



**EMPLOYMENT RISK MANAGEMENT AUTHORITY
EXECUTIVE COMMITTEE MEETING
AGENDA**

**Friday, April 4, 2025
10:00 a.m.**

[Zoom](#)

Zoom Link: <https://us06web.zoom.us/j/5229477796?omn=82653599375>

Dial-in Number: (669)-444-9171

Meeting ID: 522 947 7796

No Passcode Required

All portions of this meeting will be conducted via teleconference in accordance with Government Code Section 54953. The teleconference locations are as follows: *City of Rancho Cucamonga, 10500 Civic Center Drive, Rancho Cucamonga, CA 91730; 43-420 Trader Place Indio, CA 92201; City of Union City, 34009 Alvarado-Niles Road, Union City, CA 94587; MPA, 1911 San Miguel Drive, Walnut Creek, CA 94696; and 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.*

Each location is accessible to the public, and members of the public may address the Committee from any teleconference location. Alternatively, you may attend the meeting and address the Committee via the Zoom link or dial-in number shown above.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please get in touch with Yvette Flama (yvette.flama@sedgwick.com or 916.730.2667) as early as possible, preferably at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item provided to the Committee will be available for public inspection. Please contact Ms. Flama via phone or email for copies.

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|--------------------|---|
| <u>Page</u> | 1. CALL TO ORDER; INTRODUCTIONS |
| | 2. APPROVAL OF AGENDA AS POSTED (OR AMENDED) |
| | 3. PUBLIC COMMENTS - This time is reserved for members of the public to address the Committee 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 4. CONSENT CALENDAR

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

- *A. General Warrants from January 1, 2025, through February 28, 2025
- *B. Claims Payments from January 1, 2025, through February 28, 2025
- *C. Internal Financial Statements as of December 31, 2024
- *D. Treasurer's Report as of December 31, 2024
- *E. ERMA Defense Panel
- *F. ERMA Investigators Panel

5. APPOINTMENT OF OFFICERS AND COMMITTEE MEMBERS FOR THE 2025/26 AND 2026/27 PROGRAM YEARS**20 A. Appointment of Vice President and Ad Hoc Training Committee Member**

Recommendation: Staff recommends the Executive Committee appoint Linda Cox as Vice President to serve through June 30, 2027. Staff further recommends that the President appoint Rob Thompson to serve on the Ad Hoc Training Committee.

6. FINANCIAL MATTERS**21 *A. Review of Annual Actuarial Study**

Recommendation: Staff recommends the Executive Committee accept and file the actuarial study, as presented.

99 *B. Excess Coverage and Marketing Update for the 2025/26 Program Year

Recommendation: None.

101 *C. Review and Consideration of Dollar One Administration of Claims

Recommendation: Staff recommends the Executive Committee recommend to the Board of Directors:

1) Approval of the plan to have ERMA begin managing all payments on claims from dollar one beginning on July 1, 2025.

2) Distribution of a dividend at July 1, 2025 (to be determined in June 2025) of \$2.5M to form a non-equity pool to minimize the loss of investment income

106 *D. Underlying Member SIR Review and Policy for Mandated Increases

Recommendation: Staff recommends the Executive Committee approve engaging the actuary to complete an MRL/SIR study every three years. Staff further recommends all underlying members that meet all three criteria for an increase in the study, have their SIR's increased one level in the next program year.

- 108 *E. Review of Preliminary Administrative and Operating Budget for the 2025/26 Program Year

Recommendation: Staff recommends the Executive Committee review the Preliminary Administrative and Operating Budget for the 2025/26 program year and provide direction to Staff, as necessary.

7. ADMINISTRATIVE MATTERS

- 138 *A. Discuss and Review the Strategic Goals and Initiatives for the 2025/26 Program Year

Recommendation: Staff recommends the Executive Committee provide feedback and direction.

- 142 *B. Review and Discussion of Draft ERMA By-Laws and Master Program Document
Recommendation: Staff recommends the Executive Committee provide feedback and direction.

- 196 C. Consideration of Amendment to the Contract for Administration, Finance, and Litigation Management Services Agreement between ERMA and Sedgwick.
Recommendation: Staff makes no recommendation on this item as Sedgwick has a financial interest in the outcome.

- 198 *D. Review and Consideration of Financial Audit Services
Recommendation: Staff recommends the Executive Committee provide direction, as necessary.

