



EMPLOYMENT RISK MANAGEMENT AUTHORITY

UNDERWRITING COMMITTEE MEETING AGENDA

**Thursday, May 24, 2018
1:30 p.m.**

**Teleconference
Dial: (719) 325-2776
Participant Code: 938905**

All or portions of this meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations are as follows:

Bickmore, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA
PERMA, 36-951 Cook Street, Suite 101, Palm Desert, CA
PARSAC, 10500 Civic Center Drive, Rancho Cucamonga, CA
GLAVCD, 12545 Florence Ave., Santa Fe Springs, CA

Each location is accessible to the public, and members of the public may address the Underwriting Committee from any teleconference location.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Jennifer Jobe at (916) 244-1141 or (916) 244-1199 (fax). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the ERMA Underwriting Committee less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Dr., Suite 200, Sacramento, CA 95833.

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|--------------------|---|
| <u>Page</u> | 1. CALL TO ORDER |
| | 2. ROLL CALL |
| | 3. APPROVAL OF AGENDA AS POSTED (OR AMENDED) |
| | 4. PUBLIC COMMENTS - This time is reserved for members of the public to address the Board relative to matters of ERMA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total. |

5. CONSENT CALENDAR

If a Board member would like to discuss any item listed, it may be pulled from the Consent Calendar.

- 4 *A. Minutes – March 29, 2017, Underwriting Committee Meeting
 Recommendation: Approval of the Consent Calendar.

6. MEMBERSHIP MATTERS

- 7 *A. Review of Prospective New Member Application – City of San Jacinto (PERMA)
 Recommendation: Staff recommends the Committee recommend approval of the City of San Jacinto as an underlying member of PERMA at a \$25,000 SIR, effective July 1, 2018.

7. CLOSING COMMENTS

This time is reserved for comments by the Underwriting Committee members and/or staff and to identify matters for future Underwriting Committee business.

- A. Underwriting Committee
- B. Staff

8. ADJOURNMENT

CONSENT CALENDAR

SUBJECT: Consent Calendar

BACKGROUND AND STATUS:

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

RECOMMENDATION:

Approve the Consent Calendar.

REFERENCE MATERIALS ATTACHED:

A. Minutes – March 29, 2017, Underwriting Committee Meeting

Agenda Item 5.A.

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

MINUTES OF THE UNDERWRITING COMMITTEE MEETING OF March 29, 2017

A meeting of the ERMA Underwriting Committee was held via teleconference on Wednesday, March 29, 2017, at the offices of Bickmore in Sacramento; City of Rancho Cucamonga; and PERMA in Palm Desert.

COMMITTEE MEMBERS PRESENT: Scott Ellerbrock, PERMA
John Gillison, PARSAC

COMMITTEE MEMBERS ABSENT: None

OTHERS PRESENT: Jennifer Jobe, Assistant Executive Director
Nancy Broadhurst, Finance Manager
Chee Xiong, Senior Accountant

1. CALL TO ORDER/ROLL CALL

The meeting was called to order at 12:35 p.m. by President Scott Ellerbrock. A roll call was taken, and it was determined a quorum was present.

2. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

John Gillison moved to approve the agenda as posted. Seconded by Scott Ellerbrock. The motion passed unanimously.

3. PUBLIC COMMENTS

None.

4. CONSENT CALENDAR

John Gillison moved to approve the Minutes – January 18, 2017, Underwriting Committee Meeting. Seconded by Scott Ellerbrock. The motion passed unanimously.

5. ADMINISTRATIVE MATTERS

A. Review of Prospective New Member Applications – California Transit Indemnity Pool (CalTIP) and Underlying Member Entities

Ms. Jennifer Jobe, Assistant Executive Director, provided the Committee with background information regarding the California Transit Indemnity Pool (CalTIP). Ms. Jobe noted that CalTIP is comprised of thirty-five member entities, of which, fifteen have submitted application to ERMA. Ms. Jobe explained that CalTIP currently extends Employment Practices Liability (EPL) coverage under its Memorandum of Coverage; however, subsequent to several years of consideration and evaluation, CalTIP will cease to extend EPL coverage effective July 1, 2017. Ms. Jobe noted that CalTIP currently has a different policy year than ERMA, which concludes on April 30 annually. Ms. Jobe

stated that the CalTIP Board of Directors has approved a special consideration to extend EPL coverage through June 30, 2017, for all of its members.

