not be considered insurance nor be subject to regulation under the Insurance Code.

California JPIA

President



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I. INTRODUCTION

This **Memorandum** (hereinafter **Memorandum**) is a description of the terms and conditions of the ~~Primary~~ **Workers' Compensation Program and Employer's Liability Coverage** (hereinafter **Program**) through which certain self-insured risks of workers' compensation and employer's liability are administered by the **Authority** and shared by its **Members** pursuant to the Joint Powers Agreement creating the **Authority** under the provisions of Section §6500 et seq. of the Government Code.

As provided in Section §990.8 of the Government Code, pooling of **Losses** in this **Program** is not insurance. The sole duty of the **Authority** is to administer the **Program** adopted by the **Members**. The **Authority** will pay on behalf of **Members** the liability only for **Claims** or ~~losses~~ **Losses** which are pooled under the terms of this **Memorandum** and the Joint Powers Agreement.

The provisions of the **Program** are subject to and subordinated to the Joint Powers Agreement or any action taken by the Executive Committee or the Board of Directors in connection with the **Program**. This **Program** has been adopted pursuant to action taken by the Executive Committee, and is subject to any amendment, modification or extension by the Executive Committee or the Board of Directors at a regular meeting or at a special meeting called for that purpose.

The terms of this **Memorandum** shall be construed in an evenhanded fashion in accordance with the principles of California contract law. If the language of this **Memorandum** is alleged to be ambiguous or unclear, the issue of how the **Protection** should apply shall be resolved in a manner most consistent with the relevant terms of this **Memorandum** without regard to authorship of the language and without any presumption of arbitrary interpretation or construction in favor of either the Member or the **Authority**. Any controversy or dispute arising out of or related to an interpretation or breach of this **Memorandum** shall be settled in accordance with the appeals procedures as set forth in this **Memorandum**.

Throughout this **Memorandum**, words and phrases that appear in ~~bold~~ **bold** print are defined in Section III. **DEFINITIONS**.

II. PROTECTION PROVIDED

In consideration for **Member's** payment of the required ~~annual contribution~~ ~~primary deposit~~ for participation in this **Program**, and subject to all terms and conditions set forth in this **Memorandum**, the **Program** agrees to provide the following protection:

A. *Workers' Compensation*

The **Program** will pay on behalf of the **Member** workers' compensation benefits for **Bodily Injury** by accident or occupational disease, including resulting death, deemed compensable under the laws of the State of California, and sustained by an **Employee**. Such payments, including any settlements, shall be made at the Authority's sole discretion.

The **Program** will provide for the administration and defense of **Claims** for workers' compensation benefits, including investigation, payment of benefits, compliance with



reporting requirements for **Claims** administration, and settlement. The **Program**, at its discretion, will choose and manage service providers necessary to fulfill its objectives; including third party **Claims** administrators, medical management providers, defense attorneys, investigators, etc.

Coverage is subject to the following conditions:

1. **Bodily Injury** by accident must arise out of and in the course of employment by the **Member** and must occur during the **Protection Period**.
2. Occupational disease must be caused by or aggravated by the conditions of employment, and the exposure must occur during the **Protection Period**.
3. Bodily injury or occupational disease from presumptive causations contained in Labor Code [Section §3212](#) et seq. or other California governmental codes must occur during the **Protection Period**.
4. Coverage is limited to amounts the **Member** is legally liable to pay after apportionment to pre-existing, concurrent or subsequent injuries or illnesses as defined by law.
5. The **Program** will pay temporary disability, permanent disability and death benefits at the statutory rates defined in the California Labor Code (Labor Code Division 4, Part 2, Chapter 2, Articles 3, 4, 4.5 and 5). If the **Member** pays the **Employee** for periods of temporary disability per a salary continuation plan under a collective bargaining agreement, memorandum of understanding or other employment agreement, the **Program** will reimburse the **Member** at the statutory temporary disability benefit rate for those periods paid by the **Member**.
6. If the **Employee** is eligible to receive salary continuation in lieu of temporary disability under Labor Code [Section §4850](#) et seq., the **Program** will reimburse the **Member** at the statutory rate for temporary disability benefits that the **Member** would be obligated to pay if Labor Code [Section §4850](#) et seq. did not apply.
7. **Employees** on temporary assignment or traveling for **Member** business outside the State of California who sustain an injury or occupational disease are covered for benefits under this **Program**. Benefits will be paid on behalf of the **Member** up to the amount payable under the workers' compensation laws of the State of California, regardless of the jurisdiction selected by the **Employee**.
8. Peace officers sworn under Penal Code Sections 830 – 830.18 who are injured while engaging in the apprehension or attempted apprehension of law violators or suspected law violators, or protection or preservation of life or property, or the preservation of the peace, outside the state of



California when the employer's governing body has passed a resolution confirming their intention to provide coverage for such injuries

9. Costs pursuant to a carve-out agreement under Labor Code Sections 3201.5-3201.7 in excess of those required by the Labor Code shall be paid if the California JPIA has reviewed and approved the terms of the member's carve-out agreement.

B. Employer's Liability

The **Program** will indemnify the **Member**, where permitted by law, for **Loss** arising from **Bodily Injury** or occupational disease, including resulting death. Coverage is subject to the following conditions:

1. **Bodily Injury** by accident must arise out of and in the course of employment by the **Member**. Occupational disease must be caused by or aggravated by the conditions of employment. The accident or period of exposure must occur during the **Protection Period**. Bodily injury does not include emotional distress, anxiety, discomfort, inconvenience, depression, dissatisfaction or shock to the nervous system, unless caused by either a manifest physical injury or a disease with physical dysfunction or condition resulting in treatment by a licensed physician or surgeon.
2. **Bodily Injury** or occupational disease suffered by **Employee** is not covered by workers' compensation law.
3. The **Employee's** duties are necessary or incidental to work conducted by the **Member**.
4. The **Member** timely and fully pursues all available remedies for contribution or indemnification from any and all other available sources.
5. The original **Claim** or **Suit** and related legal actions for damages are brought in the State of California or under the laws of the State of California.

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Subject to the foregoing provision of Section II.B. *Employer's Liability*, the **Program** shall:

1. Indemnify the **Member** for all sums legally payable as **Damages** under this section. **Damages** include:
 - a) Amounts for which the **Member** is liable to a third party by reason of a **Claim, Suit** or proceeding against the **Member** to recover **Damages** suffered by the third party; or
 - b) Damages for care and loss of services of an injured **Employee** of the **Member**; or
 - c) **Damages** for consequential bodily injury to a spouse, child, parent, or sibling of the **Employee**, provided that such damages



- are the direct consequence of injury or disease arising out of and in the course of the **Employee's** employment by **Member**.
- d) Injury or disease to an **Employee** arising out of and in the course of employment, claimed against the **Member** in a capacity other than as **Employer**.
 - e) Such payments, including any settlements, shall be made at the Authority's sole discretion.
2. Defend, at the **Program's** expense, any **Claim**, proceeding or **Suit** against the **Member** for **Damages** payable under this section. The **Program** has the right to investigate and settle these **Claims**, proceedings and **Suits**. The **Program** has no duty to defend any **Claim**, proceeding or **Suit** that is not covered by this **Program**. The **Program** has no duty to defend or continue defending after the **Program** has paid its maximum amount of coverage.
3. Pay the following costs, in addition to the other amounts payable under this section, as part of any **Claim**, proceeding or **Suit** the **Program** defends:
- a) Reasonable expenses incurred at the **Program's** expense, but not loss of earnings;
 - b) Premiums for bonds to release attachments and for appeal bonds in bond amounts up to twice the maximum amount of coverage under this **Program**;
 - c) Litigation costs taxed against the **Member**;
 - d) Interest on a judgment as required by law; and
 - e) Other expenses incurred by the **Program** in discharging the obligation of the **Program** or its **Members** under this section.

The following are excluded from coverage under this section:

- 1. **Damages** arising out of the actual or alleged discharge; coercion; criticism; demotion; evaluation; reassignment; discipline; defamation; harassment; humiliation; **Discrimination** against; termination of; wrongful dismissal or discharge; breach of any oral or written employment contract or quasi-employment contract; misrepresentation; violation of employment **Discrimination** laws; workplace sexual or other harassment; wrongful failure to employ or promote; wrongful discipline; negligent evaluation; wrongful demotion; wrongful deprivation of a career opportunity; employment-related invasion of privacy, defamation or wrongful infliction of emotional distress; or any other personnel practices, policies, acts or omissions, of any **Employee**, including **Claims** brought under Americans with Disabilities Act, Family Medical



- Leave Act, Pregnancy Disability Leave Act, Equal Opportunities Act, Fair Employment and Housing Act, Fair Labor Standards Act; or any other such State or Federal act;
- 2. Any obligation of any type that is imposed by a workers' compensation, occupational disease, unemployment compensation, occupational health and safety law, or disability benefits law, or any similar law;
- 3. **Damages** for any injury or disease for any **Employee** engaged in work subject to the Longshore and Harbor Workers' Compensation Act, the Outer Continental Shelf Lands Act, the Defense Base Act, the Jones Act, the Federal Employers Liability Act, or any other Federal workers' compensation or occupational disease law, or any international workers' compensation law;
- 4. Punitive or exemplary **Damages**, however characterized, or **Damages**, fines or penalties imposed under the Migrant and Seasonal Agricultural Worker Protection Act, or for violation of any other Federal, state, county or other law, regulation or ordinance;

C. Other Coverages

- ~~1. — Defense of Serious & Willful Misconduct Allegation (Labor Code §4553) or Alleged Discrimination Prohibited by Labor Code §132a.~~

The **Authority** may, at its own discretion, elect to defend a **Member** against **Claims** alleging Serious & Willful Misconduct or a violation of Section §132a. Such defense will be provided by an attorney assigned by the **Authority**. Any penalties awarded for Serious & Willful Misconduct or violation of Section §132a will be the responsibility of the **Member**. The **Member** may elect to defend itself with counsel of its own choosing, at its own expense.

III. **DEFINITIONS** – ~~Excess Workers' Compensation Program~~ – please see Endorsement for additional definitions

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Authority means the California Joint Powers Insurance Authority.

Bodily Injury means bodily injury, sickness, or disease sustained by any person, including death resulting from any of these at any time.

Claim means a notice, demand, or **Suit** against a **Member** to recover **Damages**. **Claim** does not include an administrative claim filed with the Equal Opportunity Employment Commission or the California Department of Fair Employment and Housing or any other administrative or regulatory agency.

Damages means compensation in money recovered by a party for **Loss** or detriment it has suffered. **Damages** does not include defense of **Claims** or any punitive, exemplary or multiplied damages or non-monetary relief or redress or injunctive relief.

Defense Costs means all fees and expenses incurred in connection with the administration, investigation, defense, and appeal of a **Claim** covered hereunder, including attorney fees, court costs, premiums for appeal bonds, and interest on judgments accruing after the entry



of judgment, and also shall include the costs of any **Claims** administrator or defense counsel assigned by the **Authority** to respond to any **Claim** on behalf of the **Authority**. **Defense Costs** shall not include the office expenses of the **Member**, nor the salaries of **Employees** or officials of the **Member**, nor expenses of any **Claims** administrator engaged by the **Member**. **Defense Costs** also do not include any fee or expense relating to coverage issues between the **Authority** and any **Member**.

Discrimination means injury caused by or arising out of:

- A. Unlawful **Discrimination** because of race, sex, color, age, religion, or national origin, or membership in any similarly legally protected class; or
- B. Violation of the **Discrimination** prohibitions of the Americans with Disabilities Act of 1990, any rules or regulations promulgated thereunder and amendments thereto or similar provisions of any Federal, state, or local statutory law or common law.

Employee means any person falling within the definition of "employee" under Labor Code Division 4, Chapter 2, Article 2, beginning with [Section §3351](#). **Volunteers** are considered **Employees** under this **Memorandum** only if the **Member** has a resolution in effect, and passed prior to the date of injury or illness at issue, providing workers' compensation coverage to volunteers under Labor Code [Section §3363.5](#), and while performing specific functions in the course and scope of authorized activities for the **Member**.

Loss means amounts actually paid by the **Program** for statutory workers' compensation benefits, employer's liability **Claims** and allocated costs for investigation, administration and defense of **Claims** under this Memorandum of Coverage.

Member means the entity, including all of its departments and constituent agencies, which has adopted a resolution to participate in the **Program** and become a signatory to the Joint Powers Agreement creating the **Authority** as may be amended from time to time, whose name appears on the Cover Page of this **Memorandum**. **Member** includes any other agency for which the **Member's** governing board or council acts as the governing board, and also includes any commissions, agencies, districts, authorities, redevelopment agencies, boards, or similar entities coming under the **Member's** direction and control. **Member** shall include any other agency authorized by the **Authority's** Board of Directors. The **Member** must be approved for self-insurance by the Office of Self Insurance Plans and maintain its qualification for self-insurance during the **Protection Period**.

Memorandum means this Memorandum of Coverage - Workers' Compensation and Employer's Liability Coverage authorized by the Joint Powers Agreement of the **Authority** specifying the terms and conditions of the **Program**.

Occurrence means a single accident or event causing **Bodily Injury** to one or more **Employees**; or occupational disease sustained by one or more **Employees** as a result of an outbreak of the same communicable disease, or sudden and accidental exposure to the same environmental hazard.



Program means the California Joint Powers Insurance Authority's Workers' Compensation and Employer's Liability Program described by this **Memorandum** and the Joint Powers Agreement of the **Members** creating the **Authority**. The **Program** is a fund created by the **Members** for the purpose of pooling self-insured **Losses**.

Protection Period means the time period shown on the Cover Page of this **Memorandum**.

Suit means a civil proceeding in which a **Member** is named as a defendant or cross-defendant, or an arbitration proceeding or alternative-dispute resolution proceeding to which a **Member** submits with the **Authority's** written consent.

IV. EXCLUSIONS

This **Memorandum**, including any obligation to indemnify, defend or pay **Defense Costs**, does not apply to:

- A. The **Member's** obligation to pay salary in lieu of temporary disability benefits under Labor Code [Section §4850](#), except to the extent that the **Member** would be obligated to pay temporary disability benefits in the absence of the mandate of [Section §4850](#).
- B. The **Member's** obligations under Labor Code [Section §4856](#) to provide health benefits.
- C. Injury or disease to an **Employee** while knowingly employed in violation of law;
- D. Injury or disease intentionally caused or aggravated by or at the direction of the **Member**;
- E. Penalties or fines imposed for violation of Labor Code [Section 132a](#) or Labor Code [Section §4553](#) (Serious & Willful Misconduct);
- F. Penalties or self-imposed benefit increases for violations of Labor Code [Section §5814](#) et seq. attributable to the **Member's** actions;
- G. Damages arising out of, or in any way related to, operations with respect to which the **Member**:
 1. Has violated or failed to comply with any workers' compensation law, or any provision thereof, or
 2. Has rejected any workers' compensation law.
- H. Any **Claim, Suit**, liability, or alleged liability for punitive or exemplary **Damages** or fines or other **Damages** imposed primarily for the sake of example and by way of punishing the **Member**, including liability of a **Member** to defend or pay **Damages** where the governing body thereof has elected to provide a defense or pay damages for a **Claim**, action or judgment for punitive or exemplary **Damages**.
- I. Any liability for which the **Member** is obligated to pay **Damages** by reason of liability assumed in a contract or agreement.



V. CONDITIONS AND RESPONSIBILITIES

A. General Obligations

The **Member** agrees to abide by all employment, equal opportunity, anti-discrimination, health and safety laws, statutes and regulations. It understands that, among other obligations, it has a non-delegable duty to provide employees with a safe place to work, and training in safe work practices. The **Member** agrees to abide by all applicable wage and hour laws, collective bargaining agreements, memoranda of understanding, and other statutes and regulations regarding working conditions.

The **Member** agrees to immediately report every occupational injury or illness which results in medical treatment, or any **Claim** by an **Employee** for workers' compensation benefits, to the **Authority** or the **Authority's** designated administrator, but in no instance to cause the delay of such report of injury, illness or **Claim** more than five days after date of knowledge or as otherwise required by Labor Code [Section §6409.1](#). The **Member** agrees to give every **Employee** a claim form pursuant to Labor Code [Section 5401](#) within one working day of receiving notice or knowledge of a **Claim** or potential **Claim**. In the event of an injury or illness, the **Member** agrees to provide first aid or arrange for appropriate immediate medical care. The **Member** agrees to provide suitable temporary modified or alternate duty whenever possible for employees with workers' compensation injuries, and agrees to conduct interactive accommodation meetings as required by Fair Employment and Housing Act.

B. Inspection and Audit

The **Authority** shall be permitted but not obligated to inspect the **Member's** records, property and operations at any time. Neither the **Authority's** right to make inspections, nor the making thereof, nor any report hereon shall constitute an undertaking, on behalf of or for the benefit of the **Member** or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulations. The **Authority** may examine and audit the **Member's** books and records at any time during the **Protection Period** and extensions thereof, and within three years after the final termination of this **Program**, as far as they relate to the subject matter of this **Memorandum**.

C. Member's Duties in the Event of Occurrence ~~or~~ Claim ~~or Suit~~

1. In the event of any **Occurrence**, written notice containing particulars sufficient to identify the **Member** and also reasonably obtainable information with respect to the time, place, and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the **Member** to the **Authority's** claims administrator as soon as practicable, but no later than required by statute or regulation.
2. If a **Claim** is made against a **Member**, the **Member** shall immediately forward to the **Authority's** claims administrator every demand, notice,



- summons or other process received by the **Member** or the **Member's** representative.
3. The **Authority's** Claims Administrator will review the **Claim**, and under the direction of the **Authority**, undertake the administration of the **Claim**, including investigation, defense and settlement, as appropriate.
 4. The **Member** shall cooperate with the **Authority** and, upon the **Authority's** request, assist as appropriate in the resolution of the **Claim**, including enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Member** because of injury or damage to an **Employee** or **Member** property. The **Member** shall not voluntarily make any payment, assume any obligation or incur any expense.

D. Privacy and Confidentiality of Claim Records

All **Claim** records, including **Claim** files, examiners notes, medical reports, subpoenaed records, correspondence, tapes and films, and whether electronic or hard files, are the property of the **Authority**. Because these records may contain confidential or private medical and/or psychological information related to workers' compensation **Claims** administered by or on behalf of the **Authority**, access to **Claim** files and the information contained therein is restricted to the **Authority** and its agents and assignees, with the exception that the **Member** is entitled to medical information limited to the diagnosis of the mental or physical condition for which workers' compensation is being claimed and the treatment provided for this condition, or what is necessary for the **Member** to have in order to provide temporary or permanent modification or accommodation of the **Employee's** work duties.

E. Change in Conditions

If a **Member** experiences a significant change in operations or conditions, the **Member** shall notify the **Authority** as soon as practicable, and the **Authority** has the right to an underwriting review and to collect additional ~~primary deposits contributions~~ as may be appropriate to reflect the added exposure to the **Program**. The additional ~~primary deposit contribution~~ must be paid within ninety days of notice.

F. Other Protection

If collectible insurance or any other coverage or protection with any insurer, self-insured employer, joint powers authority or any other source, is available to the **Member** covering a **Loss** also protected hereunder (whether on a primary, excess or contingent basis), the protection hereunder (including any Defense obligation) shall be in excess of, and shall not contribute with, such insurance or other coverage or protection, provided that this clause does not apply with respect to any insurance purchased by a **Member** specifically to be in excess of this **Memorandum**. Under no circumstances shall the protection afforded by this **Program** be considered primary, pro rata, concurrent or co-existent with such insurance, coverage, or other protection.



G. Termination or Amendment

This **Memorandum** may be terminated or amended at any time in accordance with the Joint Powers Agreement and Bylaws of the **Authority**.