- 205 *E. Review and Consideration of Actuarial Services
Recommendation: Staff recommends the Executive Committee provide direction, as necessary.

- 209 *F. 26th Annual Workshop – Napa Valley Marriott Proposal
Recommendation: Staff recommends the Executive Committee provide direction, as necessary.

215 8. MEMBERSHIP MATTERS

- *A. Update of Member Participation Conditions for the Town of Los Altos Hills (PLAN), the City of Burlingame (PLAN JPA), and Hesperia RPD (PERMA)
Recommendation: Staff recommends the Executive Committee formally approve those members who have completed their conditional requirements and consider providing extensions on a case-by-case basis at the June Executive Committee meeting for those requesting additional time.

218 9. TRAINING & LOSS PREVENTION MATTERS

- *A. Update Regarding Employment Practices Policies & Procedures Survey
Recommendation: Staff will provide an overview of the work done to date and the project plan for this initiative.

- 220 *B. Update Regarding Elected Officials Training
 Recommendation: Staff will provide a recommendation at the meeting after attending the first training in the City of Selma on April 3, 2025, and open discussion with the Executive Committee.

- 228 *C. Update Regarding iLearning Engines
 Recommendation: None.

230 **10. LITIGATION MANAGEMENT**

- *A. Update Regarding Investigators Forum
 Recommendation: Staff will provide an overview of the work done to date and the project plan for this initiative.

234 **11. CLAIMS MATTERS**

- A. Closed Session – Pursuant to Government Code Section §54956.95(a), the Executive Committee will recess to Closed Session to discuss the following claims:
- Smith v. City of Oakley (MPA)

12. CLOSING COMMENTS

 This time is reserved for comments by the Executive Committee members and Staff and to identify matters for future Executive Committee business.

- A. Executive Committee
 B. Staff

13. ADJOURNMENT

NOTICES:

- The next regular meeting of the Board of Directors will be held on Monday, June 2, 2025, via teleconference.

CONSENT CALENDAR

SUBJECT: Consent Calendar

RECOMMENDATION: *Staff recommends approval of the Consent Calendar.*

BACKGROUND AND STATUS:

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

REFERENCE MATERIALS ATTACHED:

- *A. General Warrants from January 1, 2025, through March 31, 2025
- *B. Claims Payments from January 1, 2025, through March 31, 2025
- *C. Internal Financial Statements as of December 31, 2024
- *D. Treasurer's Report as of December 31, 2024
- *E. ERMA Defense Panel
- *F. ERMA Investigators Panel



Employment Risk Management Authority

Filters Selected:

Check Register Detail

Indemnity Claim
Defined: By System
Code Pay
Category:






