

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

**MINUTES OF THE UNDERWRITING COMMITTEE
MEETING OF NOVEMBER 15, 2018**

A meeting of the ERMA Underwriting Committee was held via teleconference on Thursday, November 15, 2018, at the offices of Bickmore in Sacramento, City of Palm Desert, and City of Rancho Cucamonga.

COMMITTEE MEMBERS PRESENT: Scott Ellerbrock, PERMA
John Gillison, PARSAC
Truc Dever, GLAVCD

COMMITTEE MEMBERS ABSENT: None

OTHERS PRESENT: Jennifer Jobe, Executive Director
Chee Xiong, Senior Accountant
Yahaira Martinez, Bickmore

1. CALL TO ORDER

The meeting was called to order at 11:06 a.m. by President Scott Ellerbrock.

2. ROLL CALL

A roll call was taken, and it was determined a quorum was present.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

John Gillison moved to approve the agenda as posted. Seconded by Truc Dever. A roll call vote was taken. The motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

John Gillison moved to approve the Minutes – March 24, 2018, Underwriting Committee Meeting. Seconded by Truc Dever. A roll call vote was taken. The motion passed unanimously.

6. MEMBERSHIP MATTERS

A. Review of Prospective New Member Application – City of Santa Maria (ERMAC)

Ms. Jennifer Jobe, Executive Director, reported the City of Santa Maria is re-applying for membership in ERMA through ERMAC and requested a \$250,000 self-insured retention (SIR). She noted previously, when the City applied, they were approved for membership in ERMA at a \$500,000 SIR at the June 2016 Board meeting. Following the Board's approval, the City rescinded its application from consideration. The City reported payroll of \$47,947,627, an approximate 18% increase from the reported 2016 payroll of

\$40,716,921. Ms. Jobe stated the City reported 466 full-time and 70 part-time employees, and per the City's application, the City's legal counsel regularly reviews and updates their written personnel policies and procedures. The City incurred five employment related claims within the last seven fiscal years, totaling \$2,840,712. She noted since they were last considered in 2016, the City's loss history reflects two additional claims that were not reported in the 2016 loss run. The first claim occurred during the 2013/14 Program Year and was a sexual harassment claim that settled for \$35,000. The second claim occurred in the 2016/17 Program Year and was a wrongful termination claim that settled for \$75,000. The City has no open claims.

Ms. Jobe advised the two claims show the severity ratios as exceeded; however, due to the size of the City's payroll in combination with their recent loss experience, staff recommended approval at a \$500,000 SIR effective January 1, 2019. She noted staff informed the City of the possibility of the Board approving their membership with a higher SIR than requested, and they are amenable to such.

A Committee member expressed some concern with the City Attorney handling the City's claims, as ERMA has experienced issues in the past with members not reporting claims to ERMA. Ms. Jobe advised that she spoke with the City and was informed they have a risk manager, human resource staff, and support staff who are all involved in the handling of claims with the City Attorney but, ultimately it is the City Attorney who handles claims, because that is who has ultimate authority.

Ms. Jobe advised the City it is in compliance with AB 1825 training requirements, and staff is comfortable they have the appropriate processes and procedures in place.

The Committee inquired as to how the City is mitigating risk after experiencing the large losses. Ms. Jobe advised remedial action was taken by the City and additional training was conducted. She further advised it is her recommendation the committee approve the City as a member, notwithstanding their size and police department exposure.

Upon discussion, the Committee agreed to recommend the Board approve the City of Santa Maria with a \$500,000 SIR and the express condition that any EPL claims are to be defended by an approved member of ERMA's defense panel.

Truc Dever moved to recommend the Board of Directors approve the City of Santa Maria become a member of ERMA, effective January 1, 2019, at a \$500,000 SIR, with the caveat that all EPL claims are to be defended by an approved member of ERMA's defense panel. Seconded by John Gillison. A roll call vote was taken. The motion passed unanimously.

B. Review of Prospective New Member Application – Central Marin Fire Authority (BCJPIA)

Ms. Jobe reported the Central Marin Fire Authority consists of the City of Larkspur and the Town of Corte Madera's fire departments, which have separated from their respective cities to form this entity. The Authority is applying for membership in ERMA through

BCJPIA and has requested a \$100,000 SIR. The Authority reported payroll of \$5,874,158, and reported 37 full time employees. Per the Authority's application, they have written policies and procedures in place that have not been reviewed within the previous five years, however, revisions are planned for December 2018. Ms. Jobe noted the Authority has not incurred EPL-related claims within the last seven fiscal years and issued a letter attesting to "No Known Losses". As such, no Target Ratio Analysis was conducted.

Truc Dever moved to recommend the Board of Directors approve the Central Marin Fire Authority become a member of ERMA, effective January 1, 2019, with a \$100,000 SIR. Seconded by John Gillison. A roll call vote was taken. The motion passed unanimously.

7. CLOSING COMMENTS

A. Underwriting Committee

None.

B. Staff

None.

8. ADJOURNMENT

The meeting adjourned at 11:24 a.m. by general consent.



Jennifer L. Jobe, Executive Director