Ms. Jobe advised she has presented the ERMA Program to CalTIP twice during the course of the past two years, while the Executive Committee evaluated various options and, as a result, made the decision to apply to ERMA. Ms. Jobe explained that the applying members cumulatively, have thirty-three claims with a total incurred of \$1.3 million, and five members of the group have confirmed no known losses in the prior seven years. Ms. Jobe indicated that the preponderance of the total incurred amount is derived from two individual members.

The Committee requested that discussions regarding approval of CalTIP and its underlying member's applications be limited to the two individual member entities with which there is some concern. Ms. Jobe presented information regarding the City of El Monte, which requested a \$250,000 SIR and has a payroll of approximately \$28 million. Ms. Jobe noted the City is applying as a whole, to include all City departments, including transit operations. It was determined that due to the City's historical claim frequency and severity, coupled with the safety exposure, the Committee would not recommend approval of the City of El Monte's application for the coming Program Year.

Ms. Jobe then discussed Omnitrans' application. Omnitrans has requested a \$50,000 SIR, has a \$34 million payroll, 660 full-time and 22 part-time employees with 12 claims over the past seven years and a total incurred of \$412,000. Ms. Jobe stated that the total incurred amount resulted from one individual claim. Following discussion by the Committee, it was determined that due to the Agency's high claim frequency, a recommendation for approval of membership in ERMA at a \$500,000 SIR would be made to the Board.

Mr. Ellerbrock directed staff to create a spreadsheet to be presented to the Board, inclusive of all applying members, which identifies the total number of employees, total payroll, SIR requested, SIR recommended, and total number of losses.

John Gillison moved to recommend to the Board of Directors the following: 1) Approval of the California Transit Indemnity Pool (CalTIP) and its underlying Member Entities, effective July 1, 2017, with SIRs as presented by staff; 2) Approval of Omnitrans, effective July 1, 2017, contingent upon the Agency's acceptance of a \$500,000 SIR; and 3) Denial of the City of El Monte for the upcoming Program Year. Seconded by Scott Ellerbrock. The motion passed unanimously.

B. Review of Prospective New Member Applications – Town of Corte Madera (BCJPIA)

Ms. Jobe presented the Town of Corte Madera's application to ERMA through the BCJPIA. Ms. Jobe noted that Corte Madera's circumstance is unique due to their pending application for participation in BCJPIA; however, it appears as though they will be approved mid-April. Ms. Jobe stated that Corte Madera has requested a \$100,000 SIR,

has a payroll of approximately \$6 million, and has no reported claims in the prior seven years.

John Gillison moved to recommend to the Board of Directors approval of the Town of Corte Madera, effective July 1, 2017, at a \$100,000 SIR, contingent upon their acceptance by BCJPIA. Seconded by Scott Ellerbrock. The motion passed unanimously.

C. Review of Prospective New Member Applications – City of Biggs (SCORE)

Ms. Jobe presented the City of Biggs, underlying member of SCORE, who has requested a \$25,000 SIR, has a payroll of \$400,000, seven full-time, one part-time employee, and five elected officials. Ms. Jobe noted that historically all participating SCORE members have a \$25,000 SIR and participate in ERMA up to \$500,000. Ms. Jobe indicated that staff's recommendation is to accept the City of Biggs at a \$25,000 SIR.

John Gillison moved to recommend to the Board of Directors approval of the City of Biggs, effective July 1, 2017, at a \$25,000 SIR. Seconded by Scott Ellerbrock. The motion passed unanimously.

6. CLOSING COMMENTS

A. Underwriting Committee

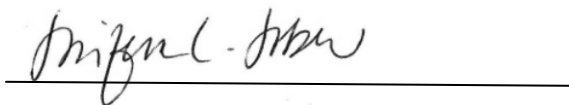
None.