Date Paid from 1/1/25 to 2/28/25 as of 02/28/2025

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Document Number	Invoice Number	Allocation Amount	Date Issued	Document Type	Payee Name	Claimant Full Name	Date of Loss
10309	1015751	227.50	1/2/2025	Check	Best Best & Krieger Attorney at Law	John Markle	11/16/2021
10310	280210	10,367.35	1/2/2025	Check	Liebert Cassidy Whitmore	Chris Oppenheimer	11/10/2022
10311	12297	1,797.00	1/3/2025	Check	Bertrand, Fox, Elliot, Osman & Wenzel	Clay Salzman	11/1/2020
10312	1345173	6,751.62	1/3/2025	Check	Buchalter	Erica Vega	9/9/2020
10313	1345176	285.00	1/3/2025	Check	Buchalter	Brett Watson	1/20/2022
10314	332812	67.60	1/3/2025	Check	Burke, Williams & Sorensen, LLP	Thomas Krolczyk	5/28/2023
10315	331533	2,832.95	1/3/2025	Check	Burke, Williams & Sorensen, LLP	Dan Repp	6/30/2023
10316	8660177	404.30	1/3/2025	Check	Jackson Lewis P.C.	Angelica Jimenez	10/14/2021
10317	8659973	788.00	1/3/2025	Check	Jackson Lewis P.C.	Sabrina Ellis	11/13/2021
10318	2232741	1,652.50	1/3/2025	Check	Lozano Smith Attorneys at Law	Teresa Reynolds Reyes	4/10/2023
10319	2229949	260.00	1/3/2025	Check	Lozano Smith Attorneys at Law	Amber Moreno	2/3/2020
10320	32388	116.00	1/3/2025	Check	Van Dermeyden Makus Law Corporation	Lacy Kane	7/1/2022
10321	X104647	3,692.26	1/6/2025	Check	Array	Mario Moreno	4/23/2021
10322	12289	318.00	1/6/2025	Check	Bertrand, Fox, Elliot, Osman & Wenzel	John Markle	11/16/2021
10323	1345177	22,755.76	1/6/2025	Check	Buchalter	Jose Ramirez	8/1/2020
10324	2229956	17,313.22	1/6/2025	Check	Lozano Smith Attorneys at Law	Daniel Deussenberry	1/1/2021
10325	2232736	483.00	1/6/2025	Check	Lozano Smith Attorneys at Law	Amber Moreno	2/3/2020
10326	32459	187.43	1/6/2025	Check	Van Dermeyden Makus Law Corporation	Jose Ramirez	8/1/2020
10327	2232742	14,495.84	1/6/2025	Check	Lozano Smith Attorneys at Law	Daniel Deussenberry	1/1/2021
10328	15410	1,511.50	1/6/2025	Check	PARRISH REPORTING	Dan Repp	6/30/2023
10329	42025	2,047.50	1/6/2025	Check	Skane Mills LLP	Sabrina Ellis	11/13/2021
10330	32360	16,153.81	1/6/2025	Check	Van Dermeyden Makus Law Corporation	Lacy Kane	7/1/2022
10331	2235203	8,068.17	1/7/2025	Check	Lozano Smith Attorneys at Law	Daniel Deussenberry	1/1/2021
10332	2232744	359.25	1/7/2025	Check	Lozano Smith Attorneys at Law	Brooke Dunn	12/18/2022
10333	2235206	195.00	1/7/2025	Check	Lozano Smith Attorneys at Law	John Markle	11/16/2021
10334	15405	685.00	1/7/2025	Check	PARRISH REPORTING	Dan Repp	6/30/2023
10335	1345178	1,073.50	1/8/2025	Check	Buchalter	John Markle	11/16/2021
10336	2229959	33.00	1/8/2025	Check	Lozano Smith Attorneys at Law	Brooke Dunn	12/18/2022
10337	1350949	10,691.48	1/9/2025	Check	Buchalter	Martin Alcon	2/1/2021