H. Changes to Memorandum

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

I. Subrogation and Recovery

The **Authority** shall be subrogated to the extent of any payment hereunder to all the **Member's** rights of recovery thereof. This section applies to all recoveries from third parties or governmental agencies. The **Member** shall do nothing after **Loss** to prejudice such rights and shall do everything necessary to secure such rights. The **Authority** shall have standing to seek subrogation recovery in its own name or in the name of the **Member**, and the **Member** shall cooperate with and assist the **Authority** in pursuing such recovery, including assigning its right to recover subrogated amounts, and if necessary, executing a written agreement to effect such assignment. Any amount so recovered shall be credited to the workers' compensation file.

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J. Assignment

There is no assignment of interest permitted under this **Memorandum**.

K. Joint Powers Agreement

The provisions of this **Memorandum** are subject to and subordinate to the terms and provisions of the Joint Powers Agreement creating the **Authority**, and in the event of any conflict between the terms and provisions of said Joint Powers Agreement and this **Memorandum**, the terms and provisions of the Joint Powers Agreement shall control.

L. Appeal of Disputes

~~Should a dispute arise between the **Member** and the **Program**, the following conditions will apply:~~

No party is entitled to appeal or arbitrate **Claims** under this **Memorandum** other than the **Member**.

Any disputes concerning coverage, protection, ~~d~~Defense obligations, or procedures of the **Program**, as interpreted by the **Authority's** staff, shall be appealed to the **Authority's** Executive Committee in accordance with the following procedures.

1. A **Member** may request any determination of a lack of coverage made by the **Authority** to be reviewed by the Chief Executive Officer. Such a request shall be in writing and must be made within 90 days of the date of notice from the Claims Administrator.



2. Upon request, the Chief Executive Officer shall review a determination of a lack of coverage made by the Claims Administrator or **Authority** staff and shall send to the **Member** a written determination of coverage.
3. If a **Member** disagrees with the coverage determination by the Chief Executive Officer, the **Member** may appeal the decision to the Appeals Committee. The Appeals Committee consists of the Executive Committee and the chairs of the Managers and Finance Officers Committees. Appeals must be in writing within 90 days of the date of the Executive Director's written decision. The appeal request must state why the **Member** disagrees with the denial, and the **Member** should present any information that may have a bearing on the ultimate determination of coverage.
4. The appeal request shall be presented by **Authority** staff to the Appeals Committee, on a regularly scheduled Executive Committee meeting day, allowing time for sufficient review and agenda deadlines. Staff shall notify the **Member** in advance of the meeting at which its appeal will be presented.
5. If the **Member** would like to personally address the Appeals Committee, the **Member** or the **Member's** representative may attend the meeting and speak to the issue.
6. The Appeals Committee may refer the appeal to the Coverage Committee and consider the recommendation of the Coverage Committee during its deliberation on the appeal. The Appeals Committee's decision is final. **Authority** staff will notify the **Member** of the Appeals Committee's decision in writing.
7. Following a final determination regarding a **Claim**, consideration of the decision may be reopened at the request of the **Member** if circumstances change as follows: (1) a new and distinct **Claim** arising out of the prior **Occurrence** is presented to the **Member**, or (2) new and distinct causes of action are added to the **Claim**. If the new **Claim** or causes of action are reasonably thought by the **Member** to be covered, the Appeals Committee will reconsider the issue, in accordance with the procedure in section, upon request. Any request for such reconsideration must be in writing within 90 days of the notice to the **Member** of the new **Claim** or cause of action.
8. If a **Member** disputes a coverage issue, then, during the course of the administrative and arbitration proceedings provided herein, the **Authority** shall defend the **Claim** against the **Member** and have the right to control any settlement of that **Claim**, subject to the right of the **Authority** to recover from the **Member** any amounts paid out by the **Authority** for such defense or settlement which are finally determined



by the Appeals Committee, or as a result of the Binding Arbitration Process, not to be owed by the **Authority** under the **Program**.

M. Arbitration

If the **Member** has followed the coverage Appeals Procedure outlined in Section V. *L. Appeal of Disputes* and disagrees with the final determination of the Appeals Committee, the **Member** may request consideration of the coverage issue through the **Authority's** binding arbitration process.

The Arbitration Process shall be as follows:

1. Following a decision by the Appeals Committee, the appealing **Member** shall notify the Chief Executive Officer in writing, within thirty days of the Appeals Committee's final decision, that it wishes to participate in Binding Arbitration and shall submit a non-refundable \$1,000 arbitration appeal fee. The written notice shall specify the grounds for the arbitration.
2. Following payment of the arbitration appeals fee, the name of each **Member**, other than the appealing **Member** and the **Members** represented on the Appeals Committee, shall be placed in an unmarked envelope. Each envelope shall be placed in a box and eleven envelopes shall be drawn by the Chief Executive Officer. A representative of the appealing **Member** may be present at the drawing.
3. The managers of the eleven **Members** shall be the pool of potential arbitrators. The eleven **Members** and the names of their managers shall be given in writing to the appealing **Member**.
4. The appealing **Member** shall have the right to strike two or less names from the pool for any reason which shall not be disclosed. The **Authority** shall have the right to strike two or less names from the pool for any reason which shall not be disclosed. The appealing **Member** and the **Authority** must strike names within five business days of the drawing. The right of either party to strike names shall lapse at 5:00 PM on the fifth business day following the drawing. Notice of names stricken by either party shall be given in writing to the other party prior to 5:00 PM on the fifth day following the drawing.
5. The remaining managers shall be contacted by the Chief Executive Officer to determine their willingness to serve on the arbitration panel. If more than five are willing to serve, each name shall be placed in an unmarked envelope, put in a box, and the Chief Executive Officer shall draw five envelopes from the box. The individuals whose names are drawn shall be the arbitration panel and they shall be disclosed in writing to the appealing **Member**.
6. If only five are willing to serve, they shall be the arbitration panel.



7. If fewer than five are willing to serve, the name of each **Member** not drawn in the previous selection drawing shall be placed in an unmarked envelope, put in a box, and four envelopes shall be drawn for each arbitration panel position needed to complete a five-**Member** panel. A representative of the appealing **Member** may be present at the drawing. The names drawn shall be disclosed to the appealing **Member** who may reject, for any reason which shall not be disclosed, one name for each four names drawn. The **Authority** may also reject one name for each four names drawn and shall not disclose the reason. Names rejected by the appealing **Member** and the **Authority** must be rejected within 48 hours of the drawing. The right to reject names shall lapse 48 hours following the drawing.
8. The managers or chief executive officers of the **Members** remaining shall be contacted by the Chief Executive Officer to determine their willingness to serve on the arbitration panel. The names of those willing to serve shall be placed in unmarked envelopes, put in a box, and the number necessary to fill out the arbitration panel shall be drawn by the Chief Executive Officer and disclosed in writing to the appealing **Member**. A representative of the appealing **Member** may be present at the drawing.
9. This process shall be repeated until five **Members** are obtained for the arbitration panel.
10. The arbitration panel **Members** shall be compensated at the rate of \$125 per half-day or portion thereof. If a panel **Member** is required to stay away from home overnight, lodging shall be paid by the **Authority**. Necessary meals shall be provided for all panel **Members**. Mileage costs shall be reimbursed by the **Authority** at its standard rate.
11. The cost of the arbitration panel shall be borne by the **Authority**. The cost of presentation by the appealing **Member**, including preparation, exhibits, attorneys, and all other costs of the **Member** shall be paid by the **Member**.
12. The arbitration panel may request legal counsel that shall be selected by the Chief Executive Officer and paid for by the **Authority**. Legal counsel shall not be the counsel for the **Authority** that has advised the staff and Executive Committee. However, counsel for the **Authority** may participate in or make the presentation to the arbitration panel on behalf of the **Authority**, as requested by the Chief Executive Officer.
13. The parties to the arbitration shall not be governed by formal rules of evidence.



14. The arbitration panel's decision shall be final and binding on the **Member** and the **Authority**. Decisions of the arbitration panel shall be by majority vote.
15. The decision of the arbitration panel shall be written and shall govern the issue decided but may be referred to by the **Authority** and future arbitration panels for precedent.

N. Claims Involving Executive Committee Members

If an Executive Committee Member files a **Claim** and seeks legal representation, the California JPIA will seek representation from an attorney who has not previously and does not currently defend the California JPIA or its members.

Workers' Compensation Coverage Program

Endorsement 1

This Endorsement is issued to:

<u>Member Name</u>	<u>Member Retained Limit</u>
Alhambra	\$500,000
Azusa	\$500,000
Hemet	\$250,000
Lemon Grove	\$150,000
Pacific Grove	\$150,000
Stanton	\$250,000
West Covina	\$1,000,000
West Hollywood	\$150,000

I. ENDORSEMENT

This Memorandum is amended for the listed participants in the Excess Workers' Compensation Coverage Program as follows:

This **Addendum** constitutes an amendment to the coverage found in the 2020-2021 Workers' Compensation Memorandum of Coverage for members of the Excess Workers' Compensation Program.

II. PROTECTION PROVIDED

A. *Payments on Behalf of Members*

Subject to all provisions of this **Memorandum**, the **Authority** will cause the **Program** to pay on behalf of the **Member** all sums above the **Member Retained Limit** that the **Member** shall become legally obligated to pay as **Damages** by reason of **Workers' Compensation** imposed by law and of **Employer's Liability** of others as defined by Section II of this Memorandum.

B. *Defense and Settlement*

The **Authority** shall have no duty to assume charge of investigation or defense of any **Claim**. However, the **Authority** shall have the right to assume control of the negotiation, investigation, defense, appeal, or settlement of any **Claim** which the **Authority** determines, in its sole discretion, to have a reasonable possibility of resulting in a total of **Damages** and **Defense Costs** in excess of the applicable **Member Retained Limit**. The **Member** and **Protected Parties** shall fully cooperate in all matters pertaining to such **Claim** or proceeding. If the **Authority** assumes control of the handling of a **Claim**, the **Member** shall be obligated to pay, at the direction of the **Authority**, any sum as it is incurred, including those necessary for **Defense Costs** for the settlement of a **Claim**, up to the applicable **Member Retained Limit**.

No **Claim** shall be settled for an amount in excess of the **Member 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. With regard to **Claims** that are determined by the **Authority** to have a reasonable possibility of exceeding the **Member Retained Limit**, the **Authority** shall, from the point of such determination, have sole settlement authority, control selection of defense counsel, **Claims** investigation and **Claims** handling.

For **Claims** which have not yet been determined by the **Authority** to have a reasonable possibility of exceeding the **Member Retained Limit**, or for which the **Authority** determines, in its sole discretion, should continue to be managed entirely within the **Member Retained Limit**, a collaborative approach is utilized in which the **Member**:

1. Retains settlement authority, except in cases of death or serious injury, or any **Claim** type listed in Section **VI. CONDITIONS AND RESPONSIBILITIES** of the Addendum (claims with catastrophic potential);

2. Retains the right to select defense counsel, from the **Authority's** pre-approved defense panel;
3. Receives professional analysis and recommendations on matters such as defense strategy, and other key decisions throughout the claims handling process;
4. Receives regular and frequent communication regarding **Claims** as they develop;
5. Retains the ability to tailor participation and level of engagement to its preferences;
6. Is required to establish and maintain a trust account for workers' compensation claim payments;
7. Is required to use the **Authority**-designated Claims Administrator;
8. Is encouraged to provide input and guidance concerning procedural preferences for claims handling;
9. Is not permitted to self-administer **Claims**.

C. Reduction of Limits

All covered **Claim** payments for **Damages** or **Defense Costs**, which fall within the **Member Retained Limit**, will reduce the **Protection Limit** under this **Program**.

III. MEMBER RETAINED LIMIT

A. General Rules

The **Member Retained Limit** shall be applied to the aggregate of all covered **Claims** arising from an **Occurrence** as defined in this **Memorandum**. The **Member Retained Limit** shall be reduced by both the payment of **Damages** and **Defense Costs**. The following general rules apply to **Claims** within the **Member Retained Limit**:

1. The **Member Retained Limit** shall not be impaired by any **Claim** brought against a **Member** which is not covered under this **Memorandum**.
2. The **Member** agrees not to insure or otherwise reinsure the **Member Retained Limit** without the **Authority's** written permission.
3. This **Memorandum** will not drop down to assume or satisfy the financial obligations of the **Member** for **Damages** or **Defense Costs** within the **Member Retained Limit**. The **Member Retained Limit** can be satisfied only through payments for **Damages** and **Defense Costs** actually paid by the **Member**, to which the **Authority** has agreed.

4. The **Member** agrees that in the event of a judgment, settlement, or any **Claim** payment (including **Defense Costs**), in excess of the **Member Retained Limit**, all outstanding amounts within the **Member Retained Limit** will be due and payable to the **Authority** upon demand. Such payment must be made before the **Authority** pays, tenders, or deposits in court, any part of said judgment, settlement, or defense expenditure. Failure of the **Member** to comply with this provision will not invalidate the **Memorandum**, but in the event of such failure, the **Authority** will be liable only to the extent that it would have otherwise been liable had the **Member** complied with this provision.

B. Reserving Policy

With regard to the case reserves of individual **Claims** within the **Member Retained Limit**, the **Authority**-designated Claims Administrator, with oversight from **Authority** staff, shall determine reserve amounts as necessary and appropriate, in a manner consistent with the **Authority's** reserving policy, using reasonable estimates of probable exposure, based on facts and circumstances relevant to individual **Claims**. The **Authority**-designated Claims Administrator and **Authority** staff shall inform the **Member** of large reserve changes and provide the **Member** with an opportunity to give input concerning the establishment of reserve estimates for large **Claims**, however the **Member's** sole recourse for disputing reserve estimates is to appeal in writing to the Executive Committee. The Executive Committee shall make a determination by majority vote, and the Executive Committee's determination shall be final and binding.

C. Total Incurred Claim Value Trigger

Total incurred **Claim** values, which include actual **Claim** payments as well as reserves for defense, indemnity, and expenses shall serve as the basis for the **Authority** determining whether a **Claim** has a reasonable possibility of exceeding the **Member Retained Limit**, and therefore trigger the **Authority's** control of settlement and disposition of the **Claim**. At such time as the total incurred value of a **Claim** exceeds the **Member Retained Limit**, settlement authority and control of the **Claim** shall transfer from the **Member**, and become the sole responsibility of the **Authority**.

D. Transfer Of Settlement Authority

Upon transfer of settlement authority from the **Member** to the **Authority** as described in Section III.C. *Total Incurred Claim Value Trigger* of the Addendum, the **Authority's** control of settlement and disposition of the **Claim** is inclusive of the **Member Retained Limit**; meaning, the **Member** is required to contribute up to the full amount, if necessary, of its **Member Retained Limit** in order to pay for **Damages** and **Defense Costs**, as those payments become due. The **Member** shall be notified by the **Authority** of the transfer of settlement authority from the **Member** to the **Authority**.

E. Trust Account For Claim Payments

The **Member** agrees to establish and maintain a trust account with a financial institution for the purpose of paying for **Claims, Damages, Defense Costs**, and any other covered claims expense within the **Member Retained Limit**. The **Member** further agrees to:

1. Grant appropriate authorization to the **Authority**-designated Claims Administrator to issue checks and/or other methods of payment as necessary;
2. Use the trust account exclusively for workers' compensation claim payments covered under this **Program**;
3. Issue all claim payments through the trust account, meaning: no workers' compensation claim payments are to be made or disbursed from other accounts, or from any other source without first providing written notice to the **Authority**;
4. Take reasonable steps to ensure that the trust account is adequately funded so that claim payments can be made without delay, as they become due;
5. In the event that funds in the trust account are inadequate to pay for claim expenses as they become due, the **Member** shall be notified and required to deposit the necessary funds. If a lack of funding in the **Member's** trust account results in a delay in the payment of a settlement, judgment, or any other authorized **Claim** expense, which subsequently results in fees or penalties, the **Member** will be solely financially responsible for any and all such costs, arising from the late payment;
6. Provide read-only access for on-line banking to the **Authority**, to facilitate claim payment reconciliations, and other data management needs of the **Authority**.

F. Authority-Designated Claims Administrator

The **Member** agrees to exclusively utilize the Claims Administrator that has been approved and designated by the **Authority**, and to report all **Claims**, regardless of whether the estimated **Damages** fall within or exceed the **Member Retained Limit**. Self-administration of **Claims** under this **Memorandum** is not permitted. The **Authority** agrees to take reasonable and appropriate steps to ensure that the designated Claims Administrator is periodically evaluated, and either meets or exceeds performance standards for claims handling and customer service, based on industry best practices. The **Authority** further agrees to provide appropriate oversight, regulate adjuster caseloads, and ensure that claims administration fees remain fair and equitable.

IV. DEFINITIONS

- A. **Member Retained Limit** means the amount per **Occurrence** stated on the cover page that the **Member** retains as its self-insurance. The **Member Retained Limit** includes both **Damages** and **Defense Costs**. For the purpose of settlement authority determination, the **Member Retained Limit** includes actual claim payments, and case reserves.
- B. **Protection Limit** means the sum of the **Member Retained Limit** and the **Pooled Retained Limit**, above which a **Claim** is tendered to the **Program's** excess or reinsurance carriers.

V. CONDITIONS AND RESPONSIBILITIES

A. Authority's Rights And Duties In The Event Of A Claim

For any **Claim** that has exceeded the **Member Retained Limit**, or has been determined by the **Authority** to have a reasonable possibility of exceeding the **Member Retained Limit**, the following rights and duties apply:

1. The **Authority** shall have the right and the duty to defend any **Claim** against the **Member** seeking **Damages** on account of such injury as is covered in this **Memorandum**, after the **Claim** has exceeded the **Member Retained Limit**, even if the allegations of the **Claim** are groundless, false, or fraudulent.
2. The **Authority** shall conduct the defense of any **Claim** in the **Member's** name and recover in the **Member's** name for the **Member's** benefit any **Claim** for **Damages** or otherwise, against any third party, and the **Authority** shall have full discretion in the handling of any **Claim**.
3. The **Authority** shall have the right to control the litigation and select defense counsel. In the event that there is a coverage reservation of rights between the **Authority** and the **Member**, the **Authority** shall retain its right to select defense counsel and control the defense of the **Claim**, without waiving its right to pay only those **Damages** which are covered under the terms of this **Memorandum**.
4. The **Authority** has the right, but not the duty, to appeal any WCAB decision or civil judgement with subrogation impact.

B. Authority's Right To Control Claims With Catastrophic Potential

The **Authority** reserves the right at its sole discretion to exercise exclusive settlement authority and control over the disposition of certain **Claim** types, deemed by the nature of the allegations to automatically have catastrophic potential. The **Authority** may, at its sole discretion, exercise this right, commencing at the time the **Claim** is reported, or at any time during the **Claim** evaluation process, regardless of

whether the **Claim** falls within or exceeds the **Member Retained Limit** based solely on established reserves.

The **Claim** types deemed to automatically have catastrophic potential are:

1. Any **Claim** involving death;
2. Any **Claim** resulting in quadriplegia or paraplegia;
3. Any **Claim** involving serious burns;
4. Any **Claim** involving a brain injury;
5. Any **Claim** resulting in a serious spinal cord injury;
6. Any **Claim** resulting in amputation of a major extremity;
7. Any **Claim** resulting in a serious injury to two or more employees.

C. Defense Counsel Selection

Within the **Member Retained Limit**, **Members** retain the right to select defense counsel from the **Authority's** pre-approved defense panel. Should the **Member** desire to retain defense counsel not on the **Authority's** pre-approved defense panel, at the **Authority's** sole discretion, said counsel may be retained subject to the following provisions:

1. **Member** selected defense counsel must comply with the California JPIA Workers' Compensation Program Litigation Protocol. The negotiated hourly rate for billing must also be equal to, or less than the **Authority's** standard rate applied to the **Authority's** pre-approved defense panel. In the event that the hourly rate charged by **Member** selected defense counsel is greater than the **Authority's** standard rate, the **Member** will be solely financially responsible for the difference, and the difference in cost shall not be considered a covered expense under the **Program**.
2. **Member** selected defense counsel must furnish any and all information related to the **Claim** that is requested by the **Authority** and cooperate with any counsel selected by the **Authority** to monitor or participate in the defense of the **Claim**.