B. Staff

None.

7. ADJOURNMENT

The meeting adjourned at 1:07 p.m. by general consent.

A handwritten signature in cursive script, appearing to read "Jennifer Jobe", is written over a horizontal line.

Jennifer Jobe, Assistant Executive Director

MEMBERSHIP MATTERS

SUBJECT: Review of Prospective New Member Application – City of San Jacinto (PERMA)

BACKGROUND AND STATUS:

City of San Jacinto

The City of San Jacinto is applying for membership in ERMA through PERMA and has requested a \$25,000 self-insured retention (SIR). The City reports payroll of \$3,358,185.

The information provided on the City’s application indicates that although the City has written policies and procedures in place, with the most recent revisions conducted in 2012, further revisions are planned for later this year.

The City has 48 full-time employees, has incurred no EPL-related claims within the previous seven fiscal years and issued a letter attesting to “No Known Losses”. The application states the City is currently out of compliance with AB 1825 training requirements. Following the retirement of the City’s previous Human Resources Manager, the new Manager, instilled on January 8, 2018, has implemented a new training and tracking mechanism that brought the City in to compliance by April 30, 2018.

RECOMMENDATION:

Staff recommends the Committee recommend approval of the City of San Jacinto as an underlying member of PERMA at a \$25,000 SIR, effective July 1, 2018.

REFERENCE MATERIALS ATTACHED:

- City of San Jacinto Completed Potential New Member Application
- City of San Jacinto Price Indication

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

LIABILITY COVERAGE APPLICATION

If completed electronically, this application will adjust to allow space for any answers. If not completed electronically, then additional sheets may be needed.

ENTITY NAME: City of San Jacinto		Date: 3/27/2018	
EMPLOYMENT PRACTICES INFORMATION			
A. Policies and Procedures			
1.	Does the Entity have written personnel policies and procedures?	X Yes	<input type="checkbox"/> No
2.	Does the Entity distribute the manual/rules to all employees?	X Yes	<input type="checkbox"/> No
3.	Does the Entity have employees sign an acknowledgement form indicating they have read and understood the above-referenced policies?	X Yes	<input type="checkbox"/> No
4.	Are the following policies or procedures included in the manual? Check all that apply:		
	X Hiring	X Termination	X Suspension
	X Medical Leave	X Unpaid Leave	X Grievance Procedures
	X Drug & Alcohol Testing	X Discipline	X Attendance
	X Family Medical Leave Act	X Anti-Harassment Policies	
	X Written Job Description for all Positions	X Workplace Violence Policies	
	X Regular Written Performance Evaluations for all employees		
5.	Do the policies/rules include all protected categories under the Fair Employment and Housing Act (FEHA), Ca. Gov't. Code section 12940)?	X Yes	<input type="checkbox"/> No
6.	Does the Entity have legal counsel regularly review the manual/rules/rules?	X Yes	<input type="checkbox"/> No
7.	Have the above-referenced policies been updated within the past five years?	<input type="checkbox"/> Yes	X No
	If no, when was the manual or rules last reviewed? 2/21/2012		
8.	Were the above-referenced policies formally approved and adopted by council/governing board?	X Yes	<input type="checkbox"/> No
9.	Does the Entity have legal counsel to provide advice regarding disciplinary matters?	X Yes	<input type="checkbox"/> No
10.	Has there been a layoff of employees or is a reduction in service planned? <i>Not in the last 24 months as referenced in Section D.4.</i>	<input type="checkbox"/> Yes	X No
11.	Does the entity have an orientation program for all employees that addresses workplace conduct, EPL policies and practices, and grievance procedures?	X Yes	<input type="checkbox"/> No

B. Employee Information					
1.	Number of Full Time Employees: 48				
2.	Number of Part time Employees: 1 (<i>this does not include City Council, Planning Commissioners or Elected Treasurer</i>)				
3.	For each of the past five years, what has been your annual percentage turnover rate of employees? (please see added notes below)				
	2013 13%	2014 27%	2015 11%	2016 18%	2017 8%

Notes: The turnover percentages above do not include City Council, Planning Commissioners or Treasurer. In 2014, 10 terminations were layoffs due to lack of funds, and in 2015 2 terminations were layoffs due to lack of funds.