Document Number	Invoice Number	Allocation Amount	Date Issued	Document Type	Payee Name	Claimant Full Name	Date of Loss
10338	266753	348.00	1/9/2025	Check	Liebert Cassidy Whitmore	Marisa Kelling	1/1/2020
10339	2229962	195.00	1/9/2025	Check	Lozano Smith Attorneys at Law	John Markle	11/16/2021
10340	1011174	97.50	1/10/2025	Check	Best Best & Krieger Attorney at Law	John Markle	11/16/2021
10341	2232746	65.00	1/13/2025	Check	Lozano Smith Attorneys at Law	John Markle	11/16/2021
10342	2213445	8,653.18	1/13/2025	Check	Lozano Smith Attorneys at Law	Brooke Dunn	12/18/2022
10343	SETTLEMENT CHI	48,056.00	1/15/2025	Check	Adriana Veronica Shearer	Adriana Shearer	12/21/2021
10344	SETTLEMENT CHI	83,550.43	1/15/2025	Check	Mehtani Law Offices, P.C	Rebecca Oseguera	3/1/2024
10345	2216114	6,174.00	1/15/2025	Check	Lozano Smith Attorneys at Law	Brooke Dunn	12/18/2022
10346	SETTLEMENT CHI	60,000.00	1/15/2025	Check	T. Joshua Ritz & Associates, Inc. IOLTA	Teresa Reynolds Reyes	4/10/2023
10347	2229961	6,400.97	1/16/2025	Check	Lozano Smith Attorneys at Law	Yumi Augustus	4/13/2023
10348	1008344	1,592.50	1/17/2025	Check	Best Best & Krieger Attorney at Law	Gina Ayala	5/27/2022
10349	2229955	1,426.75	1/17/2025	Check	Lozano Smith Attorneys at Law	Teresa Reynolds Reyes	4/10/2023
10350	12586	3,142.50	1/21/2025	Check	Bertrand, Fox, Elliot, Osman & Wenzel	Megan McClain	3/1/2023
10351	1011793	97.50	1/21/2025	Check	Best Best & Krieger Attorney at Law	Gina Ayala	5/27/2022
10352	375	3,364.00	1/21/2025	Check	Law Office of Todd Simonson PC	Kimberly Wilson	6/15/2020
10353	SETTLEMENT CHI	5,944.00	1/22/2025	Check	Adriana Veronica Shearer	Adriana Shearer	12/21/2021
10354	283093	1,207.50	1/22/2025	Check	Liebert Cassidy Whitmore	Adriana Shearer	12/21/2021
10355	12581	356.50	1/29/2025	Check	Bertrand, Fox, Elliot, Osman & Wenzel	John Markle	11/16/2021
10356	12589	554.00	1/30/2025	Check	Bertrand, Fox, Elliot, Osman & Wenzel	Clay Salzman	11/1/2020
10357	SETTLEMENT CK-	13,949.57	1/30/2025	Check	Mehtani Law Offices, P.C.	Rebecca Oseguera	3/1/2024
10358	1362077	2,249.67	1/30/2025	Check	Buchalter	Rebecca Oseguera	3/1/2024
10359	1362071	333.70	1/30/2025	Check	Buchalter	Brett Watson	1/20/2022
10360	1350944	4,335.62	1/30/2025	Check	Buchalter	Erica Vega	9/9/2020
10361	1350948	625.30	1/30/2025	Check	Buchalter	John Markle	11/16/2021
10362	334125	6,651.50	1/30/2025	Check	Burke Williams & Sorensen LLP	Dan Repp	6/30/2023
10363	2237587	10,266.10	1/30/2025	Check	Lozano Smith Attorneys at Law	Daniel Deussenberry	1/1/2021
10364	32774	31,499.38	1/30/2025	Check	Van Dermeyden Makus Law Corporation	Lacy Kane	7/1/2022
10365	8681817	1,186.10	1/31/2025	Check	Jackson Lewis P.C.	Mario Moreno	4/23/2021
10366	8681540	2,627.00	1/31/2025	Check	Jackson Lewis P.C.	Romano T De La Torre	10/2/2018
10367	8681790	7,426.90	1/31/2025	Check	Jackson Lewis P.C.	Megan McClain	3/1/2023
10368	283186	8,583.50	1/31/2025	Check	Liebert Cassidy Whitmore	Lacy Kane	7/1/2022
10369	282567	21,276.62	1/31/2025	Check	Liebert Cassidy Whitmore	Miranda Lutzow	9/1/2020
10370	282614	10,605.69	1/31/2025	Check	Liebert Cassidy Whitmore	Kimberly Wilson	6/15/2020
10371	283458	884.00	1/31/2025	Check	Liebert Cassidy Whitmore	Peter McNeff	2/4/2022
10372	283667	4,132.00	1/31/2025	Check	Liebert Cassidy Whitmore	Chris Oppenheimer	11/10/2022