CALIFORNIA JPIA

AGENDA REPORT

To: EXECUTIVE COMMITTEE

From: Jonathan Shull, Chief Executive Officer

By: Jim Thyden, Insurance Program Manager

Date: June 24, 2020

Subject: 2020-21 Memorandum of Coverage – Property Program

Attached is the redline version of the 2020-21 Memorandum of Coverage – Property Program, reflecting the changes recommended by staff resulting from requests from the carriers and input from the Authority’s broker for property reinsurance and excess insurance. There are a few changes related to dates, grammar, capitalization, and formatting. The changes listed below are ones that are proposed to materially revise and clarify existing language and coverage.

1. Page 57: this section is revised and expanded on. These changes are intended to exclude coverage for claims due to cyber events, unless they result in physical damage to property. In such a case, there would be coverage only for that physical damage and not electronic data.
2. Page 60: new exclusion for communicable disease exposures. This change arises out of exposures such as COVID-19 and coronavirus. This change adds to existing language intended to exclude coverage for claims involving clean-up, detoxify, remove, monitor, or test for communicable disease, or any property covered within this program.

Recommended Action

It is recommended that the Executive Committee adopt the recommendation of the Coverage Committee to approve these changes to the 2019-2020 Memorandum of Coverage – Property Program.

CALIFORNIA JPIA

AGENDA REPORT

To: EXECUTIVE COMMITTEE

From: Jonathan Shull, Chief Executive Officer

By: Jim Thyden, Insurance Programs Manager

Date: June 24, 2020

Subject: Insurance, Reinsurance, and Excess Insurance Renewals

As a result of a rapidly deteriorating insurance market and since the May 27, 2020 Executive Committee meeting, staff has been provided direction and authorization to bind coverage for each program at the current quoted rates.

Coverage for most programs have been finalized and staff will provide an update at the meeting.

Liability Program

The layering structure has changed with long-time partner Brit leaving the Authority's program and their capacity being filled by the captive Government Entities Mutual (GEM). As of the writing of this report, negotiations have not concluded with insurance carrier Chubb, so it is unclear if they will remain on the program. Should they not renew, their capacity will be filled by the Authority's captive insurance company Sequoia Pacific Reinsurance Company. While the total coverage limit remains unchanged, rates have risen 35.6%. The final figures, including the seven new members of the Authority are:

	2019 Expiring	2020 Renewal
Payroll	\$912,433,097	\$1,061,981,482
Premium	\$3,489,018	\$5,506,752

Workers' Compensation Program

This line of coverage has been the most stable program in the insurance industry. Rates have been renewed at a 5% increase with the payroll and premium figures below, including the five new members.

	2019 Expiring	2020 Renewal
Payroll	\$831,489,287	\$947,245,930
Premium	\$853,719	\$1,020,100

Cyber Liability Program

Rates for cyber coverage have increased across the industry, particularly for public entities as they are seeing more frequent and more severe losses. The Authority's program was marketing to several carriers and received quotes from three, including incumbent Brit which quoted an increase of approximately 200%. The quotes from the two other carriers quoted were both approximately a 69% rate increase over expiring. Staff met with the underwriters, claims personnel, and loss control staff and concluded that the best partner for the Authority is Chubb, with the following final figures:

	2019 Expiring	2020 Renewal
Payroll	\$912,433,097	\$1,061,981,482
Premium	\$196,424	\$386,500

Railroad Quiet Zone Liability Program

Long-time partner and Lloyd's of London syndicate Ark elected to no longer continue writing coverage in this sector, which necessitated a late negotiation with the Authority's liability reinsurers to provide this coverage. The program was marketed extensively with very few insurance carriers responding. Lloyd's of London syndicate Hiscox quoted the most advantageous pricing and terms and conditions. Thus, coverage was renewed for the three members participating in this program with 15 at-grade railroad crossings. Renewal premium is \$201,338 vs. 2019 premium of \$135,149. The coverage limit returned to the \$1M limit was in place for the 2018-19 coverage term.

Foreign Travel

Coverage has renewed at \$2,500, the same premium as 2019-20, with no changes in coverage terms.

Property Program

This has been another challenging renewal as the tightening of the entire insurance market over the past two years not only continues but has accelerated over the past six months. The continued prospects of elevated hurricane and wildfire seasons in 2020, along with COVID-19 and civil unrest exposures have insurers severely restricting capacity or leaving California entirely, thus driving up rates. Fortunately, the Authority's loss frequency and severity have decreased for the current year, although it is still not fully developed.

In part because of the long-term relationships built with the London insurance marketplace and the decrease in losses so far this year, staff and the broker team were able to negotiate a program with just an 11% increase in cost to members, at full funding of the self-insured retention. The table below outlines and compares the 2020-21 program to 2019-20. For more detail, please see the attached letter from Alliant to the Authority.

Program Premium By Layer/Structure	2019-20	2020-21	Dollar Change	Percent Change
	\$4m/\$7.5m agg then, \$100k/\$1m agg	\$5m/\$9m agg then, \$100k / \$1m agg		
Primary \$25m Layer - London/Domestic	6,700,000	6,700,000	-	0%
SIR Full Funding of Aggregate Retention	8,500,000	10,000,000	1,500,000	18%
Subtotal - Primary \$25m	15,200,000	16,700,000	1,500,000	0
Excess Layers/Terrorism/Boiler & Machinery				
\$10m xs of \$25m - Domestic	498,000	607,560	109,560	22%
\$65m xs of \$25m - London/Domestic	1,843,188	2,227,456	384,268	21%
\$50m xs of \$100m - Domestic	455,000	518,700	63,700	14%
\$400m xs of \$100m Domestic	362,140	411,029	48,889	14%
Boiler & Machinery - Domestic	287,070	322,954	35,884	13%
Terrorism - London	118,500	120,250	1,750	1%
Subtotal Excess, T/B&M	3,563,898	4,207,949	644,051	0
	-	-		
Total Premium at Full Funding:	18,763,898	20,907,949	2,144,051	11%

To achieve the above results, staff and the broker team again studied numerous structure options with the Authority ultimately landing on an option whereby the Authority's retention would be increased. Currently, the retention structure is \$4M per occurrence, with an aggregate stop at \$7.5M, at which point the per occurrence retention drops to \$100K, which is then stopped again at \$1M. The outside exposure to the pool is \$8.5M. For 2020-21 the recommended structure is \$5M per occurrence, stopped at \$9M, then dropping to \$100K per occurrence, and stopped at \$1M. Practically speaking, this means that on a per occurrence basis the Authority's retention is rising from \$4M to \$5M, and its aggregate retention is moving from \$8.5M to \$10M.

This change causes a meaningful shift in dollars from the market to the Authority. While this change increases the Authority's risk, it also presents the potential for savings if the 2020-21 coverage year continues the current trend of lower losses.

Pollution Program, Including Financial Responsibility Underground Storage Tanks

The pollution program has historically been three-year terms. The last three-year term inception in 2017 and is coming to a close at July 1, 2020. As such, an extensive marketing effort for the program was conducted by the broker team and staff.

Due to both the hardening market conditions, and significant claim activity in the program, the renewal itself was challenging and there was a degree of uncertainty as to whether the program could be effectively maintained. However, a program has been negotiated, albeit with significant

changes to the cost and structure, not the least of which is that no market was willing to offer a three-year term.

The attached program describes the program in detail, but in summary, 20 carriers were approached representing all of the leading pollution insurers, and, of these, three quotes were obtained with the rest declining. One quote was much higher and not worth consideration. Staff and the broker team had in-depth discussions regarding the two remaining quotes. While there were several options, staff concluded that the best option was from Ironshore. Below is a comparison of the most significant changes.

	2019-20 (Philadelphia Ins.)	2020-21 (Ironshore)
Limits Per Incident	\$10M	\$5M
Limits Per Aggregate	\$50M for three years	\$20M for one year
Premium (for 1 year)	\$382,038	\$383,665
Deductible	\$50,000	\$250,000
Term	3 years (limits do not reinstate)	1 year
Retroactive Date	Full	July 1, 2014
COVID 19 Exclusion	Not Included	Included

Financial Responsibility Underground Storage coverage is renewing with a 2% increase from \$12,726 to \$12,980. The only change in coverage terms is that Terrorism Risk Insurance Act (TRIA) coverage is being declined.

Recommended Action

It is recommended that the Executive Committee authorize staff to bind the programs as presented and to ratify any portions of the programs that have already been bound at staff's direction to the brokers.

2020 California JPIA Reinsurance Renewal

Mike Waterman

Chicago

Managing Director and Public Entity Segment Leader

June 24, 2020

Table of Contents

- Market Condition (Handout)
- Liability Renewal
- Cyber Renewal
- Workers' Compensation Renewal
- Ancillary Items
- Market Security

Liability Renewal

Goal to renew expiring structure, target on rate increase for all layers ranging +10% to +25%

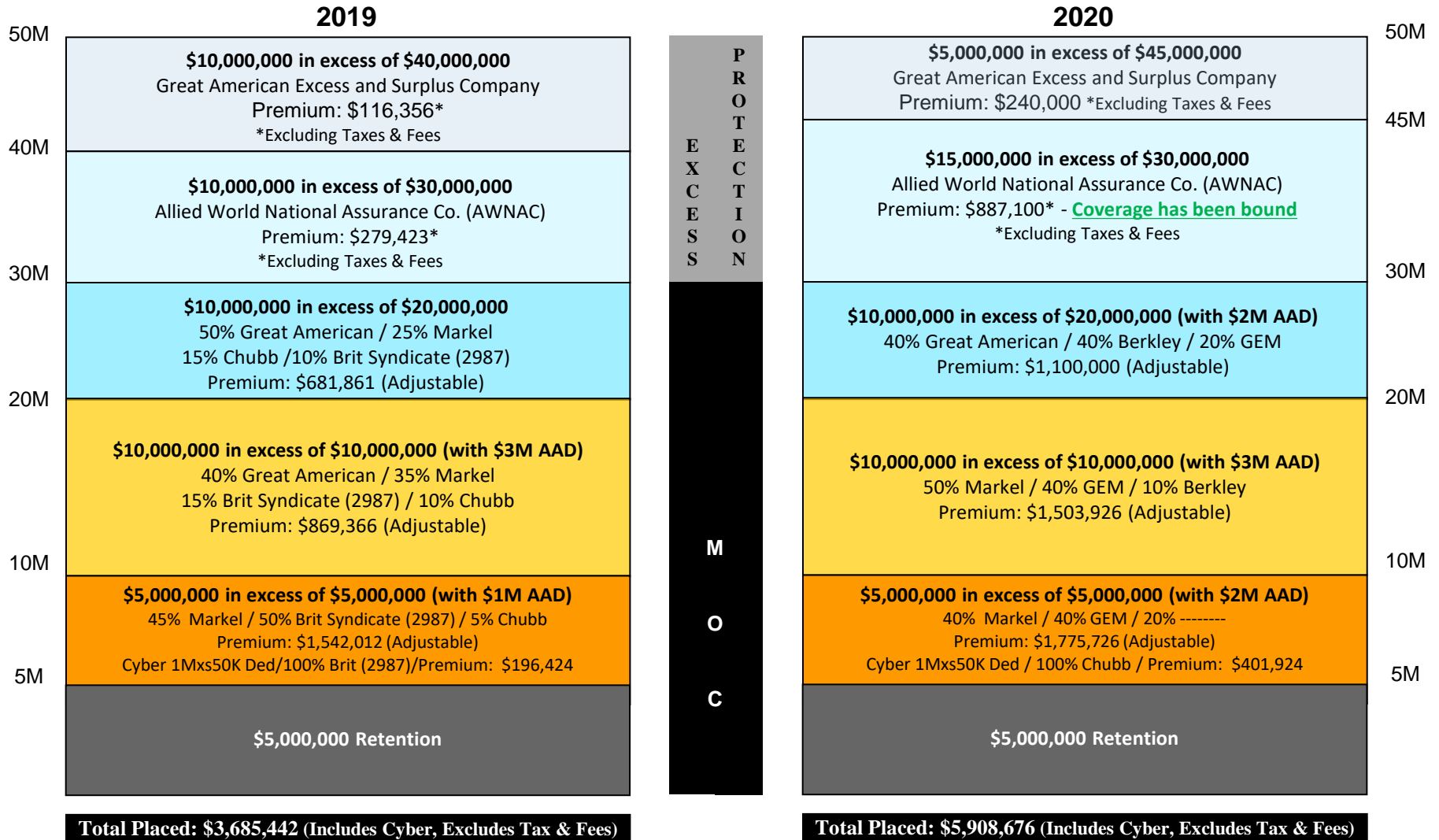
- Guy Carpenter reinsurance actuarial analysis
- Focus on incumbents to maintain long-term partners
- Explore new markets for diversification opportunities

Highlighted Outcome:

- Obtained options for alternative structures to respond to the challenging loss experience and market condition; Kept the overall rate increase at 35.6%
- Obtained authorization from incumbents except, Chubb which is still reviewing the renewal; BRIT which non renewed the program.
- Obtained authorizations from new markets – GEM and Berkley

Liability Renewal

2019 Expiring vs. 2020 FINAL PROGRAM – RECOMMENDED



Liability Renewal

Recommended Signed Lines

									Payroll	1,061,981,482		
2020 Lineup									Projected			
	Markel	GEM	GA	Chubb	Berkley	AWNAC	Sequoia Pacific		Layer Premium	Layer Rate	Rate Change*	
5x5 (\$2M AAD)	40%	40%		?			20%	100%	1,775,726	0.1672%	-1%	All on the same layer rate
10x10 (3M AAD)	50%	40%			10%			100%	1,503,926	0.1416%	49%	All on the same layer rate
10x20 (\$2M AAD)		20%	40%		40%			100%	1,100,000	0.1036%	39%	All on the same layer rate
15x30						100%		100%	887,100	0.0835%	NA	tax and fees not included; Coverage Bound.
5x45			100%					100%	240,000	0.0226%	NA	tax and fees not included
	7	8	9	?		5		Total	5,506,752	0.5185%	35.6%	

- ***Rate Change is not on apple to apple basis due to structure change.**
- **Reinsurers' requested exclusions, other terms, contingencies per the quote sheet previously discussed.**

Liability Renewal Signings and Capacity

2020 Lineup (RED number are not confirmed by the reinsurers)

SIGNINGS	Markel	GEM	GA	Chubb	Berkley	AWNAC	Sequoia Pacific	Total
5M xs 5M w/ 2M AAD	40%	40%		?			20%	100%
10M xs 10M w/ 3M AAD	50%	40%			10%			100%
10M xs 20M w/ 2M AAD		20%	40%		40%			100%
15M xs 30M						100%		100%
5M xs 45M			100%					100%

CAPACITY/LAYER	Markel	GEM	GA	Chubb	Berkley	AWNAC	Sequoia Pacific	Total
5,000,000	2,000,000	2,000,000	-	?	-	-	1,000,000	5,000,000
10,000,000	5,000,000	4,000,000	-		1,000,000	-	-	10,000,000
10,000,000	-	2,000,000	4,000,000		4,000,000	-	-	10,000,000
15,000,000	-	-	-		-	15,000,000	-	15,000,000
5,000,000	-	-	5,000,000		-	-	-	5,000,000
Total	7,000,000	8,000,000	9,000,000	?	5,000,000	15,000,000	1,000,000	45,000,000

CYBER Renewal

Goal:

- **Marketing the program for best offer**
- **Ask markets to quote higher limits**

Highlighted Outcome

- Obtained quotes from Brit (incumbent), Chubb and Markel.
- Conducted comparison of carriers' pricing, coverages/enhancements, claims handling, services and vendors.
- Markets declined to quote higher limits due to loss experience and overall concern of the volatility of exposure in the Public Entity space.
- Recommending binding renewal with Chubb (insurance basis).
 - Compared to BRIT's offer, Chubb's quote represents over \$185K premium savings.
 - Compared to other markets' offers, Chubb's quote has several enhancements.

CYBER Renewal

2020 FINAL PROGRAM - RECOMMENDED

Payroll	\$1,061,981,482
Limits	\$1,000,000 per occurrence
	\$1,000,000 aggregate per member per protection period for all coverages triggered
	\$10,000,000 aggregate (shared by all Members)
Self Insured Retention	\$50,000 per occurrence (Member responsible for payment)
Premium (Deposit and Minimum)	\$386,500
Rate	0.0364%
Comments	<ul style="list-style-type: none">- Carrier to be changed to Chubb at 7/1/2020 vs. 2019 carrier BRIT- Coverage Basis: 2020 on insurance basis vs. 2019 on reinsurance basis

Workers' Compensation Renewal

Goal: Approached incumbent and targeted on a flat rate renewal

Highlighted Outcome

- Safety National quoted a 5% rate increase for the expiring structure which is a great offer given the ceded loss experience and market condition. **Coverage has been bound.**
- Safety National offered MAP (Management • Analysis • Prevention) Client Services included in the quote.
- Safety National offered risk control fund of \$17,500 included in the quote.
- Safety National provided an 18% rate decrease with raised retention (\$3M) as an alternative option.

Workers' Compensation Renewal

2019 EXPIRING VS. 2020 FINAL PROGRAM - BOUND

	SNCC Expiring 2019	SNCC Renewal 2020
Limits Part I: Workers' Compensation Part II: Employer's Liability	Statutory \$5,000,000*	Statutory \$5,000,000*
Self-Insured Retention	\$2,000,000	\$2,000,000
Payroll at Inception	\$831,489,287	\$947,245,930
Rate (per \$100 payroll)	\$0.1020	\$0.1071
Premium (\$) Minimum Premium (%)	\$853,719** \$768,907 (90%)	\$1,020,100** \$918,650 (90%)

*5M limit being \$3M x \$2M SIR

**includes \$5600 flat charge for City of Lakewood aircraft
2020 premium is based on final premium with 5 new members.

Ancillary Items

Arthur J. Gallagher team secured the following coverage:

- Railroad Quiet Zone - Coverage has renewed for the three members participating in this program. Renewal premium is \$201,338 vs. 2019 premium of \$135,149; Limit is \$1M vs. 2019 limit of \$2M.
- D&O/E&O – Coverage has renewed at the quoted premium of \$48,631, compared to expiring premium of \$44,680. This represents approximately a 9% increase over expiring due to the marketplace
- Foreign Travel – Coverage has renewed at the quoted premium of \$2,500. This represents “flat” premium over expiring. This is Minimum Premium and no credit will be given for decrease in travel due to the recent crisis

Market Security

RATINGS AND POLICYHOLDER'S SURPLUS

New / Incumbent	Reinsurer's Legal Name	Domicile	AM Best	AM Best Outlook	S&P	S&P Outlook	Surplus (in 000's)	Surplus Date
Incumbent (Liability) / New (Cyber)	ACE American Insurance Company	United States	A++	Stable	AA	Stable	USD 4,999,340	12/31/2019
Incumbent (Liability)	Allied World National Assurance Company	United States	A	Stable			USD 2,817,100	12/31/2018
New (Liability)	Berkley Insurance Company	United States	A+	Stable	A+	Stable	USD 6,013,062	12/31/2019
New (RR Quiet Zone)	Lloyd's Underwriter Syndicate Hiscox	United Kingdom	A	Stable	A+	Stable		
New (Liability)	Government Entities Mutual (GEM)	United States	Not Rated		Not Rated			
Incumbent (Liability)	Great American Insurance Company	United States	A+	Stable	A+	Stable	USD 2,154,700	09/30/2019
Incumbent (Liability)	Great American Excess & Surplus Insurance Company	United States	A+	Stable	A+	Stable	USD 49,765	9/30/2019
Incumbent (Liability)	Markel Global Reinsurance Company	United States	A	Stable	A	Stable	USD 966,500	09/30/2019
Incumbent (WC)	Safety National Casualty Corporation	United States	A+	Stable	A+	Positive	USD 2,652,100	09/30/2019
New (Liability)	Sequoia Pacific	United States	Not Rated		Not Rated			



June 18, 2020

Mr. Jonathan Shull
Chief Executive Officer
California Joint Powers Insurance Authority
8081 Moody Street
La Palma, CA 90623

Property Insurance Program - 2020 Renewal Report

Dear Jon:

We have bound the renewal of the Authority's Property Insurance Program effective July 1, 2020 as directed to do so at the conclusion of our last brokerage team teleconference. As you are well aware, the insurance market continues to be extremely challenging with what was already a hard market made much worse by the widespread impact of COVID-19, and more recently, widespread civil unrest. While the Authority's *own* loss history has improved over the past twelve months, a frequency of loss activity continues, simply given the sheer size of the portfolio:

Policy Year	Number of Claims	Total Incurred
07/01/2014 - 06/30/2015	187	7,840,704
07/01/2015 - 06/30/2016	236	24,923,842
07/01/2016 - 06/30/2017	248	9,669,056
07/01/2017 - 06/30/2018	149	5,120,409
07/01/2018 - 06/30/2019	164	10,035,952
07/01/2019 - 06/30/2020	136	4,654,605

This continued activity, especially viewed from an actuarial standpoint, where the current aggregate cap retention of \$8.5MM is expected to be reached ultimately, combined with the aforementioned market difficulties contributed to rate pressure for this renewal.