EMPLOYMENT PRACTICES INFORMATION

4.	How many involuntary employment terminations have occurred in the past two years?	
	2016 0	2017 1
	<i>Involuntary employment termination with respect to this questionnaire means notification to an employee that such employee will no longer be employed whether such notification is effective immediately or in the future. Involuntary employment termination shall also include actual or alleged constructive discharge.</i>	
5.	Percentage of Employees with salaries less than \$100,000 85%	Should = 100%
6.	Percentage of Employees with salaries greater than \$100,000 15%	

Note: This information reflects our payroll for 2017. There have been 4-5 new hires or promotions in 2018 resulting in additional employees over \$100,000.

C.	Employment Practices Claims Handling
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1.	Who in the Entity has been designated to handle claims? HR Manager, along with City Attorney	
2.	With respect to oral or written claims, do you have a written procedure for obtaining information and conducting required follow up on the claim?	X Yes <input type="checkbox"/> No
If yes, describe the policy and procedure for reviewing claims: We have a grievance hearing procedure that is outlined in the SEIU MOU.		
3.	Has your entity received any claim in the previous 7 completed fiscal years, including the partial current fiscal year, (including but not limited to Tort Claim, any and all claims filed with the DFEH, EEOC, Department of Labor or Federal Department of Justice, any civil lawsuit or other written claim) alleging the following?	
	(a) allegations of discrimination or harassment under FEHA, Title VII or any other federal or state law relating to discrimination based on race, sex, religion, disability, national origin, marital status, age, sexual orientation, retaliation or any similar protected legal status	<input type="checkbox"/> Yes X No
	(b) actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful, or in breach of an implied employment contract or breach of the covenant of good faith and fair dealing in the employment contract	<input type="checkbox"/> Yes X No
	(c) allegations of negligent or wrongful evaluation, wrongful demotion, wrongful discipline, failure to promote, failure to grant tenure, or wrongful deprivation of career opportunity	<input type="checkbox"/> Yes X No
	(d) allegations of misrepresentation or defamation made by an <i>Employee</i> which arise from an employment decision to hire, fire, promote or demote	<input type="checkbox"/> Yes X No
	(e) allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an <i>Employee</i> which arise from an employment decision to hire, fire, promote or demote	<input type="checkbox"/> Yes X No

	(f) allegations of false imprisonment, detention, or malicious prosecution made by an <i>Employee</i> which arise from an employment decision to hire, fire, promote or demote	<input type="checkbox"/> Yes X No
EMPLOYMENT PRACTICES INFORMATION		
	(g) allegations of libel, slander, defamation of character, invasion of privacy made by an <i>Employee</i> which arise from an employment decision to hire, fire, promote or demote; and	<input type="checkbox"/> Yes X No
	(h) other personal injury allegations made by an <i>Employee</i> which arise from an employment decision to hire, fire, promote or demote.	<input type="checkbox"/> Yes X No
If the answer is yes to any of the above, please attach a listing of the loss(es) showing a full description of each claim, including the date filed, the substance of the allegations, the disposition of the claim, and any monetary amounts paid in connection with the claim.		

D. Employment Practices Risk Management		
1.	Does the applicant have a Human Resources or Personnel Department?	X Yes <input type="checkbox"/> No
If no, please describe handling of this function:		
2.	Do you have any established set of grievance procedures as an effective means of resolving disputes prior to litigation?	X Yes <input type="checkbox"/> No
3.	Do you anticipate any "layoffs" during the next 12 months?	<input type="checkbox"/> Yes X No
If yes, please provide details		
4.	Have you had any "layoffs" in the past 24 months?	<input type="checkbox"/> Yes X No
If yes, please provide details		
5.	Is your entity in full compliance with the training requirements set forth in AB 1825?	<input type="checkbox"/> Yes X No
If no, please explain. Supervisory employees have been assigned to complete AB 1825 compliant training on or before April 30, 2018. Non-supervisory employees have been assigned Sexual Harassment that is specifically for team members. This training is also due on April 30, 2018.		
6.	Briefly describe the procedure for maintaining AB 1825 training records: Stored in an online database with Target Solutions endorsed by PERMA. Also, paper certifications are kept in each employee's personnel file.	
7.	Are elected officials trained on the entity's policy regarding harassment and discrimination?	X Yes <input type="checkbox"/> No