Document Number	Invoice Number	Allocation Amount	Date Issued	Document Type	Payee Name	Claimant Full Name	Date of Loss
10373	283669	585.00	1/31/2025	Check	Liebert Cassidy Whitmore	Stacey Dempsey	8/21/2023
10374	282297	690.50	1/31/2025	Check	Liebert Cassidy Whitmore	Brooke Dunn	12/18/2022
10375	2235199	679.50	1/31/2025	Check	Lozano Smith Attorneys at Law	Amber Moreno	2/3/2020
10376	2235202	3,753.42	1/31/2025	Check	Lozano Smith Attorneys at Law	Teresa Reynolds Reyes	4/10/2023
10377	2237590	227.50	1/31/2025	Check	Lozano Smith Attorneys at Law	Yumi Augustus	4/13/2023
10378	2237591	162.50	1/31/2025	Check	Lozano Smith Attorneys at Law	John Markle	11/16/2021
10379	8681927	8,186.50	2/4/2025	Check	Jackson Lewis P.C.	Brent Smith	12/28/2023
10380	2235205	340.00	2/4/2025	Check	Lozano Smith Attorneys at Law	Yumi Augustus	4/13/2023
10381	2237586	3,508.32	2/4/2025	Check	Lozano Smith Attorneys at Law	Teresa Reynolds Reyes	4/10/2023
10382	32798	4,183.67	2/4/2025	Check	Van Dermyden Makus Law Corporation	Lacy Kane	7/1/2022
10383	42483	97.50	2/12/2025	Check	Skane Mills LLP	Sabrina Ellis	11/13/2021
10384	SETTLEMENT	325,000.00	2/19/2025	Check	Brock & Gonzales, LLP Attorney Client Trust Account	Lindsay Booth	7/1/2021
10385	280821	225.50	2/24/2025	Check	Liebert Cassidy Whitmore	Brooke Dunn	12/18/2022
10386	SIR REIMB	9,885.80	2/24/2025	Check	City of Brentwood	Stacey Dempsey	8/21/2023
10387	SIR REIMB	25,022.30	2/25/2025	Check	City of La Mesa	Brooke Dunn	12/18/2022
10388	282273	4,429.50	2/26/2025	Check	Liebert Cassidy Whitmore	Vernon Franklin	5/12/2017
10389	SIR REIMB	119.71	2/26/2025	Check	City of Pleasanton	Dan Repp	6/30/2023
10390	X107183	1,535.48	2/28/2025	Check	Array	Mario Moreno	4/23/2021
10391	X113045	1,023.45	2/28/2025	Check	Array	Mario Moreno	4/23/2021
10392	X110119	981.07	2/28/2025	Check	Array	Mario Moreno	4/23/2021
10393	12936	566.00	2/28/2025	Check	Bertrand, Fox, Elliot, Osman & Wenzel	JL Lagos	5/17/2023
10394	1370103	93.00	2/28/2025	Check	Buchalter	Martin Alcon	2/1/2021
10395	1370098	1,462.50	2/28/2025	Check	Buchalter	Brett Watson	1/20/2022
10396	335904	29,816.50	2/28/2025	Check	Burke Williams & Sorensen LLP	Dan Repp	6/30/2023
10397	336749	21,542.00	2/28/2025	Check	Burke Williams & Sorensen LLP	Dan Repp	6/30/2023
10398	8705026	355.00	2/28/2025	Check	Jackson Lewis P.C.	Megan McClain	3/1/2023
10399	8694999	4,791.50	2/28/2025	Check	Jackson Lewis P.C.	Sabrina Ellis	11/13/2021
10400	8705169	11,291.86	2/28/2025	Check	Jackson Lewis P.C.	Brent Smith	12/28/2023
10401	8705064	11,301.50	2/28/2025	Check	Jackson Lewis P.C.	Romano T De La Torre	10/2/2018
10402	286076	48,853.60	2/28/2025	Check	Liebert Cassidy Whitmore	Miranda Lutzow	9/1/2020
Total		1,004,182.20					

	= MET		= NOT MET		
	= INCREASE OVER PY		= DECREASE FROM PY		= UNCHANGED OVER PRIOR YEAR

SECTION ONE: FINANCIAL STATEMENTS

DECEMBER 2024		DECEMBER 2023	Change
ASSETS	47,463,916	44,551,941	 2,911,123
LIABILITIES	28,558,691	26,284,772	 2,273,919
NET POSITION	18,904,373	18,267,169	 18,267,169

- Assets increased over the prior year due to the collection of 2024/25 program year contributions and an increase in market value on investments.
- The market value on investments was approximately \$207,000 and (\$345,000) as of December 30, 2024, and 2023, respectively.
- Liabilities increased over the prior year. This is mainly due to an increase in claim liabilities of \$1.6 million from one reporting period to the next.

December 2024		Budget (Target=50%)	December 2024
CONTRIBUTIONS	6,127,364	 11,558,504/50%	 5,537,508
INVESTMENT INCOME (LOSS)	1,247,200	--	 1,387,413
CLAIM EXPENSE	6,696,969	 10,012,882/67%	 4,354,146
EXCESS INSURANCE	320,869	 666,520/48%	 275,448
OPERATING EXPENSE	740,448	 1,609,010/46%	 690,749
NET INCOME	(385,722)	--	 1,604,578

- Contributions for the 2024/25 program year are higher than the prior year, due to an increase in payroll and additions of new members.
- Total interest earned from liquidity and investment accounts is approximately \$1.3 million offset by realized losses of \$85,000 for a total investment income of \$1.2 million as compared to the prior year of \$1.4 million. Realized gains boosted the portfolio in the amounts of \$550,000 and \$772,000 as of December 31, 2024, and 2023, respectively.
- Claim payments were \$3.8 million and \$4.1 million for the year ended June 30, 2024, and 2023, respectively.
- Claims expense increased significantly over the prior year. Although claims payments decreased by \$360,000, changes in reserves increased by \$2.7 million.
- Operating expenses are higher than the prior year due to contractual increases, mainly in program management.