With the aforementioned history, and dramatically changing insurance market, we considered with you and your team various program structures in an effort to maximize value to the Authority, as we have done every year in the recent past. The structures looked at were based on the perils insured, the relatively broad nature of coverage terms, and the results of risk modeling and actuarial work. Ultimately, we priced in the market four different retention structures to arrive at the best value from the perspective of the Authority.

As you can see from the below table, where we compare the component costs of the expiring program to the 2020-21 selected option, what is driving the cost change is the both the expected funding of the retained layer, and increase in rates in the excess layers. Fortunately a large

Mr. Jonathan Shull
 June 18, 2020
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component of expense is the amount necessary to fund the Authority's retained layer, and this amount is at the Authority's discretion, so you have some control over the total amount, however the actuarial work performed to date suggests that a conservative amount be used here.

Program Premium By Layer/Structure	2019-20	2020-21	Dollar Change	Percent Change
	\$4m/\$7.5m agg then, \$100k/\$1m agg	\$5m/\$9m agg then, \$100k / \$1m agg		
Primary \$25m Layer - London/Domestic	6,700,000	6,700,000	-	0%
SIR Full Funding of Aggregate Retention	8,500,000	10,000,000	1,500,000	18%
Subtotal - Primary \$25m	15,200,000	16,700,000	1,500,000	0
Excess Layers/Terrorism/Boiler & Machinery				
\$10m xs of \$25m - Domestic	498,000	607,560	109,560	22%
\$65m xs of \$25m - London/Domestic	1,843,188	2,227,456	384,268	21%
\$50m xs of \$100m - Domestic	455,000	518,700	63,700	14%
\$400m xs of \$100m Domestic	362,140	411,029	48,889	14%
Boiler & Machinery - Domestic	287,070	322,954	35,884	13%
Terrorism - London	118,500	120,250	1,750	1%
Subtotal Excess, T/B&M	3,563,898	4,207,949	644,051	0
	-	-		
Total Premium at Full Funding:	18,763,898	20,907,949	2,144,051	11%

The table above is broken into two sections, as while the primary pricing is closely related to the retention structure and the expectation of largely predictable property claim activity, the excess and other costs are more purely market driven. As you have heard firsthand from underwriters and the broker team, the cost of coverage capacity is rising significantly as the global demand for it remains constant, and the supply of it is shrinking as carriers withdraw, or become more conservative in their outlook.

Of meaningful note is that the selected renewal option represents a change in the retention structure of the program. After reviewing the cost of different retention scenarios with the Authority team, we were directed to finalize a structure that moves the retention higher. Currently, it is \$4MM per occurrence, stopped at \$7.5MM, dropping to \$100K per occurrence, stopped again at \$1MM. For 2020-21 it will go to a structure of \$5MM per occurrence, stopped at \$9.0MM, dropping to \$100K per occurrence, stopped again at \$1MM. Practically speaking, this means that the Authority's retention is moving up from \$8.5MM to \$10MM.

Mr. Jonathan Shull
 June 18, 2020
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The structure in both years are identical in that they sit directly over member deductibles, and which apply both per occurrence, and after the aggregates are exhausted. This retention structure change causes a meaningful shift in potential cost and savings from the market to the Authority, as depicted both above and below in this “year over year” total cost table. What this means is that like as is hoped for the current year, a significant advantage to the Authority arises if 2020-21 turns out to be a “good year” for loss activity.

Program Cost Components	2019 - Final	2020 - New Structure Projected Costs Fully Funded Retention	Dollar Change	Percent Change
Total Insurable Values	7,442,444,711	7,592,762,457	150,317,746	2%
Ret. Funding at Prior Actual & 100% CL	5,445,028	10,000,000	4,554,972	84%
Primary Premium	6,700,000	6,700,000	-	0%
XS, Boiler & Terrorism	3,563,898	4,207,949	644,051	18%
California JPIA Program Admin Fee	397,600	397,600	-	0%
Premium Taxes & Fees	99,935	106,206	6,271	6%
Total Cost	16,206,461	21,411,755	5,205,294	32%
Program Rate Per \$100	0.218	0.282	0.064	30%

As respects coverage, we recommended against significantly attempting to change the MOC-P beyond a few clean-up items. This because as it stands, we and your underwriters believe that it adequately reflects the intent of the Authority’s coverage to the members, and their agreement to reinsure this. Attempting to make significant changes, or even raise the discussion of changes in this market will cause uncertainty about what the Authority intends, and also very likely opens the possibility of further market review which would not likely work to the Authority’s advantage in the current environment. Two changes however are being imposed by the market, and these are required by all Lloyd’s syndicates and most U.S. domestic carriers as well. Not surprisingly these address two critical worldwide risk concerns. The first is that of “Communicable Disease”. In this case, underwriters wish to more forcefully clarify that loss from communicable disease is not covered. The second deals with the so called issue of “silent cyber” whereby underwriters wish to limit resultant damage to property from any malicious cyber-event. While considered a remote risk for the Authority members, a secondary market for this peril exists and I address this topic in a separate letter to you.

Mr. Jonathan Shull

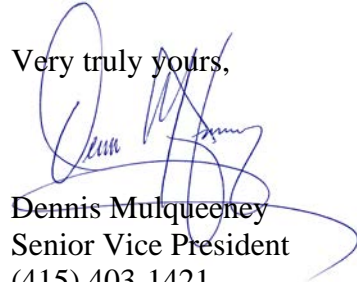
June 18, 2020

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Jon, we recognize the continued challenges to the Authority and its membership in this quickly changing risk environment. We do predict a continued challenging insurance market though the fall, and perhaps longer. It does seem that that this is a “new world” where the risks of property and other types of loss might be the “new normal” at least for a while. We are encouraged however by the fact that our and your partners in the market are continuing to support the Authority’s efforts to provide quality protection to so many California public entities. In this market, the fact that so many are standing with you, is a tangible testament to the efforts made by you and your staff over many years.

We do truly appreciate you support of our efforts over the years, and especially so over the past twelve months as we have worked on this renewal.

Very truly yours,



Dennis Mulqueaney
Senior Vice President
(415) 403-1421
dmulqueaney@alliant.com

Cc: Robert Lowe
Christopher Gray

CALIFORNIA JPIA

AGENDA REPORT

To: EXECUTIVE COMMITTEE

From: Jonathan Shull, Chief Executive Officer

By: Paul Zeglovitch, Liability Program Manager

Date: June 24, 2020

Subject: Liability Third Party Claims Administration Agreement

Since inception, the Authority has utilized the services of one third party claims administrator (TPA) for handling liability claims, that being Carl Warren & Co (CWC). Over the span of more than four decades, the firm has provided excellent service to the Authority and its members. CWC has essentially become an extension of our organization and we place a great deal of trust in the team there. In addition, members of the team have forged close relationships with the members, also gaining their trust.

The current agreement for services with CWC is set to expire on June 30, 2020. Attached is a redline version of the proposed agreement for the three-year period commencing on July 1, 2020. The red lines walk the reader through the changes that are being proposed consisting of additional language regarding staff retention, information technology requirements, ownership of documents and insurance specifications.

Along with an increase in compensation for 2020/2021, the median number of claims (suffixes) required to be handled in a given fiscal year was raised from 1,800 to 2,000. In addition, potential compensation increases in the last two of the three-year agreement have been increased to 2% and 3% for audit scores of 90 and 95, respectively. We believe this will appropriately award the TPA for its excellent performance.

Recommended Action

It is recommended that the Executive Committee approve this agreement for Liability Third Party Claims Administration.

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

THIRD-PARTY GENERAL LIABILITY CLAIMS ADMINISTRATION – PRIMARY LIABILITY PROGRAM

THIS AGREEMENT, is made and effective July 1, 20~~2017~~ between the California Joint Powers Insurance Authority ("Authority"), and Carl Warren & Company ("TPA"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. Term

This Agreement shall commence on July 1, 20~~2017~~ and shall remain and continue in effect until terminated, but in no event sooner than June 30, 20~~230~~, unless sooner terminated pursuant to the provisions of this Agreement. The term can be extended through mutual agreement.

2. Services

TPA shall perform the responsibilities associated with administering liability claims for the Authority's members, including but not limited to claims management, investigation, litigation management, case analysis, and claims reporting on the Primary Liability Program. TPA will also cooperate to the fullest extent in the Authority's Risk Management and Training efforts with its members as requested.

This contract and associated compensation will also include Information Technology Services, Financial Services, Support Staff, Quality Assurance, reporting, file storage, office expense and supplies and all other necessary workforce and supplies to properly serve the Authority's liability claims program's needs and that of its members.

3. Performance

TPA shall at all times faithfully, competently and to the best of its ability, perform all tasks described herein. TPA shall employ, in meeting its obligations under this Agreement, at a minimum, the performance standards outlined in Exhibit A.

4. Work Volume

TPA agrees that that execution of this Agreement does not guarantee that TPA will be assigned any particular number of claims by the Authority, during the contract period.

5. Authority Management

Authority's Chief Executive Officer shall represent Authority in all matters pertaining to the administration of this Agreement, review and approval of all products submitted by TPA, or change to the compensation due to TPA. Authority's Chief Executive Officer shall be authorized to act on Authority's behalf and to execute all necessary documents which enlarge the tasks to be performed or change TPA's compensation, subject to Section 5 hereof.

6. Payment

(a) Authority agrees to pay TPA for the services noted above, in accordance with Exhibit "B". Subsequent to the close of the fiscal year, TPA will provide a report, indicating the number of new claims (suffixes) filed. The TPA and Authority will then determine if a staffing adjustment is necessary and the correlating compensation.

For purposes of this contract, a "claim" will be considered each individual claim that is filed. For instance a claim involving one occurrence, but four claimants, will be considered four claims, given an actual claim filing by each. For claims such as wrongful death actions where several family members are named on one claim form, same will be considered one claim and should be set up accordingly.

(b) Any additional services, outside the scope of this agreement, will need to be authorized in advance and in writing by Authority's Chief Executive Officer. TPA shall be compensated for any additional services in the amounts and in the manner as agreed to by Authority's Chief Executive Officer and TPA at the time Authority's written authorization is given to TPA for the performance of said services.

(c) TPA shall submit an electronic invoice on a quarterly basis. Invoices shall be submitted on or about the first business day of each quarter, or as soon thereafter as practical, for 25% of the initial contract amount for that fiscal year. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees and will be representative of payment in full for all aspects of TPA's services for that quarter, to include but not limited to expenses such as photographs, transcription, supplies, office expense and supplies, vehicle mileage, hotel and travel expense, index bureau requests, file set up fees. Quarterly bills in subsequent years may change in amount, in accordance with Schedule "B".

7. Staffing

TPA agrees to provide, at a minimum, all staffing noted in Exhibit "D". Should the claims volume vary as noted in Exhibit "B", this staffing model can be revisited upon request of either TPA or the Authority. Exhibit "D" sets forth maximum caseloads for the Account Manager, Supervisors and Adjusters. The stated maximum caseload for the Account Manager is a guideline and may vary, depending upon the number of claims that exceed an indemnity reserve of \$750K. The maximum caseloads stated for Supervisors and Adjusters are firm figures that are not to be exceeded. TPA will initiate re-assignment of files to other Supervisors and Adjusters should either of these employees' caseloads exceed the maximum. TPA shall remedy Adjusters who are in excess of the stated maximum within 30 days. Financial penalties will be considered for violations lasting longer.

TPA will also consider a re-alignment of the agencies a particular Supervisor or Adjuster is responsible for, in an effort to lessen claims volume for that individual.

Relative to staff retention, TPA agrees they are not to re-assign any members of the Authority's dedicated TPA claims team until and unless there has been discussion with the Authority and an agreement to proceed.

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8. Information Technology

TPA shall at all times have an industry standard electronic claims management system available and authorizes the Authority to have access through a web-based portal, free of charge, for up to 20 users. TPA agrees to provide a daily download of all claim data and claim documents to an industry standard software system of the Authority's choice.

TPA warrants any information technology system it uses against malfunctions, errors or loss of data which are due solely to errors on its part or faults or failures in the system. If the Authority notifies TPA in writing of any system malfunction, error or loss of data within 30 days of its discovery of same, TPA will without any additional fee to the Authority, re-create the data and any reports designated by the Authority. In addition, any system malfunctions or failures shall be cured within 24 hours.

89. Quality Assurance

TPA shall strictly adhere to the quality assurance plan attached herein as Exhibit "E". TPA shall provide reports on the results of the quality assurance efforts as noted in the plan. Those reports shall be directed to the Authority's Liability Program Manager. The TPA shall submit to an annual audit of their performance, conducted by an Auditor of Authority's choice, upon at least 30 days prior notice from Authority and for up to 12 months after the expiration of the contract.

109. Suspension or Termination of Agreement Without Cause

(a) Authority may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portions hereof, by serving upon TPA at least thirty (30) days prior written notice. Upon receipt of said notice, TPA shall immediately cease all work under this Agreement, unless the notice provides otherwise. If Authority suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this section, Authority shall pay to TPA the actual value of the work performed up to the time of termination, provided that the work performed is of value to Authority. Upon termination of the Agreement pursuant to this Section, TPA will submit an invoice to Authority pursuant to Section 5.

110. Default of TPA

(a) TPA's failure to comply with the provisions of this Agreement shall constitute a default. In the event that TPA is in default for cause under the terms of this Agreement, Authority shall have no obligation or duty to continue compensating TPA for any work performed after the date of default and can terminate this Agreement immediately by written notice to TPA. If such failure by TPA to make progress in the performance of work hereunder arises out of causes beyond TPA's control, and without fault or negligence of TPA, it shall not be considered a default.

(b) If Authority's Chief Executive Officer or his delegate determines that TPA is in default in the performance of any of the terms or conditions of this Agreement, he shall cause to be served upon TPA a written notice of the default. TPA shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that TPA fails to cure its default within such period of time, Authority shall have the right, notwithstanding any other provision

of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

121. Ownership of Documents

~~(a) TPA shall maintain complete and accurate records with respect to time spent on account, costs, expenses, receipts, and other such information required by Authority that relate to the performance of services under this Agreement. TPA shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting and claims auditing principles and shall be clearly identified and readily accessible. TPA shall provide free access to the representatives of Authority or its designees at reasonable times to such books and records; shall give Authority the right to examine and audit said books and records; shall permit Authority to make transcripts there from as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.~~

~~———— (b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, computer files, notes, and other documents prepared or acquired in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of Authority and may be used, reused, or otherwise disposed of by Authority without the permission of TPA. With respect to computer files, TPA shall make available to Authority, at TPA's office and upon reasonable written request by Authority, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.~~

(a) Notwithstanding the provisions of Section 8 of this agreement, Information Technology, all information and documents including records, reports, drafts, data and other material, whether in print, in computer readable format or otherwise, related specifically to Authority claims and operations created or used in performing TPA's obligations under this agreement, and all source documents, stored data and technical, claims and underwriting information and reports prepared by TPA or its subcontractors under this agreement solely for use by Authority are the property of Authority and will be delivered to Authority when requested and in the form required by Authority's Chief Executive Officer, but in no event later than ~~the~~18090 days after expiration or ~~sooner~~ termination of this agreement

(b) During the term of this agreement, and for 180 days after its termination for any reason, TPA will afford Authority and its directors, officers, attorneys, accountants, consultants and other authorized representatives free and full access to the records TPA maintains under this agreement, and to such other books, records and information, including all storage media, temporary and permanent, containing data files and other information of any kind relating to Authority, within the possession, custody or control of TPA as may be reasonably related to the services TPA renders under this agreement.

(c) Within 90 days from the date on which this agreement expires or is sooner terminated, TPA will transfer to Authority or its designee in an orderly manner and in an electronic format readily imported within the industry and at TPA's sole cost and expense, all monies, records, reports, bank statements, agreements and any other documents and records kept by TPA on behalf of Authority.

(d) Except with the approval of the Authority's Chief Executive Officer, TPA will not permit Authority's data and any other information to be used for any purpose other than in connection with the provision of services to Authority or to be accessed by anyone not involved in the Authority pool operations other than information technology, finance and legal personnel requiring access to that data and other information.

132. Indemnification

(a) **Indemnification for Professional Liability.** When the law establishes a professional standard of care for TPA's Services, to the fullest extent permitted by law, TPA shall indemnify, protect, defend and hold harmless Authority and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of TPA, its officers, agents, employees (or any entity or individual that TPA shall bear the legal liability thereof) in the performance of professional services under this agreement.

(b) **Indemnification for Other than Professional Liability.** Other than in the performance of professional services and to the full extent permitted by law, TPA shall indemnify, defend and hold harmless Authority, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by TPA or by any individual or entity for which TPA is legally liable, including but not limited to officers, agents, employees of TPA. Authority shall indemnify, defend and hold harmless TPA, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees), where the Authority is legally liable, including but not limited to officers, agents, employees of Authority.

143. Insurance

TPA shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit "C" attached to and part of this agreement.

154. Independent Contractor

(a) TPA is and shall at all times remain as to Authority a wholly independent contractor. The personnel performing the services under this Agreement on behalf of TPA shall at all times be under TPA's exclusive direction and -control. Neither Authority nor any of its officers, employees, or agents shall have -control over the conduct of TPA or any of TPA's officers, employees, or agents, except as set forth in this Agreement. TPA shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of Authority.

(b) No employee benefits shall be available to TPA in connection with the performance of this Agreement. Except for the fees paid to TPA as provided in the Agreement, Authority shall not pay salaries, wages, or other compensation to TPA for performing services hereunder for Authority. Authority shall not be liable for compensation or indemnification to TPA for injury or sickness arising out of performing services hereunder.

165. Legal Responsibilities

TPA shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. TPA shall at all times observe and comply with all such laws and regulations. Authority, and its officers and employees, shall not be liable at law or in equity occasioned by failure of TPA to comply with this Section.

176. Undue Influence

TPA declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of Authority in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of Authority will receive compensation, directly or indirectly, from TPA, or from any officer, employee or agent of TPA, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling Authority to any and all remedies at law or in equity.

187. No Benefit to Arise to Local Employees

No member, officer, or employee of Authority, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Agreement during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the work performed under this Agreement.