E. DESIRED SELF-INSURED RETENTION						
X \$25K	<input type="checkbox"/> \$50K	<input type="checkbox"/> \$75K	<input type="checkbox"/> \$100K	<input type="checkbox"/> \$250K	<input type="checkbox"/> \$500K	

Please attach a copy of the following:

- *Employment practices liability individual loss information (including Date of Loss and total incurred) for the previous 7 completed fiscal years, including the partial current fiscal year;*
- *Payroll information for the previous 7 completed calendar years;*
- *Completed resolution authorizing participation in ERMA;*
- *Completed intent to participate; and*
- *Most Recent Financial Audit*

The undersigned declares that no fact, circumstance, or situation indicating the probability of a claim or action is now known to any person proposed for this coverage; and it is agreed by all concerned that if there be knowledge of any such fact, circumstance or situation, any claim or action subsequently emanating therefrom shall be excluded from coverage under the coverage for herewith being applied. The undersigned being authorized by, and acting on behalf of, the applicant and all persons or concerns seeking coverage, has read and understands this application, and declares all statements set forth herein are true, complete, and accurate, and include all material information.

The undersigned further declares and represents that any occurrence taking place prior to the inception of the coverage for which is being applied, which may render inaccurate, untrue or incomplete any statement made herein will immediately be reported in writing to ERMA. The undersigned acknowledges and agrees that the submission and ERMA's receipt of such report, prior to the inception of the coverage for which being applied, is a condition precedent to coverage.

The undersigned acknowledges:

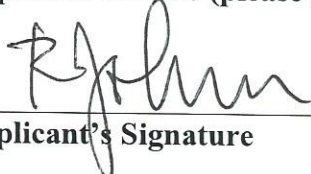
- (1) ERMA does not require the submittal of the aforementioned policies and procedures. ERMA does, however, rely on the information provided by the applicant in review of the application and the undersigned, therefore, declares and represents that the policies and procedures as represented above are the current policies and procedures of the entity.
- (2) ERMA's Board of Directors may recommend a risk assessment of any new member within 60 days of joining ERMA and/or a higher self-insured retention from what was requested, if an application for membership is approved.

The undersigned further acknowledges and agrees this application contains requests for information and requests for data on a range of exposures, but such requests do not imply that coverage is afforded in the program for which is being applied.

City of San Jacinto
Agency or Entity Name

Robert Johnson
Applicant's Name (please print)

City Manager
Title


Applicant's Signature

4/12/18
Date

EMPLOYMENT RISK MANAGEMENT AUTHORITY PREMIUM INDICATION

PERMA

Name of Entity	City of San Jacinto
2017 Payroll	\$3,358,185
Coverage Period	July 1, 2018 to June 30, 2019

CALCULATION

Member Retained Limit Options		\$25,000	\$50,000	\$75,000
Retained Limit Factor		1.14	1.00	0.90
Retained Limit Rate		0.544	0.477	0.429
Defense & Indemnity: Pooled Funding		\$18,261	\$16,019	\$14,417
Administration	0.0565	1,896	1,896	1,896
Loss Prevention & Training	0.0070	234	234	234
Subtotal		\$20,391	\$18,148	\$16,546
JPA Participation Credit	8.14%	(\$1,660)	(\$1,477)	(\$1,347)
Individual Experience Mod Factor *		1.000		
Off-Balance Factor		1.194		
TOTAL ERMA PREMIUM **		\$22,362	\$19,902	\$18,146

* New members are assigned an experience modification factor of 1.000 their first year in ERMA.

** Premium prorated based on date of inception of coverage.