STATEMENT OF NET POSITION

December 31, 2024 and 2023

CURRENT ASSETS

	2024	2023
Cash and Cash Equivalents	11,493,309	9,793,177
Investments - Managed Portfolio	10,157,464	6,532,266
Provision for Unrealized Gain (Loss) on Investments	(20,112)	(173,102)
Accounts Receivable - Members	4,533	0
Accounts Receivable - Excess Insurance	0	50,386
Accounts Receivable - Miscellaneous	19,289	33,942
Interest Receivable	189,623	162,070
Prepaid Expense	352,042	575,606
TOTAL CURRENT ASSETS	22,196,148	16,974,345

NONCURRENT ASSETS

Investments - Managed Portfolio	25,039,901	27,749,973
Provision for Unrealized Gain (Loss) on Investments	227,015	(172,377)
TOTAL NONCURRENT ASSETS	25,266,916	27,577,596

TOTAL ASSETS	47,463,064	44,551,941
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CURRENT LIABILITIES

Accounts Payable	347,073	145,209
Unearned Revenue	6,127,364	5,626,729
Case Reserves	5,485,376	4,841,025
Incurred But Not Reported and Unallocated Loss Adjustment Expenses	115,685	1,374,007
TOTAL CURRENT LIABILITIES	12,075,498	11,986,970

NONCURRENT LIABILITIES

Incurred But Not Reported and Unallocated Loss Adjustment Expenses	16,483,193	14,297,802
TOTAL NONCURRENT LIABILITIES	16,483,193	14,297,802

TOTAL LIABILITIES	28,558,691	26,284,772
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NET POSITION

Net Position - Undesignated	18,059,670	17,386,516
Net Position - Capital Fund	844,703	880,653
TOTAL NET POSITION	18,904,373	18,267,169
TOTAL LIABILITIES AND NET POSITION	47,463,064	44,551,941



Statement of Revenues, Expenses, and Changes in Net Position

For the Quarter Ended December 31, 2024

	Actual	2024/25 Budget	% Used	\$ Variance
REVENUES				
Deposit Premium	5,794,104	11,558,504	50%	(5,764,400)
Excess Insurance Premium	333,260	666,520	50%	(333,260)
Interest Income	1,247,200			1,247,200
Total Revenue	7,374,565	12,225,024	60%	(4,850,460)
EXPENSES				
Claims Expense				
Claims Paid	3,774,616 **	10,012,882 *	67%	(3,313,913)
Incr/(Decr) in Reserves	2,924,353			
Excess Insurance	320,869	666,520	48%	(345,651)
Total Claims Expense	7,019,839	10,679,402	66%	(3,659,563)
Loss Prevention & Training				
Online Training and Reporting (In2vate)	24,370	51,100	48%	(26,730)
Hotline Services	0	6,500	0%	(6,500)
Miscellaneous Training Expenses	0	6,000	0%	(6,000)
Customized Training / Workshop / Sedgwick Training	1,975	167,500	1%	(165,525)
Total Loss Prevention and Training	26,345	231,100	11%	(204,755)
Capital Fund Expenditures				
Policy Review	71,062			71,062
Training & Risk Management Consortium	10,772			10,772
Total Capital Fund Expenditures	81,834			81,834
General & Administrative Expenses				
Program Management	590,498	1,181,043	50%	(590,546)
Risk Assessments	15	10,000	0%	(9,985)
Board Meetings & Annual Workshop	0	60,000	0%	(60,000)
Memberships & Conferences	2,481	9,500	26%	(7,019)
Actuarial Study	3,500	11,700	30%	(8,200)
Legal Services	5,147	35,000	15%	(29,854)
Financial Audit	6,000	12,100	50%	(6,100)
Claims Audit	0	7,650	0%	(7,650)
Accreditation	958	1,917	50%	(959)
Fidelity Bond	1,197	3,000	40%	(1,803)
SLIP Insurance	2,203	4,500	49%	(2,297)
Investment Management Services	17,565	32,000	55%	(14,435)
Capital Adequacy Study	0	3,500	0%	(3,500)
Miscellaneous	2,706	6,000	45%	(3,294)
Total General and Administrative Expenses	632,269	1,377,910	46%	(745,641)
Total Expenses	7,760,286	12,288,412	63%	(4,528,126)
Change in Net Position	(385,722)	(63,388)		