198. Release of Information/Conflicts of Interest

(a) All information gained by TPA in performance of this Agreement shall be considered confidential and shall not be released by TPA without Authority's prior written authorization. TPA, its officers, employees, agents, shall not without written authorization from Authority's Chief Executive Officer or unless requested by Authority Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within Authority. Response to a subpoena or court order shall not be considered "voluntary" provided TPA gives Authority notice of such court order or subpoena.

(b) TPA shall promptly notify Authority should TPA, its officers, employees, agents, be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within Authority. Authority retains the right, but has no obligation, to represent TPA and/or be

present at any deposition, hearing, or similar proceeding. TPA agrees to cooperate fully with Authority and to provide the opportunity to review any response to discovery requests provided by TPA. However, Authority's right to review any such response does not imply or mean the right by Authority to Assurance, direct, or rewrite said response.

2019. Notices

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To Authority: California Joint Powers Insurance Authority
8081 Moody St.
La Palma, CA 90623
Attention: Custodian of Records

To TPA: Carl Warren & Company
17862 17th St., Ste 111
Tustin, CA 92780
Attention: ~~Chief Executive Officer~~ ~~Corporate Secretary~~

210. Assignment

TPA shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of Authority.

221. Licenses

At all times during the term of this Agreement, TPA shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement.

232. Governing Law

Authority and TPA understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with jurisdiction over Authority.

243. Entire Agreement

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no

further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

254. Authority to Execute This Agreement

The person executing this Agreement on behalf of TPA warrants and represents that he/she has the authority to execute this Agreement on behalf of TPA and has the authority to bind TPA to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

Authority:

TPA:

Jonathan Shull, Chief Executive Officer
California JPIA

~~Gordon Pennington~~~~Tom Boylan~~, President ~~and Chief~~
~~Executive Officer~~
Carl Warren & Company

EXHIBIT "A"

PERFORMANCE STANDARDS

The California JPIA supports industry best practices for its liability claims third-party administrator. The following standards detail performance expectations in providing excellent customer service to the Authority and its member agencies.

Communication

For reporting claims and significant incidents, the TPA shall maintain:

- An 800 telephone number
- A facsimile telephone number
- A designated email address
- A 24-hour emergency telephone number

In response to Authority and member communications, the TPA shall:

- Return telephone calls within one business day
- Respond to written correspondence within two business days
- Respond to emails within one business day
- Respond to calls to the 24-hour emergency number within 30 minutes

Account Management

The TPA will have a dedicated Account Manager responsible for all day to day oversight of the account, TPA Supervisors and Adjusters. This individual will be the lead contact person for the Liability Program Manager. The Account Manager will be responsible for:

- Ensuring adherence to the performance standards set forth herein.
- Attending Monthly Executive Committee Meetings
- Performing Monthly Internal Auditing
- Manage TPA Claim Supervisors
- Coordinating Training for account personnel
- Oversight of the resolution of client service issues and complaints
- Management of all litigated cases with indemnity reserve \$750K and

above

All other duties as indicated in the Account Manager for California JPIA Job Description (attached)

The TPA shall also have an Executive Level Management employee assigned to this account on a part time basis. This person shall be available to discuss higher level goals for the account such as contract renewals, compensation, major staff revisions and other large scale projects.

This individual will also be responsible for overseeing the performance of the Account Manager.

The TPA shall create and reserve a claim file within three working days of first report. Claims shall be assigned a severity index code, regardless of liability, as follows:

- Death
- Brain damage
- Substantial burns
- Substantial disfigurement
- Amputation
- Blindness
- Comatose
- Spinal cord injuries involving any degree of paralysis
- Inverse condemnation
- Libel or Slander involving litigation
- Class action lawsuit
- Civil Rights Actions
- Employment Practices Liability
- Dislocation Fractures

The TPA shall maintain a diary system to ensure case review within the first 30 days of file creation, and every 90 days thereafter.

The Account Manager shall have access to and monitor the Adjusters' diary via an electronic overdue diary report, received weekly. Appropriate action shall be taken by the Account Manager to bring any offending Adjusters current.

Claim files shall include file notes; Adjuster Reports; investigation documentation in support of recommended action. Litigation Management Plans on all litigated matters, all correspondence, claim code changes,

**Claim File
Management**

defense counsel status reports, TPA supervisorial direction, and file closing reports or explanatory closing notes. All written correspondence shall be uploaded to "The Cloud", an electronic document retention database, maintained by a third party vendor. File notes narrative shall be concise and understandable..

Narrative shall reflect the claim status with a synopsis that includes but not limited to:

- Loss description
- Liability
- Damages
- Reserves
- Payments
- Potential recoveries
- Overlap with other Authority programs

Supervision

All claims shall be assigned to a TPA supervisor with the following responsibilities:

- Review files and provide direction to adjusters
- Analyze key issues and recommend resources
- Maintain diaries to monitor file progress
- Recommend and approve all payments
- Reclassify claims that change in exposure
- Document TPA supervisor activities
- Manage caseload of up to 100 litigated files (suffixes)
- Ensure proper coding of Adjuster files and their own
- Ensure proper reporting of qualifying claims to excess insurance carriers
- Ensure that reserves on all claims under their supervision maintain an indemnity reserve that properly reflects the exposure and document that analysis.
- Ensure that expense reserves mirror the amount of the approved Case Budget from Defense Counsel.

Investigation

The TPA shall investigate all claims for liability and damages using effective case management with cost containment measures.

- Make voice, written or electronic contact with claimant or claimant's representative within one working day of receipt of the first report.

- Make voice, written, or electronic contact with member within one working day of receipt of first report of incident.
- When warranted by damages and liability, take statements and collect documentation promptly.
- When justified, inspect alleged property damage within five working days of receipt of first report of incident from member

Assess Liability

The TPA shall investigate and identify the legal basis on which the claimant has a cause of action, as follows:

- Determine the legal elements the claimant must prove to recover.
- Identify the potential defenses for each liability theory.
- Determine if contribution or indemnification from other tort feasons applies.
- Assess the contractual liability of involved parties, and determine if indemnity provisions in a contract are valid and enforceable.
- Explore applicable contracts, such as construction contracts and encroachment permits.
- Where applicable, tender the defense and indemnity to the appropriate party, and follow up on the request a minimum of every 30 days.

The TPA shall gather information to resolve or defend liability issues, as follows:

- Promptly interview the member, claimant, and independent fact witnesses. Obtain statements to support facts relevant to the claimant's theories of liability or the member's defenses. Investigate facts to determine liability.
- Preserve evidence or testimony through statements, photographs, video, diagrams, surveys etc. Conduct site inspections. Obtain police, weather or other reports to clarify the facts. Assist in determining or mitigating the exposure.
- Identify, notice, and pursue potential tort feasons resulting from the investigation.
- If necessary, retain expert opinion to mitigate liability or enhance defenses. The TPA must weigh the cost of the expert with the potential impact on indemnity payout.

Causation and Damages

The TPA shall determine the extent of injury and damages early in the case, as follows:

- Obtain medical authorizations from the claimant or the claimant's attorney and contact vendors and health care providers for information.
- Determine legally allowable damages.

- Review medical documentation to determine the extent of disability, cause of injury, and whether lost work time was medically substantiated. Extensive medical information may not be needed if the first-call case settlement is nominal.
- Ascertain if the diagnosis is consistent with the trauma such as a slight impact in auto bodily injury cases. Develop the likely prognosis for each injury.
- If a health care provider re-priced medical bills in delivering claimant benefits, use the re-priced value in the claim evaluation.
- Determine the level of documentation appropriate to the injury. Obtain medical provider notes and claimant medical history, when warranted. Obtain wage verification and income tax records, when warranted.
- Develop the scope and proximate cause of property damage.
- Determine the fair market value (not replacement cost) to assess property damage. This may include a vehicle appraisal or estimates on small losses. Obtain expert opinion for unusual or complex damages.
- Review all auto claim charges, such as storage and rental.

The TPA shall deduct for unrelated, prior, or subsequent injury or damage, as follows:

- Research alternate causes for the injury or damage.
- Use the CIB system to obtain prior and subsequent loss information and identify potential tort feasons and carriers.
- Index bodily injury claims. Re-index CIB on files open longer than six months.
- Evaluate diagnostic and curative charges.
- Use independent medical examinations and medical record reviews to mitigate damages.
- Consider depreciation, salvage, betterment, and pre-existing damage to determine the fair market value of property damage.

Reserves

Reserves shall reflect the best estimate of a claim's ultimate value, based on jurisdictional factors that influence the outcome. The TPA shall develop an accurate reserve by investigating factors affecting the value including:

- Liability
- Damage related issues
- Nature and extent of injury
- Permanency
- Anticipated medical treatment and cost

- Claimant’s occupation and age
- Anticipated length of disability
- Lost earnings
- Property damage
- Anticipated defense costs

The TPA shall establish an initial reserve upon receipt of the claim, and maintain adequate reserves as follows:

- The TPA adjuster will review the reserve within 72 hours and adjust as necessary.
- The TPA supervisor shall review the reserves within 30 days of file creation to determine the need for subsequent reserves, and every 90 days thereafter.
- Adjust the reserves when new information changes the claim's value.
- Document file notes when setting reserves and also when changing reserve. Notify the Authority’s Liability Program Manager within two business days when the total incurred value exceeds \$250,000.

Evaluation/Settlement

The TPA shall evaluate and pursue settlement opportunities, and utilize structured settlements and litigation alternatives when possible. The TPA shall assess coverage, liability, causation, and damages to determine the overall value. The TPA settlement authority levels are as follows:

Adjusters	Up to \$5,000
Supervisors	Up to \$25,000
Account Manager	Up to \$50,000

The TPA shall document in the file notes that settlement authority was obtained before negotiating settlements. The TPA shall obtain written authority from the Authority’s Liability Program Manager should the settlement amount exceed \$50,000.

The TPA shall report all CCP 998 Offers to Compromise made by plaintiffs exceeding the settlement authority to the Authority’s Liability Program Manager within two business days.

The TPA will conclude settlements by adhering to the following:

- Request settlement checks within three days of receiving a signed release. In the case of litigated cases, a signed Request for Dismissal will also be obtained.
- Mail settlement checks to the claimant or plaintiff’s attorney directly

Litigation Management

within ten days of receipt of required releases.

- Close claim files within 30 days of settlement check being mailed or defense counsel's final legal billing having been provided.

When the TPA receives a lawsuit, a pre-litigation review form shall be completed by the TPA Supervisor, and reviewed by the TPA Client Relation Manager within five working days of receipt. A completed Litigation Management Plan will supplant the need for a Pre-Litigation Review form if completed within 5 days of receipt of a lawsuit.

If a settlement opportunity exists upon receipt of a lawsuit, the TPA will obtain an extension and begin efforts to settle. If the matter is non-judicial, the TPA will obtain a Declaration of Non-Involvement from the member and present to the plaintiff attorney with a CC §1038 notice in an effort to dismiss the member from the litigation before incurring defense costs.

The TPA will create a litigation management plan for cases with no immediate settlement opportunities. The TPA shall recommend defense counsel, based on expertise and expected performance. Approval for counsel will be given by the Authority's Liability Program Manager.

The TPA supervisor will manage the defense counsel and monitor the case during litigation:

- Prepare a letter of Authority's direction to defense counsel within four working days of selection, outlining the case work and personnel assignment, providing brief facts and recommendations for case handling, with a copy to the member.
- Develop and document strategies with the defense counsel in Litigation Management Reports and file notes.
- Review and authorize defense attorney requests for discovery work and other activity.
- Provide a Litigation Management Plan to Liability Program Manager and member risk management contact person within 90 days of case assignment and update every 90 days thereafter.
- Maintain an Internet-accessible activities calendar with trial dates, mediations, and alternative dispute resolution hearings.
- Provide a specific notice with strategy and recommendations 90 days before trial and 45 days before an ADR setting.
- Receive a case budget from defense counsel within 30 days of assignment.
- Adjust reserve to match the budget. Monitor the budget and ensure that defense counsel is not exceeding the budget.

- Withhold payments for legal billings exceeding the case budget. The TPA will not make payments until counsel submits an amended case budget and justification for excess charges.
- The Authority’s Liability Program Manager must approve all Case Budgets exceeding \$250,000 (for legal and expense only).
- The TPA will review defense counsel billings for improper charges including multiple attorneys performing the same task, attending the same meetings, excessive charges for tasks, improper expenses or other charges the TPA deems inappropriate. The TPA will document billing adjustments with correspondence to defense counsel, and a copy to the Authority’s Liability Program Manager.

Defense Counsel Assignments

The TPA will ensure that defense counsel performs only work that is necessary and appropriate for legal counsel. Defense counsel shall:

- Provide a written opinion within 30 days of receipt of the case that includes liability evaluation, exposure, verdict potential, settlement value and settlement versus defense strategy.
- Seek opportunities for settlement negotiations with cost-effective resolutions.
- Review and submit itemized legal bills for payment within 90 days.
- Conduct in-person meetings with the TPA every six months to review outstanding files.

Subrogation

The TPA shall identify and report subrogation opportunities to the Authority’s Liability Program Manager. The Authority’s Liability Program Manager will then assign the subrogation matter and discuss payment terms.

Reporting

The TPA shall report NEW severity indexed claims to the Authority the first of each month in Excel format. The Authority will then be able to review the claim documentation and reports on “The Cloud”, an electronic document retention database, maintained by a third party vendor, if it so desires. The TPA will report severity claims reserved in excess of \$250,000 to the Executive Committee every six months using the adopted Excel format And will report Significant Incidents as determined by the Account Manager to the Executive Committee monthly for inclusion on the agenda to the Executive Committee.

The TPA supervisor shall submit a Litigation Management Plan to the Authority’s Liability Program Manager with a copy to the member’s designated risk management contact within 90 days of defense counsel assignment. Litigation events will dictate subsequent reporting but at a minimum of every 90 days unless waived by written approval from the Authority’s Liability Program Manager. Certain other identified files may

be exempted from this requirement by written approval of the Liability Program Manager.

The TPA shall notify excess carriers of potential excess exposures in compliance with policy documents governing coverage. Thereafter the excess carriers will be kept advised as to the status of those claims or cases with copies of claim and/or litigation reports.

The TPA will report all Medicare eligible claimants to CMS as is required by MMSEA guidelines.

As part of claim reporting, the TPA Adjusters will make Loss Prevention Recommendations where appropriate

The TPA shall maintain online access to claims information via “The Cloud”, an electronic document retention database maintained by a third party vendor.

The TPA shall alert the Authority when all litigated cases are resolved, in order that the Authority may transmit an electronic “Lessons Learned” report to defense counsel for completion. This notification shall be when the case is resolved by way of settlement, dismissal, motion or trial. TPA shall not wait until all other file handling functions are complete to transmit the above noted email.

Title: Account Manager for CJPIA

Band: III - Base Pay Varies Based on Experience plus Bonus based on agreed upon goals

Objective:

Guarantee complete client satisfaction through the proper management, motivation and training of Supervisors that will ensure Supervisors and Adjusters are providing exceptional service that can be measured by utilizing objective, comprehensive performance metrics.

Responsibilities:

- Report and confer with COO and QA Director on developing, implementing and monitoring performance metrics with a focus on insuring compliance with the best practices delineated in the service agreement with customer
- Collaborate with Supervisors in developing solutions to drive “gold level” claim service
- Serve as primary liaison to Liability Program Manager on issues involving settlement negotiations requiring authority from Executive Committee of CJPIA and prepare presentations regarding same in conjunction with the Liability Program Manager.
- Authorize settlements within established authority; make recommendations to Supervisors as to negotiation strategy
- Work with Supervisors and the law firms on pre-approved list of counsel on best practices and creative resolution of files to optimize results
- Work with CJPIA members through the Risk Control Team to offer advice or guidance related to minimizing exposure and pro-actively managing risk; identify and analyze client’s loss trends
- Determine what training is required to ensure top quality service
- Work with QA Leader to develop a training program based on the above to educate supervisors and adjusters
- Monitor client satisfaction ratings and determine needed improvements; link with client who performs periodic surveys
- Interact with CJPIA Liability Program Manager and others as appropriate on client service delivery and resolution of any concerns
- Arrange for post-mortems, lessons learned and other meetings to offer guidance to team members at CWC and CJPIA for positive results in the future
- Manage and assess skills of Supervisors and their adjusters; prepare performance appraisals
- Maintain individual diary of high-exposure claims (\$750,000 and above)
- Review billings, reports and perform periodic file and billing audits
- Oversee the resolution of client service issues and complaints
- Monitor industry service and severity developments to ensure leading edge knowledge and capability

- Provide directly or through corporate resources training for clients on mycarlwarren.com, trend analysis, loss prevention training, coordination with value added services and partners
- Ensure compliance with State adjuster licensing requirements
- Completes special projects as assigned

Requirements:

- Minimum 10 years claim handling experience in P&C claims and/or client management, including extensive management experience
- Working knowledge of client service including, risk control and claims management
- Knowledge of Public Entity Client Group
- General understanding of P&C industry and products
- Excellent oral and written communication skills
- Excellent interpersonal skills
- Excellent analytical skills
- Excellent computer skills including spreadsheet, word processing and presentation packages and database management applications
- Must possess working knowledge of project management and training on subjects
- Knowledge of Windows-based insurance, client service database applications
- Must possess the ability to work independently and with minimal supervision
- Undergraduate degree required for new hires (preferred for existing employee-owners)
- JD helpful but not required
- Some travel required

EXHIBIT "B"

COMPENSATION

This contract for services will be for a fixed rate of pay as outlined below:

Fiscal Year 2020/2021~~17/2018~~

\$~~2,922,166,600,000~~

Fiscal Year 2021/2022~~18/2019~~

\$~~2,922,166,600,000*~~

Fiscal Year 2022/2023~~19/2020~~

\$~~2,922,166,600,000*~~

*Incentive payments of ~~12%~~ or ~~23%~~ of total compensation can be achieved for fiscal years ~~2021/2022~~~~18/2019~~ and ~~2022/2023~~~~19/2020~~ with a cumulative annual claims audit score of 90% or above or 95% or above from the preceding year. The new compensation figure shall be effective July 1st of the following fiscal year and will be applied retroactively where necessary.

These compensation figures are based on new claims submissions from members or the Authority or any pre-claim assignments from the Authority, in the amount of ~~2,000,800~~ (suffixes) on both the primary and excess programs and includes the yearly administrative fees for twelve excess program members. Should additional excess program members be added or subtracted the fee will increase or decrease at a rate of \$10,000 per year, per member. Carl Warren & Company must not open any pre-claim files without express authorization from the Authority's Liability Program Manager. The submission of Incident Reports by members does not constitute a claim filing and will not be included in the yearly tabulation of new claims. Should claim volume decrease below 1,800 or exceed ~~2,200~~ (suffixes) within a given fiscal year, the Authority and Carl Warren & Co. will review the current pending claims volume and determine if a staffing adjustment is necessary and the correlating compensation adjustment, based upon an average Adjuster salary.

All payment related terms shall be found in Section 6, page 2 of the contract for services.

EXHIBIT "C"

INSURANCE SCHEDULE

Prior to the beginning of and throughout the duration of the Work, TPA will maintain insurance in conformance with the requirements set forth below. TPA will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, TPA agrees to amend, supplement or endorse the existing coverage to do so. TPA acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to Authority in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to Authority.

TPA shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$2,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If TPA owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.

~~Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverage.~~ Excess or Umbrella Liability Insurance (Over Primary) shall provide coverage of \$4,000,000 per occurrence and in the aggregate.

Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum \$25,000 self-insured retention for liability not covered by primary but covered by the umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall

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be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to Authority for injury to employees of TPA, or others involved in the Work. The scope of coverage provided is subject to approval of Authority following receipt of proof of insurance as required herein.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of TPA and "Covered Professional Services" as designated in the policy must specifically include work performed under this agreement. ~~This insurance shall also provide coverage for any technical errors or omissions in the event of a data breach of any kind. Should this be excluded under the Professional Liability or Errors and Omissions policy, a separate and distinct policy shall be obtained with its own limit of coverage. The policy limit shall be no less than \$2,000,000 per claim and in the aggregate for each policy, and shall have a limit of no less than \$5,000,000 per occurrence and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this agreement.~~

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Cyber Liability insurance with at least a \$3,000,000 policy limit per occurrence and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this Agreement.

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Insurance procured pursuant to these requirements shall be written by insurers that are authorized carriers in the state of California and with an A.M. Best rating of A- or better and a minimum financial size VII.

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General conditions pertaining to provision of insurance coverage by TPA. TPA and Authority agree to the following with respect to insurance provided by TPA:

1. TPA agrees to have its insurer endorse the third-party general liability coverage required herein to include as additional insured, the Authority, its officials, employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992. TPA also agrees to require all contractors, and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit TPA, or TPA's employees, or agents, from waiving the right of subrogation prior to a loss. TPA agrees to waive subrogation rights against Authority regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.
3. All insurance coverage and limits provided by Contractor and available or applicable to this agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to Authority or its operations limits the application of such insurance coverage.

4. None of the coverage required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to Authority and approved of in writing.
5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third-party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.
6. All coverage types and limits required are subject to approval, modification and additional requirements by Authority, as the need arises. TPA shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect Authority's protection without Authority's prior written consent.
7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverage required and an additional insured endorsement to TPA's general liability policy, shall be delivered to Authority at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, Authority has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by Authority shall be charged to and promptly paid by TPA or deducted from sums due TPA, at Authority option.
8. Certificate(s) are to reflect that the insurer will provide a 30-day notice to Authority of any cancellation of coverage. TPA agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.
9. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by TPA or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self-insurance available to Authority.
10. TPA agrees to ensure that subcontractors, and any other party involved with the project who is brought onto or involved in the project by TPA, provide the same minimum insurance coverage required of TPA. TPA agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. TPA agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to Authority for review.
11. TPA agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to Authority. If TPA's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to Authority. ~~At that time, Authority shall review options with TPA, which may include reduction or elimination of the deductible or self-~~

~~insured retention, substitution of other coverage, or other solutions.~~ Deductibles or self-insured retentions shall not exceed \$75,000.

12. Authority reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving TPA ninety (90) days advance written notice of such change. If such change results in substantial additional cost to TPA, Authority will negotiate additional compensation proportional to the increased benefit to Authority.
13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
14. TPA acknowledges and agrees that any actual or alleged failure on the part of Authority to inform TPA of non-compliance with any insurance requirement in no way imposes any additional obligations on Authority nor does it waive any rights hereunder in this or any other regard.
15. TPA will renew the required coverage annually as long as Authority, or its employees or agents face an exposure from operations of any type pursuant to this agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until Authority executes a written statement to that effect.
16. TPA shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from TPA's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to Authority within five days of the expiration of the coverage.
17. The provisions of any workers' compensation or similar act will not limit the obligations of TPA under this agreement. TPA expressly agrees not to use any statutory immunity defenses under such laws with respect to Authority, its employees, officials and agents.
18. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements or as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
19. These insurance requirements are intended to be separate and distinct from any other provision in this agreement and are intended by the parties here to be interpreted as such.
20. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

21. TPA agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge Authority or TPA for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to Authority. It is not the intent of Authority to reimburse any third-party for the cost of complying with these requirements. There shall be no recourse against Authority for payment of premiums or other amounts with respect thereto.
22. TPA agrees to provide immediate notice to Authority of any claim or loss against TPA arising out of the work performed under this agreement. Authority assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve Authority.

Exhibit "D"

STAFFING REQUIREMENTS (minimum)

<u>Quantity</u>	<u>Title</u>	<u>Time</u>	<u>Maximum Caseload (suffixes)</u>
1	Executive Level Manager	Part Time	N/A
1	Account Manager	Full Time	25 (approx.)
3	Supervisors	Full Time	100
7	Adjuster	Full Time	150
1	Small Claim Adjuster	Full Time	200
1	Part Time Adjuster	Part Time	75
3	Support Staff	Full Time	N/A
-	IT Services	As Needed	N/A

- Finance As Needed n/a
- Quality Assurance As Needed n/a

Upon execution of this contact the TPA will formally designate the Executive Level Manager that is assigned to the Authority account.

Any employee noted above as “full time” will be deemed to be dedicated solely to the Authority account and not provide services for other CWC clients. Any employee noted as “part time” shall be dedicated on the Authority account up to 50% of their time.

Exhibit “E”



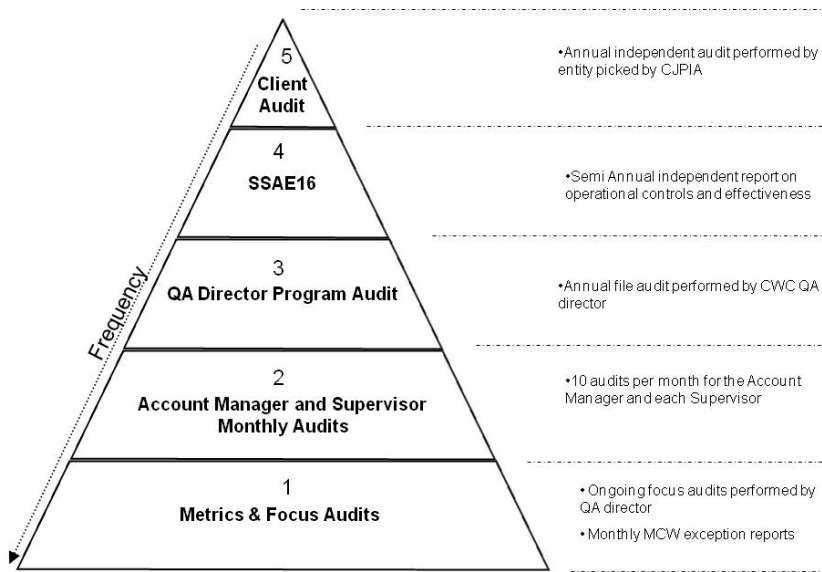
[Quality Assurance Plan for CJPIA Claims](#)

April 2014

The CJPIA Quality Assurance Program will ensure consistency, integrity and discipline in how claims handling skills, practices and results are measured. The overarching purpose of this plan is to support the goals and values of the CJPIA and Carl Warren. Carl Warren is committed to providing nothing less than Gold Level Claims Service to the California JPIA.

To ensure Gold Level Claims service, we have outlined the quality assurance process into 5 distinct levels. Each individual level has a specific purpose which is designed to support the individual area of review as well as the integrity of the entire QA program.

This document provides an outline and explanation of each of the 5 levels.



1. Metrics and Focus Audits

We have developed a number of controls / areas of focus. These exception type reports primarily identify metrics that fall outside of a normal operating range.

A. Past due Diary report

The expectation is all files have an active diary on them at all times. We monitor diary compliance on all programs via My Carl Warren reports

Frequency

- Adjusters receive a weekly report each Monday morning of files due on dairy that week. This report always includes any diaries that are past due.
- Supervisors receive a past due report each Monday morning for their team
- The Account Manager receives a monthly report of all past due diary
- The CJPIA Liability Program Manager will receive via subscription a monthly report

- The Carl Warren QA dept audits diary compliance for the company every 60 days

Example of Past due diary Report:



Diary - Supervisor
Report.xls

B. Files without active Diary

We have developed a My Carl Warren report that identifies files that have fallen off of diary all together.

Frequency

- Adjusters receive a monthly of any open files which don't have an active diary.
- Supervisors also receive a monthly report.
- The Account manager receives a monthly report.
- The CJPIA Liability Program Manager will receive via subscription on a monthly basis.
- The Carl Warren QA dept audits diary compliance for the company every 60 days

Example of files without diary report:



Inactive Files - No
Open Diary.xls

C. Inactive files – 90+ Days since last note

This report identifies any file which hasn't been worked in 90+ days.

Frequency:

- Supervisors receive this report each month.
- The Account Manager also receives a monthly report.
- The CJPIA Liability Program Manager will receive via subscription a monthly report
- The Carl Warren QA dept audits this inactivity report every 90 days to determine compliance

Example of 90 day inactive report:



Inactive Files - Days
Since Last Note.xls

D. Inactive files – 10+ Days since creation no notes

This report identifies any new file which hasn't been worked in 10+ days since being captured. Dwight and his supervisors receive this report on a monthly basis.

Frequency

- Managers receive this report each month.
- The Program manager also receives a monthly report.
- The CJPIA Liability Program Manager will receive via subscription a monthly report
- The Carl Warren QA dept audits this inactivity report every 90 days to determine compliance

Example of 10 days since creation report:



Inactive Files - Days
Since Creation Date.xls

E. Number of File notes entered

The Notes grid report allows CWC to measure productivity through measuring the number of notes entered by an adjuster. This metric can be compared to past timeframes to make sure adjusters are maintaining a consistent level of activity.

Frequency

- Supervisors will receive a file notes grid report every 90 days
- The Account Manager will receive a notes grid report every 90 days or earlier if they have an issue.
- The CJPIA Liability Program Manager will receive a report and summary on a semi-annual basis or upon request.
- The Carl Warren QA Department completes a file run at least on an annual basis.

Example of notes report, including summary by date:



File Notes Grid Report.xls

F. The Carl Warren QA Department schedule of Focus reviews

Focus Audit Schedule	2013												2014											
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December
Past Due Diary Review																								
File with out Diary Review **																								
Inactive files - Days Since Creation																								
Inactive files Days Since Last Note																								
MMSEA Audit																								
ISO Usage																								
Non-Standard mail code checks																								
\$7 Reserves, Cause & Loc Coding																								
Assignment X Review																								

Scheduled = Completed =

G. Average Indemnity and Expense Metrics

We have years of data around average indemnity and average expense payments. We will continue to monitor these metrics on at least an annual basis and provide a report to the Liability Program Manager.

H. Closing Ratio and Cycle Time Metrics

We also have years of data for closing ratio and cycle time metrics. We will continue to monitor these metrics on at least an annual basis and provide a report to the Liability Program Manager.

2. Account Manager and Supervisor Quality Assurance Duties

A. Account Manager Duties:

- Review litigation reports of Supervisors, ensure proper reserves are set, excess carriers have been notified where appropriate, confirm proper litigation plan is in place, coding is accurate and ensure expense budgets and payments are appropriate given the exposure of each case
- Monitor case counts of Supervisors, ensure compliance with contract maximums
- Conduct annual performance appraisals of Supervisors
- Provide responses to member concerns and report same to Liability Program Manager

B. Supervisor Duties

- Monitor claim counts of adjusters, assign claims accordingly
- Monitor reports A-E noted above and take immediate action to rectify poor performance
- Review claim reports of Adjusters, ensure proper reserves are set, excess carriers have been notified where appropriate, confirm and direct effective claim investigations, ensure proper reserves.
- Conduct annual performance appraisals of Adjusters
- Notify Account Manager and Liability Program Manager of emerging large exposure claims (indemnity reserve over \$100,000)

The complete listing of all job duties for the Account Manager and Claim Supervisor positions can be found within the job descriptions for those positions.

- C. The Account Manager and Supervisors are required to complete a minimum of 10 Gold Standard file reviews each month. The files are randomly selected by CWC's online internal auditing system (STARS). The reviews will be completed online and submitted therein. The Quality Assurance Director will receive a compliance report monthly and is responsible for monitoring and ensuring compliance.
- D. On a semiannual basis the QA director will compute and summarize the results of each audit into a trend based report and provide same to the Liability Program Manager

Example of audits done using Stars Audit program:



3. QA Director Program Audit

The yearly audit will involve a best practice based audit. The QA Director and team of auditors will spend 3-4 days in the Placentia office auditing the performance of the Adjusters and Supervisors on the CJPIA program.

The audit will consist of:

- Claim file reviews using the CS Stars - CWC audit template
- Interviews of Account Manager and staff - File reviews are only part of the story, interviews are needed to gain the complete picture of the operation
- Job observation – To understand firsthand how workflows and processes used in the office

Upon completion, a copy of the report will be provided to the Liability Program Manager.

4. SSAE-16

Statement on Auditing Standards (SAS) No. 70, is an internationally recognized auditing standard that was developed by the American Institute of Certified Public Accountants (AICPA) in 1992.

SSAE16 Type II is known as "report on controls placed in operation" and "tests of operating effectiveness".

The final deliverable for the audit is commonly called the SSAE16 Service Auditor's Report, a lengthy document which contains a multitude of information regarding the service organization, its overall control structure, framework, test of controls along with adjunct and supporting documentation, such as the Independent Accountant (or Service Auditor's) Report, possible exceptions noted during testing, and any additional information provided by the service organization.

Our semiannual SAS70 is available upon request.

5. Client Audit

This is an independent audit of claims handling practices of Carl Warren in respect to the special account instructions and industry best practices. CJPIA will determine the frequency and the entity performing this audit.

The results will serve not only to evaluate our claims handling results, but as a tool to calibrate our internal audit activities.

CALIFORNIA JPIA

AGENDA REPORT

To: EXECUTIVE COMMITTEE

From: Jonathan Shull, Chief Executive Officer

By: Norman Lefmann, Assistant Executive Officer

Date: June 24, 2020

Subject: CAJPA Tort Reform Project

Background

In 2019, CAJPA's board of directors authorized undertaking a project to support efforts that could lead to meaningful tort reform. The action by CAJPA resulted in commissioning a California statewide public sector "Tort Liability Data Analysis Project." The project entails mass data collection, aggregation, and analysis of liability claim data from all types of claims across all types of public entities.

This step followed two years of thoughtful dialogue and research into how best to go about addressing the challenges public agencies face when lawsuits are brought against them. In addition, immunities remain under attack by clever plaintiff attorneys, forcing entities into a choice between bowing to unfair settlement demands or risk adverse verdicts in front of often unsympathetic or sometimes hostile juries.

In addition, some reinsurance and excess carriers are rethinking writing California public sector business because of the lack of tort caps, joint and several liability exposures, and the increasing value of tort claims. As such, this project is extremely timely and will provide CAJPA and its members with the knowledge and data needed to potentially swing the tort pendulum back towards center.

Discussion

To help with this project, CAJPA hired Aon – Public Sector Pooling. Aon's work on the Tort Liability Data Analysis Project has recently concluded its first phase. This phase involved collecting 10 years of ground up, uncapped losses between the coverage years of 2009-10 and 2018-19. The study reflected a combined payroll of \$62.4B for those participating, with the entire total statewide public sector payroll estimated at \$129B. This means that the study comprises 48% of all California public sector payroll, ensuring that the losses contained in the data set represent a reliable sample size. The California JPIA contributed its data together with 19 other agencies, including the County of Los Angeles.

The overarching purpose of the first phase is to determine which claims would be part of a more detailed second phase. This later phase will first identify claim types such as auto accidents, sexual abuse and molestation, employment practices, and law enforcement liability for claims over \$500,000, and then drill deeper for more information on claims over \$1M. For example, knowing whether claims were settled or adjudicated through the courts will be important to determine. Further, efforts will be made to ascertain what percentages in fees were taken by plaintiff attorneys. Also critical to the study will be analysis of how joint and several liability is distorting the value of large tort claims. Once complete, the results will be analyzed with recommendations for next steps being given to the project's oversight committee.

Presentation of this agenda item will include a slide deck prepared by Aon that details the results of the first phase.

Recommended Action

Receive and file.

Attachment

CAJPA Tort Liability Project Phase 1 Preliminary Report

CAJPA Tort Liability Data Analysis Project Preliminary Phase 1 Report

Oversight Committee Presentation

June 16, 2020



Aon 425 Market Street, Suite 2800 | San Francisco, CA 94105
www.aon.com

Objectives

- Analyze California public sector tort liability claims focused on pursuing tort reform

Committee Members

- Andy Sells – Chair, ACWA JPIA
- Stephan Birgel, ASCIP
- Martin Brady, SIA
- Tony Giles, CJPRMA
- Laura Gill, SDRMA
- Lam Le, CJPIA
- Norm Lefmann, CJPIA
- Chrissy Mack, CalTIP
- Mike Pott, PRISM
- Doug Ross, SAFER
- Craig Schweikhard, SMCSIG
- Janet Selby, NBSIA
- Erike Young, PARSAC

Phase 1 - Project Team

Project Manager - Julie Theirl, Senior Vice President, Aon

Claims Oversight - Craig Bowlus, Managing Director, Aon

Actuaries - Mujtaba Dattoo, ACAS, MAAA, FCA, Aon

Daniel Park, ACAS, MAAA, Aon

Mark Priven, FCAS, MAAA, Bickmore Actuarial

Nina Gau, FCAS, MAAA, Bickmore Actuarial

Data Contributors

- Association of California Water Agencies JPA (ACWA JPIA)
- Authority for California Cities Excess Liability (ACCEL)
- Bay Cities Joint Power Authority (BCJPA)
- California Joint Power Insurance Authority (CJPIA)
- California Joint Power Risk Management Authority (CJPRMA)
- California Transit Indemnity Pool (CalTIP)
- Central San Joaquin Valley Risk Management Authority (CSJVRMA)
- City of Fresno
- County of Los Angeles
- Employment Risk Management Authority (ERMA)
- Independent Cities Risk Management Authority (ICRMA)
- North Bay Schools Insurance Authority (NBSIA)
- PRISM (formerly CSAC-EIA)
- Redwood Empire Schools' Insurance Group (RESIG)
- Schools Association For Excess Risk (SAFER)
- San Diego Metropolitan Transit System (SDMTS)
- Schools Excess Liability Fund (SELF; excess pool)
- Schools Insurance Authority (SIA)
- Self-Insured Schools of California (SISC)
- Special District Risk Management Authority (SDRMA)

Data Summary

- Collected 10 years ground up, uncapped losses: 2009/10 to 2018/19
- Total Statewide Public Sector Payroll (est.) - \$129B
- Study Payroll - \$62.4B
- Study Represents 48%

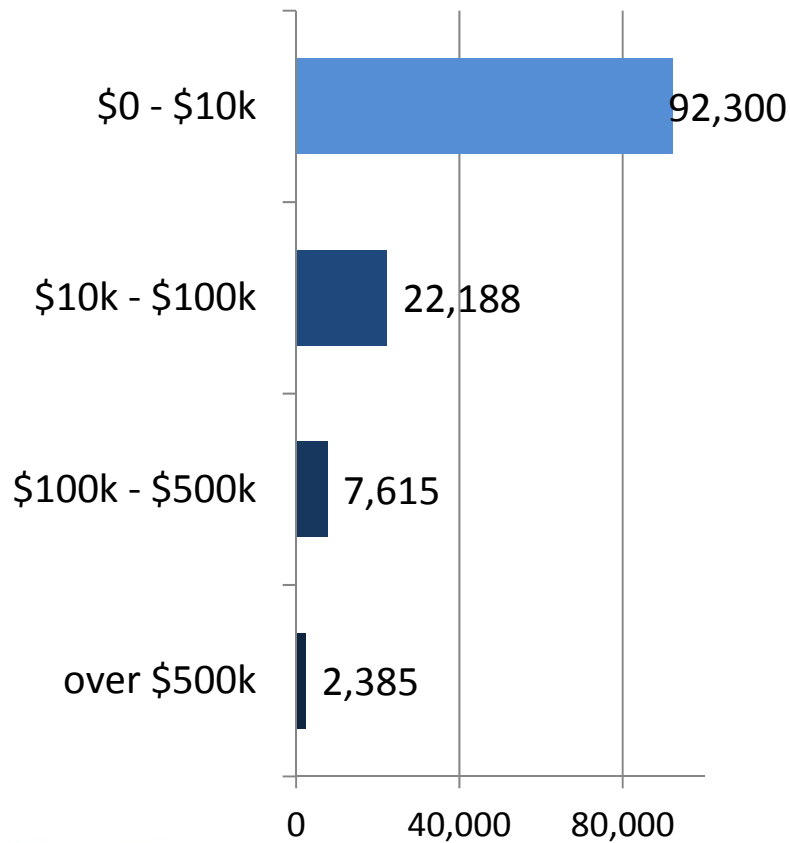
Discussion Points

- Loss Distribution (excluding \$0 claims)
- Frequency
- Severity
- Indemnity vs Expense

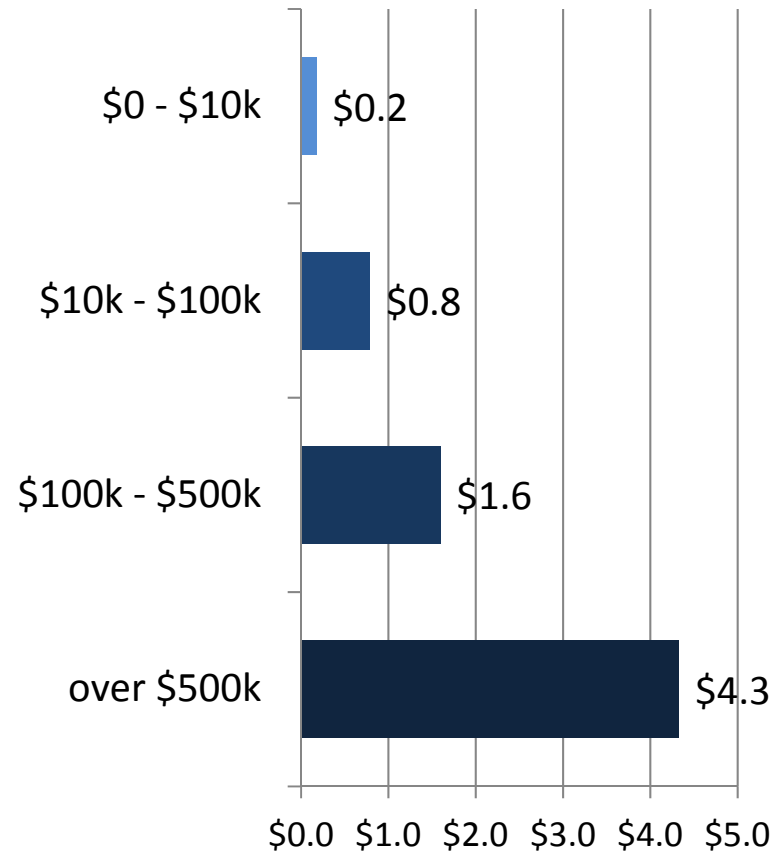
Loss Distribution by Size: All Claims

Total: 124,000 (non-zero) claims, \$6.9 billion

Number of Claims

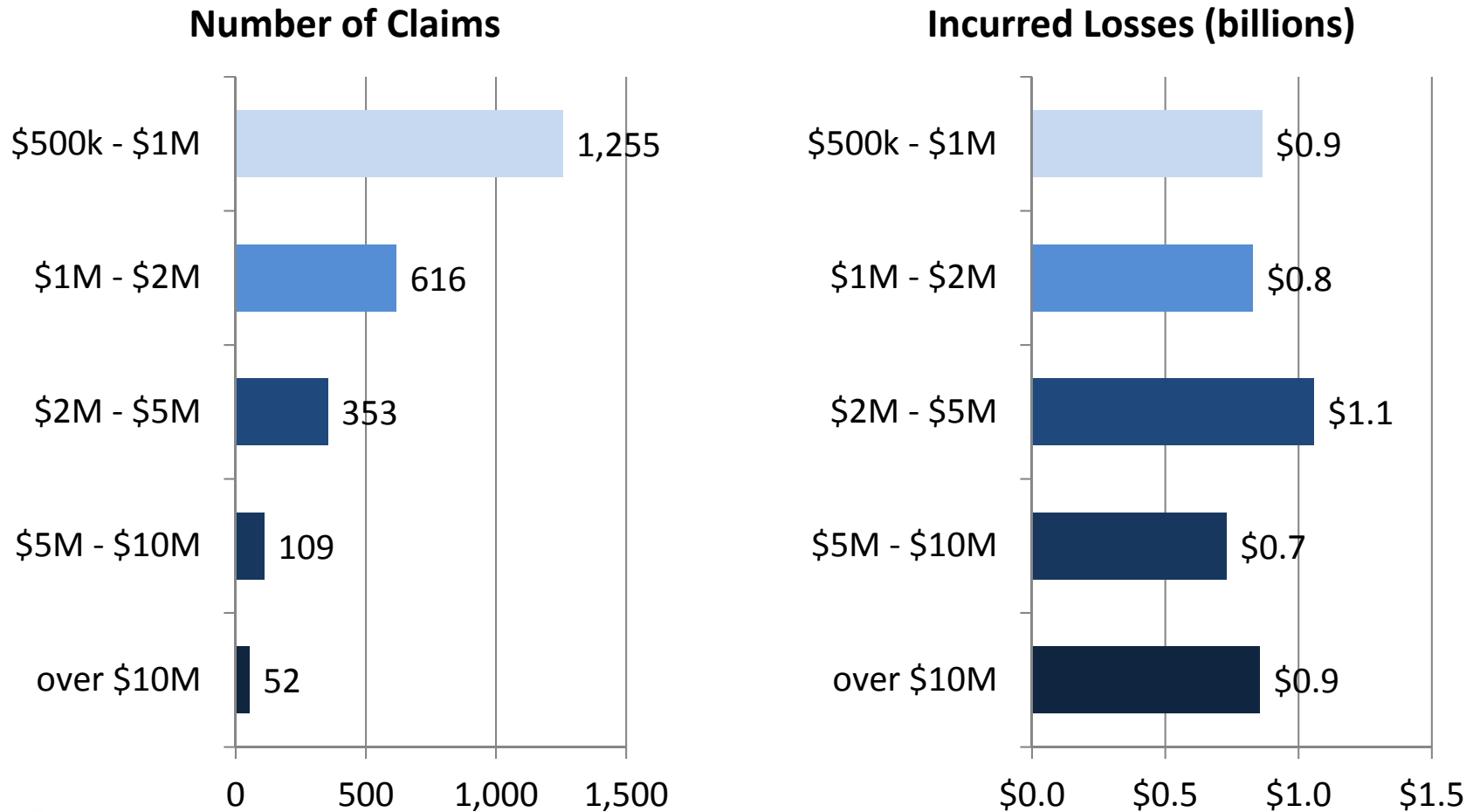


Incurred Losses (billions)



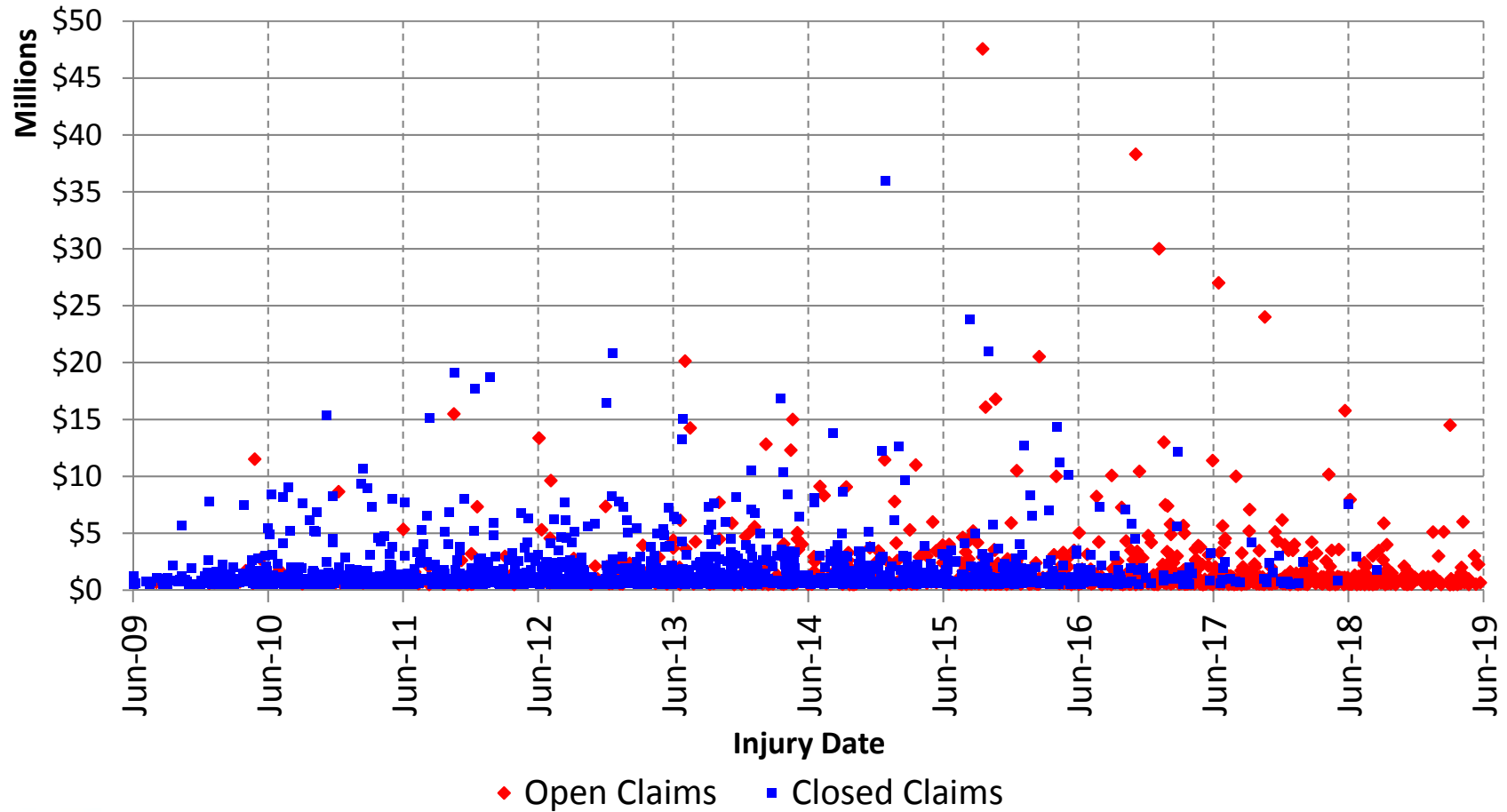
Loss Distribution by Size: Over \$500k

Total: 2,385 claims, \$4.3 billion

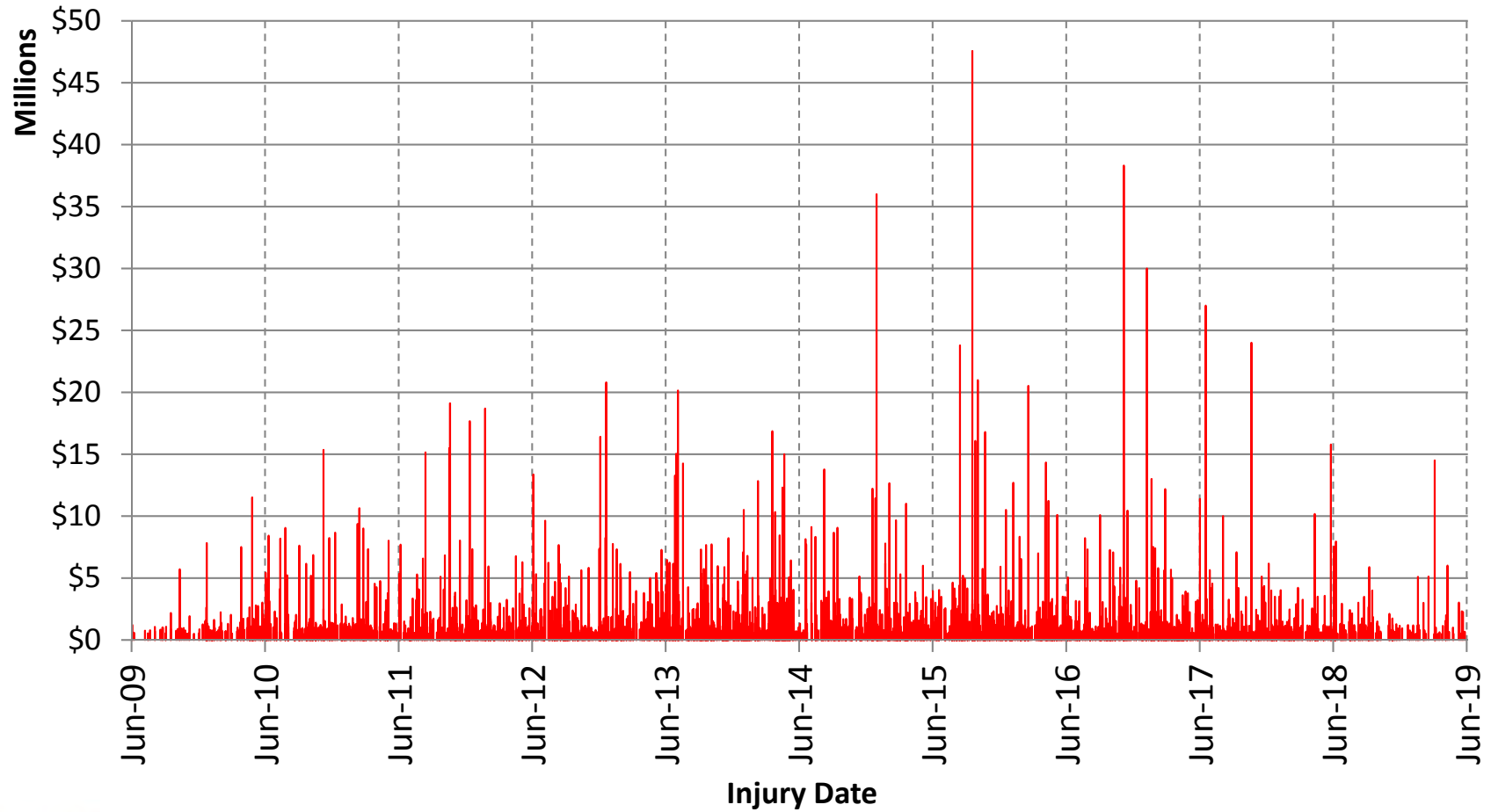


Claims over \$500k

Open (has case reserves) vs closed (no case reserves)



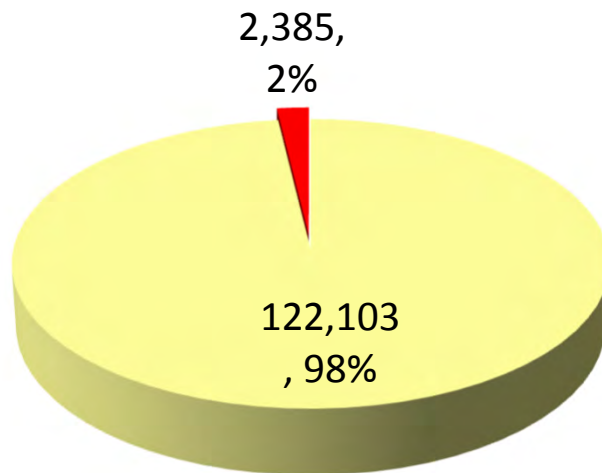
Claims over \$500k



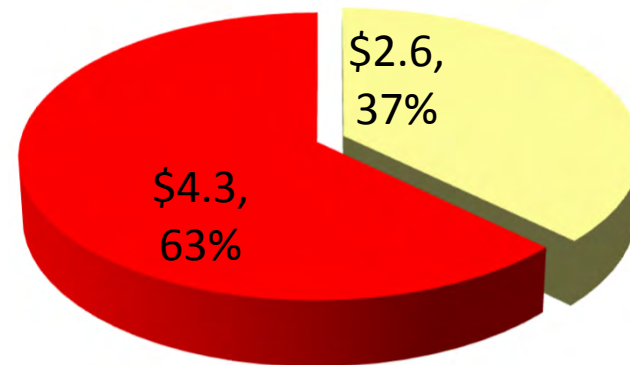
Loss Distribution by Size

2% of the total 124,000 claims are over \$500k representing 63% of the \$6.9 billion incurred losses

Number of Claims



Incurred Losses (billions)

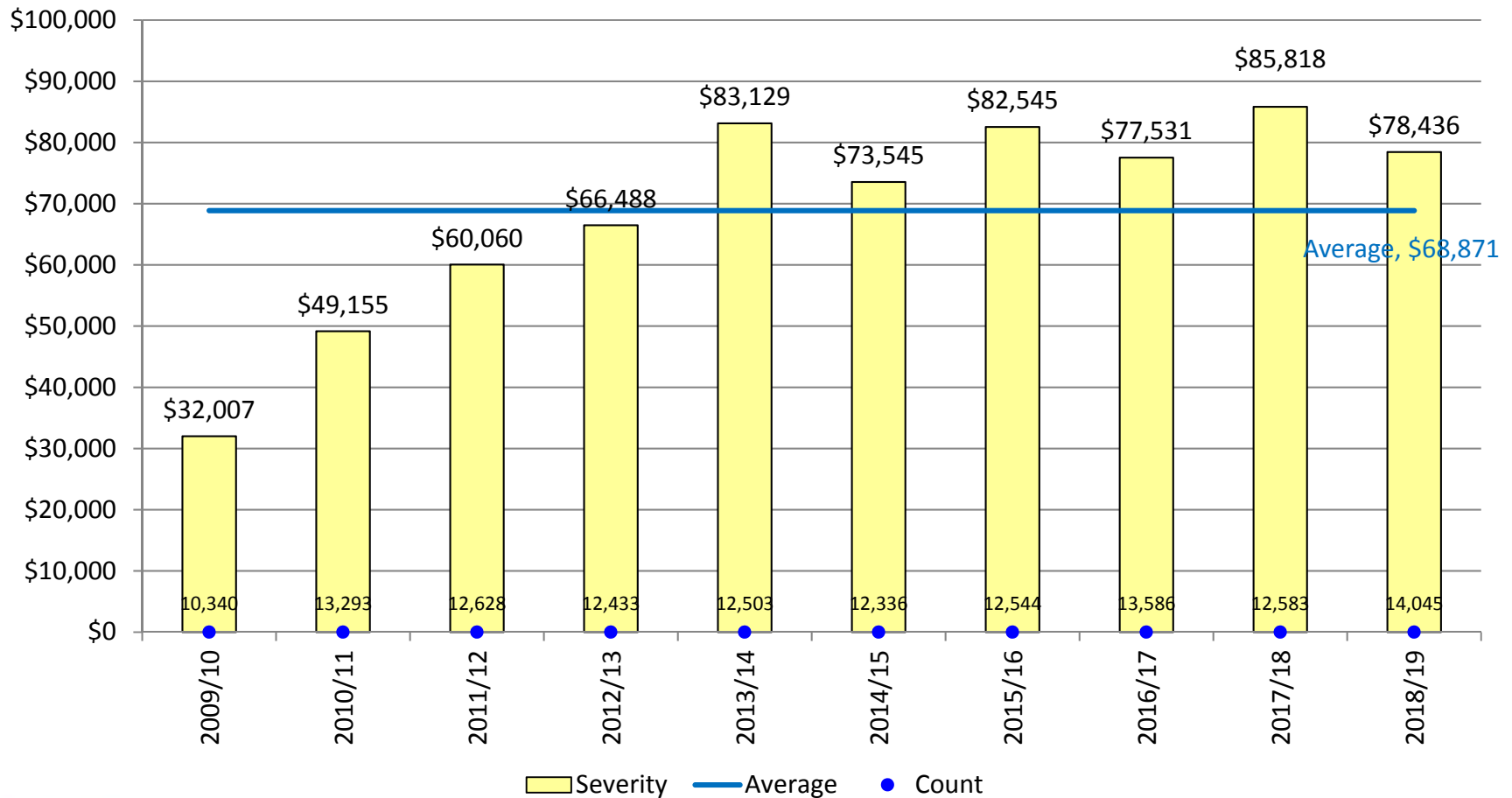


under \$500k over \$500k

under \$500k over \$500k

Average Cost per Claim

\$69,000 per claim



* Losses are developed to the ultimate

Average Cost per Claim

Indemnity vs. ALAE

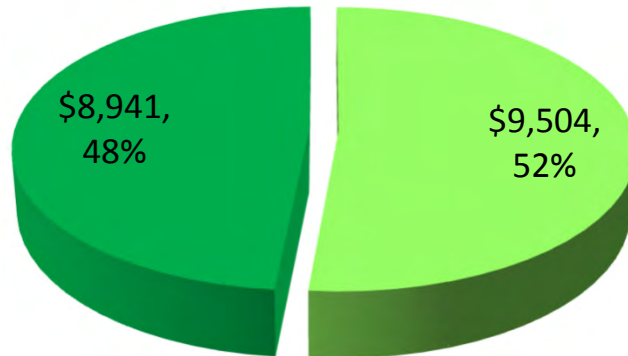
	Indemnity	ALAE	ALAE as % of Total
Under \$500k	\$9,000	\$10,000	52%
Over \$500k	\$1,300,000	\$334,000	20%
Total	\$34,000	\$16,000	32%

Notes: Indemnity/expense split not available for some entities
Using undeveloped incurred losses
Indemnity includes plaintiff attorney fees
ALAE includes defense attorney fees

Average Cost per Claim

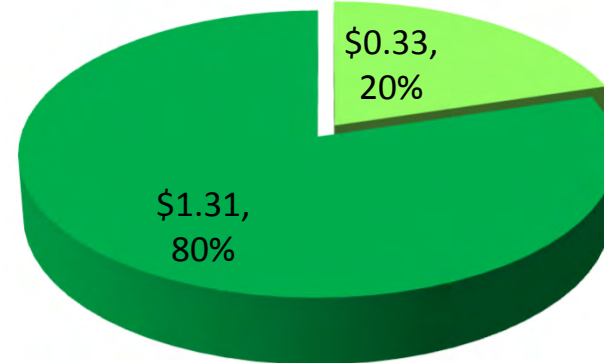
Under \$500k: 52% are ALAE; Over \$500k: 20% are ALAE

Under \$500k (millions)



■ Expense ■ Indemnity

Over \$500k (millions)



■ Expense ■ Indemnity

Notes: Using undeveloped incurred losses
Indemnity includes plaintiff attorney fees
ALAE includes defense attorney fees

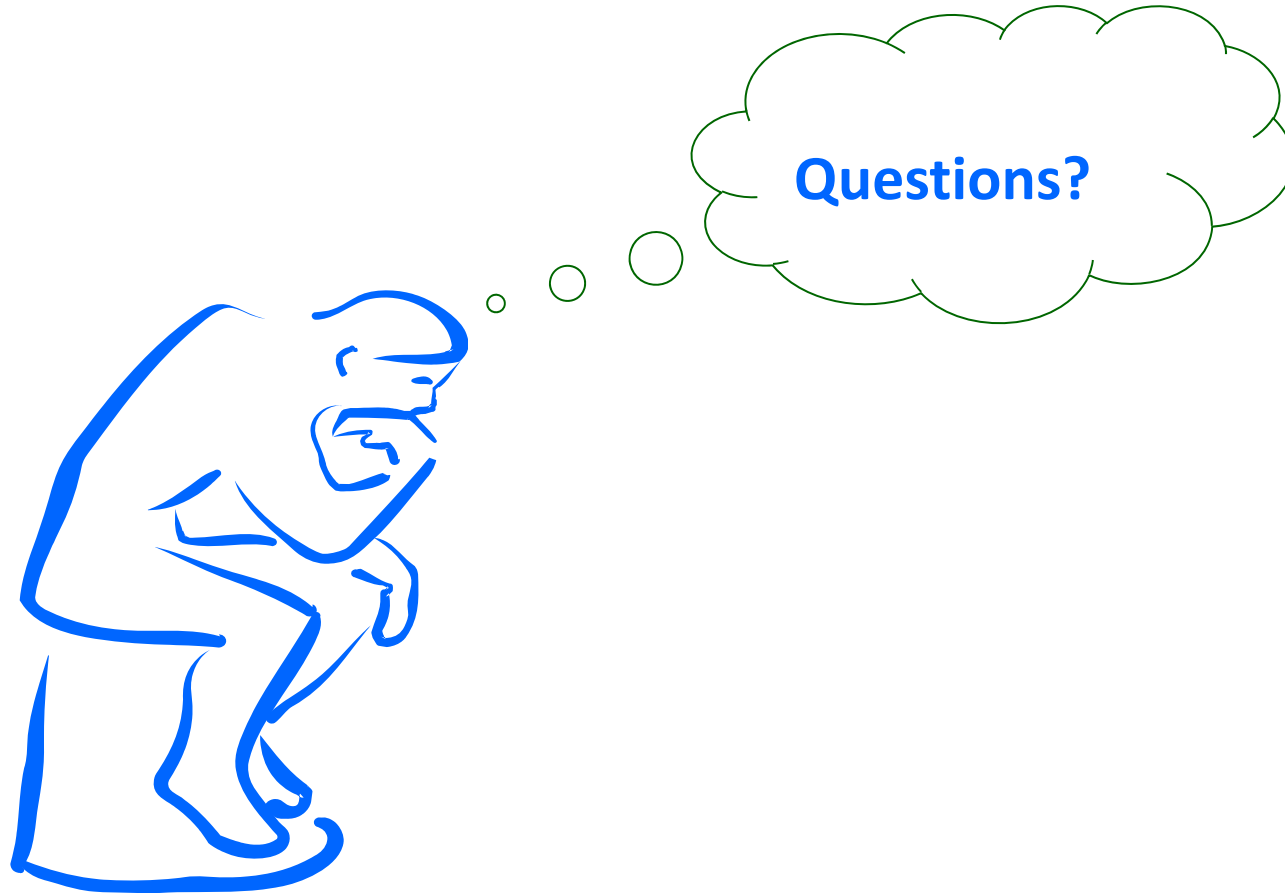
Summary and Recommendations

- The study captures sufficient data to be considered statistically reliable
- For Phase 2 - Identify loss types for claims over \$500k
 - Gather claim details for claims over \$1m

Next Steps

- Present Phase 1 Preliminary Report to CAJPA Board - June 19th
- Finalize Phase 1
- Begin Phase 2
 - Identify claim types (i.e. auto, SAM, EPL, law enforcement liability, etc.) for claims \$500k+
 - Develop data collection parameters and worksheet/survey
 - Review with Oversight Committee
 - Gather details for claims \$1m+
 - Distribute data collection worksheet to JPAs/entities
 - Analyze results
 - Present to Oversight Committee

Thank you



CALIFORNIA
JOINT POWERS INSURANCE AUTHORITY

8081 Moody Street, La Palma, California 90623-2045
(800) 229-2343 FAX (562) 860-4992

RESOLUTION NO. 2020-06 WR

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF
THE BOARD OF DIRECTORS OF THE
CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
ALLOWING CERTAIN CLAIMS AND DEMANDS
IN THE TOTAL AMOUNT OF \$6,007,781.04

The Executive Committee of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY does find and resolve as follows:

SECTION 1: The Treasurer or his designated representative, hereby certifies, and the Chief Executive Officer hereby approves the accuracy of the demands set out in Exhibit A, which is attached hereto and incorporated herein by this reference, and to the availability of funds for payment thereof.

Jose Gomez, Treasurer

Jonathan R. Shull, Chief Executive Officer

SECTION 2: The list of claims and demands on Exhibit A have been audited as required by law and that the same are hereby allowed in the amount as hereafter set forth.

ADOPTED AND APPROVED the 24th day of June 2020.

Margaret Finlay, President

I, Tom Chavez, do hereby certify that I am the duly appointed Secretary of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY, and the foregoing is a true and correct copy of Resolution No. 2020-06 WR adopted by the Executive Committee of said Authority at a regular meeting thereof on the 24th day of June and entered into the minutes of said meeting.

DATED: June 24th, 2020

Tom Chavez, Secretary

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

WARRANT REGISTER

From: 5/1/2020 To: 5/31/2020

CHECK NUMBER	PAYEE	AMOUNT	DESCRIPTION
DISBURSEMENT			
19967	Apex Performance Strategies	\$4,000.00	Working remotely training
19968	AT&T	\$681.12	Internet service, 3/19/20 - 4/18/20
19969	CalPERS Long-Term Care Program	\$193.78	Long-term care premium, 4/11/20 - 4/24/20
19970	FedEx Office	\$120.45	Office supplies
19971	Alexandria J. Galasso	\$200.00	Wellness program, 4/27/20
19972	Juve Creative, Inc.	\$48,313.85	Academies graphic design, LMS development, Info tech support
19973	PARS	\$1,000.00	Retirement plan administration fee, 2/20
19974	Q Document Solutions Inc	\$744.94	Xerox printers service
19975	Southern California Edison Company	\$5,919.08	Electricity charge, 4/20
19976	Southern California Gas Company	\$130.30	Gas charge, 4/20
19977	The Standard Insurance Company	\$4,433.21	AD&D, LIFE, LTD & STD premium, 5/20
19978	Vision Service Plan - Ca	\$818.40	Vision premium, 5/20
19979	Wex Bank	\$12.00	Lease vehicles' fuel, 4/20
19980	Agility Recovery Solutions	\$5,355.00	Continuity of operations, 5/20
19981	Alexandria J. Galasso	\$200.00	Wellness program, 5/4/20
19982	Jack Nadel International	\$876.38	Marketing supplies
19983	Town of Mammoth Lakes	\$65,967.00	Retrospective adjustment refund
19984	Thaddeus McCormack	\$150.00	Executive Committee meeting, 5/11/20
19985	Protelligent	\$69,570.28	Technology support, 5/20, licensing and renewals, server hardware
19986	Roth Staffing Companies, LP	\$2,049.12	Temporary finance assistant
19987	City of Santa Paula	\$299.47	Refreshments for Traffic Control and Flagging Safety workshop, 12/9/19
20016	ACS Billing Service	\$140.69	Sanitation service, 4/20
20017	Mark R. Alexander	\$250.00	LTF Oversight Committee meeting, 5/13/20
20018	James Bozajian	\$250.00	LTF Oversight Committee meeting, 5/13/20
20019	CalPERS Long-Term Care Program	\$387.56	Long-term care premium, 4/25/20 - 5/8/20 and 5/9/20 - 5/22/20
20020	Gustavo Camacho	\$125.00	LTF Oversight Committee meeting, 5/13/20
20021	Kevin M. Chun	\$125.00	LTF Oversight Committee meeting, 5/13/20
20022	Michael T. Davitt	\$125.00	LTF Oversight Committee meeting, 5/13/20
20023	Exterminetics of Southern California, Inc.	\$391.00	Pest control, 4/20
20024	Margaret E. Finlay	\$250.00	LTF Oversight Committee meeting, 5/13/20
20025	Alexandria J. Galasso	\$400.00	Wellness program, 5/12/20 and 5/19/20
20026	Gibbons & Conley	\$3,314.85	Legal service, 4/20
20027	Jose R Gonzalez	\$125.00	LTF Oversight Committee meeting, 5/13/20
20028	Steve Hofbauer	\$125.00	LTF Oversight Committee meeting, 5/13/20
20029	Iron Mountain	\$72.51	Shredding service, 4/20
20030	Patrick Kearney	\$250.00	LTF Oversight Committee meeting, 5/13/20
20031	Kenneth W. Striplin	\$250.00	LTF Oversight Committee meeting, 5/13/20
20032	Los Altos Trophy	\$103.50	Office supplies, Executive Committee name plate
20033	John Moreno	\$250.00	LTF Oversight Committee meeting, 5/13/20
20034	Pitney Bowes	\$70.69	Postage meter rental, 6/20
20035	Protelligent	\$20,565.15	Technology support, 6/20, licensing and renewals
20036	Purchase Power	\$100.00	Postage for office meter
20037	Randy Crump Consulting	\$1,560.00	Database maintenance
20038	Marcel Rodarte	\$250.00	LTF Oversight Committee meeting, 5/13/20
20039	Rodriguez Landscape Maintenance, Inc.	\$1,200.00	Landscape maintenance, 3/20
20040	Roth Staffing Companies, LP	\$3,073.68	Temporary finance assistant
20041	Tripepi, Smith & Associates, Inc.	\$20,442.50	Marketing retainer, 5/20; Reclaim project and Zoom backgrounds
20042	Robert M. Wishner	\$125.00	LTF Oversight Committee meeting, 5/13/20
20043	Xerox Financial Services	\$2,447.84	Xerox printers' lease, 5/20
20044	CBIZ Valuation Group, LLC	\$218,638.00	Property insurance appraisals
20045	Margaret E. Finlay	\$450.00	Executive Committee meeting, 5/27/20
20046	Thaddeus McCormack	\$450.00	Executive Committee meeting, 5/27/20
20047	City of San Marcos	\$15,853.28	Cyber incident expenditure reimbursement, 10/24/19
20048	Sylvia Munoz Schnopp	\$450.00	Executive Committee meeting, 5/27/20
20200504	American Express	\$10,379.14	Business expenses
20200529	Chase Bank	\$2,209.64	Business expenses
EFT1006542	Vantagepoint Transfer Agents - 107288	\$2,372.40	401A plan contribution, 5/20

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

WARRANT REGISTER

From: 5/1/2020 To: 5/31/2020

CHECK NUMBER	PAYEE	AMOUNT	DESCRIPTION
EFT1006543	Cvent	\$834.40	User registration fee
EFT1006544	FMT Consultants, LLC	\$5,442.50	CRM - Dynamics 365 implementation
EFT1006545	Delta Dental	\$3,281.24	Dental premium, 5/20
EFT1006546	Delta Dental Insurance Company	\$16.93	Dental premium, 5/20
EFT1006547	Tammie Haller	\$238.99	Business travel expense reimbursement
EFT1006548	Timothy J. Karcz	\$90.00	Home office internet, 3/20 and 4/20
EFT1006549	Managed Health Network	\$69.44	Employee assistance program, 5/20
EFT1006550	PFM Asset Management LLC	\$14,418.80	Investment management fee, 2/20
EFT1006551	Wilmes, LLC	\$13,424.00	Self Produced content
EFT1006552	U.S. Bank	\$9,161.61	PARS contribution, 4/25/20 - 5/8/20
EFT1006553	Vantagepoint Transfer Agents - 303081	\$14,188.22	Deferred compensation, 4/25/20 - 5/8/20
EFT1006554	Carl Warren & Company	\$676,260.00	Claims administrative fee, April - June 2020
EFT1006555	Disability Access Consultants, LLC	\$19,300.00	ADA consulting, 3/20
EFT1006556	Jeff Rush	\$293.63	FSA medical expense reimbursement
EFT1006557	Technology Management Concepts	\$10,631.41	System support and enhancement plan
EFT1006558	The Docuteam	\$19.27	File storage & retrieval, 4/20
EFT1006559	Wilmes, LLC	\$22,441.25	Curriculum development, training handout development; self produced content, writing, filming, and editing; LMS research and editing
EFT1006560	Jeff K. Bills	\$3,000.00	Monthly retainer, 5/20
EFT1006561	Burke, Williams & Sorensen	\$632.50	Legal service, 3/20
EFT1006562	Crossmark Risk Solutions, LLC	\$26,285.00	CRM, LMS, and RMIS support, 4/20; Software license and support and maintenance fee, 6/20
EFT1006563	General Networks Corporation	\$345.15	Nintex support, 4/20
EFT1006564	Mark Waronek	\$250.00	LTF Oversight Committee meeting, 5/13/20
EFT1006565	Wilmes, LLC	\$1,799.00	Self produced content, green screen
EFT1006566	Chris Yanonis	\$906.00	FSA medical expense reimbursement
EFT1006567	U.S. Bank	\$9,161.61	PARS contribution, 5/9/20 - 5/22/20
EFT1006568	Vantagepoint Transfer Agents - 303081	\$14,188.22	Deferred compensation, 5/9/20 - 5/22/20
EFT1006569	Jacob Buchowiecki	\$300.00	California JPIA Financial Statements Graphic design
EFT1006570	Tom Chavez	\$450.00	Executive Committee meeting, 5/27/20
EFT1006571	Jose A. Gomez	\$450.00	Executive Committee meeting, 5/27/20
EFT1006572	Marshall Goodman	\$450.00	Executive Committee meeting, 5/27/20
EFT1006573	Darcy M. McNaboe	\$450.00	Executive Committee meeting, 5/27/20
EFT1006574	Mary Ann Reiss	\$450.00	Executive Committee meeting, 5/27/20
EFT1006575	Jeff Rush	\$47.89	FSA medical expense reimbursement
EFT1006576	Sonny R. Santa Ines	\$450.00	Executive Committee meeting, 5/27/20
EFT1006577	Steve Tye	\$450.00	Executive Committee meeting, 5/27/20
EFT1006578	Mark Waronek	\$450.00	Executive Committee meeting, 5/27/20
EFT1006579	Wilmes, LLC	\$9,640.00	LMS file updates; curriculum development, course review; self produced content, writing, filming, and editing
DISBURSEMENT TOTAL		\$1,378,873.87	
GENERAL			
226592	State of California	\$6,427.81	State tax withheld, 4/25/20 - 5/8/20
22799369	United States Treasury	\$38,261.86	FED & FICA tax, 4/25/20 - 5/8/20
54927604	United States Treasury	\$38,106.58	FED & FICA tax, 5/9/20 - 5/22/20
557060	CalPERS	\$52,066.26	Medical premium, 5/20
562503	CalPERS	\$20,809.90	PERS contribution, 4/25/20 - 5/8/20
562504	CalPERS	\$2,628.51	PERS contribution, 4/25/20 - 5/8/20
571838	CalPERS	\$20,809.90	PERS contribution, 5/9/20 - 5/22/20
571839	CalPERS	\$2,628.51	PERS contribution, 5/9/20 - 5/22/20
992736	State of California	\$6,447.13	State tax withheld, 5/9/20 - 5/22/20
GENERAL TOTAL		\$188,186.46	
IMPREST ACCOUNTS DISBURSMENT			
	California JPIA CCCSIF Workers Compensation ACCT# XXX-XXX2415	\$13,099.68	CCCSIF WC claims reimbursement Ck# 39055-39091
	California JPIA Liability ACCT# XXX-XXX2802	\$1,105,292.16	Liability claims reimbursement Ck# 136375-136705

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

WARRANT REGISTER

From: 5/1/2020 To: 5/31/2020

CHECK NUMBER	PAYEE	AMOUNT	DESCRIPTION
	California JPIA Payroll ACCT# XXX-XXX2794	\$87,355.20	Payroll account reimbursement for pay period May 1 2020-May 31 2020
	California JPIA Payroll ACCT# XXX-XXX2794	\$87,732.22	Payroll account reimbursement for pay period May 1 2020-May 31 2020
	California JPIA Property ACCT# XXX-XXX5066	\$988,518.92	Property claims reimbursement Ck# 7295-7311
	California JPIA Workers Compensation ACCT# XXX-XXX2340	\$2,281,276.32	WC claims reimbursement Ck# 502526-503865
	Voided - California JPIA Checks	(\$122,553.79)	All Imprest Account
	IMPREST ACCOUNTS DISBURSMENT TOTAL	\$4,440,720.71	
	GRAND TOTAL	\$6,007,781.04	

In accordance with Article VII, of the Bylaws of the California Joint Powers Insurance Authority, the Chief Executive Officer hereby certifies to the accuracy of the demands and to the availability of funds for payment thereof.

Jonathan R. Shull, Chief Executive Officer