Employment Risk Management Authority
Program Net Position by Member
As of March 31, 2023
Calculation of the Annual Retrospective Adjustment

Member	Retrospective Adjustment Eligible Program Years ~ Fully Five Years Old							Total Distribution Available*	Program Years Not Yet Eligible for Adjustment						Total All Program Years
	2012/13 Program Year *	2013/14 Program Year	2014/15 Program Year	2015/16 Program Year	2016/17 Program Year	2017/18 Program Year	Member Subtotals		2018/19 Program Year	2019/20 Program Year	2020/21 Program Year	2021/22 Program Year	2022/23 Program Year	Member Subtotals	
BCJPIA	\$ (489)	\$ 99,655	\$ 39,261	\$ 143,434	\$ 310,698	\$ 172,868	\$ 765,426		\$ 217,689	\$ 241,435	\$ 396,650	\$ 317,586	\$ 250,151	\$ 1,423,511	\$ 2,188,937
CaTIP						18,308	18,308		24,943	26,532	47,384	39,315	29,836	168,009	186,317
CSJVRMA	(1,021)	102,565	(6,878)	235,527	643,845	279,813	1,253,850		411,564	437,928	742,689	577,649	432,276	2,602,106	3,855,956
ERMAC					62,105	23,824	85,928		40,255	59,651	96,487	85,255	59,070	340,717	426,645
MBASIA	(55)	7,263	(428)	14,406	31,523	12,895	65,604		20,757	23,352	40,961	39,426	32,657	157,154	222,757
MPA	(792)	83,497	(5,338)	210,513	461,531	189,811	939,222		273,025	339,938	606,777	522,181	416,253	2,158,173	3,097,396
CIRA**	(665)	144,794	54,629	190,528	535,539	260,665	1,185,489		353,257	270,999	534,200	469,869	400,431	2,028,755	3,214,244
PERMA	(617)	145,647	57,955	161,340	311,996	181,245	857,566		318,093	319,358	585,951	528,448	463,659	2,215,510	3,073,076
PLAN JPA											30,357	21,993	18,466	70,816	70,816
SCORE	(45)	9,918	3,929	14,813	30,299	16,824	75,737		23,961	26,126	54,206	51,140	48,313	203,747	279,483
VCJPA	(213)	23,393	(1,427)	45,582	122,493	47,831	237,660		79,256	91,185	152,715	104,213	80,771	508,140	745,800
Oakland HA	(107)	10,967	(680)	19,798	48,963	27,171	106,113		35,563	40,100	67,934	59,704	45,744	249,046	355,158
Contra Costa County HA	(25)	2,812	(153)	3,840	9,835	4,341	20,649		6,122	6,474	12,065	10,347	7,957	42,965	63,615
Capital Fund															979,377
Totals:															
Net Position at Expected C.L.	\$ (4,029)	\$ 630,509	\$ 140,870	\$ 1,039,782	\$ 2,568,826	\$ 1,235,594	\$ 5,611,552		\$ 1,804,485	\$ 1,883,079	\$ 3,368,376	\$ 2,827,125	\$ 2,285,584	\$ 12,168,649	\$ 18,759,577
Net Position at 90% C.L.	\$ (4,029)	\$ 630,509	\$ 122,086	\$ 1,039,782	\$ 2,485,717	\$ 1,072,509	\$ 5,346,574	\$ 5,346,574	\$ 1,026,817	\$ 1,082,877	\$ 2,120,926	\$ 691,110	\$ 369,335	\$ 5,291,065	10,637,639

* Negative equity in current program years is included in Total Distribution Available, if any.

* 2012/13 Program year was officially closed by the Board on June 6, 2022.

Two payments were made subsequently on a closed claim resulted in a negative net position for this program year.

** Effective 7/1/21, CIRA is a combination of PARSAC and REMIF members

Additional Information:							Subtotals:							Subtotals:	Totals:
Open claims	0	0	2	0	2	4	8		7	10	13	15	9	54	62
Confidence Level Funding:	80%	80%	80%	80%	80%	80%			80%	80%	80%	80%	80%		

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(Effective March 2025)

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(March 2025)

The individuals listed below are provided to ERMA members as a resource in choosing a workplace investigator. This is not a pre-approved list. Pursuant to ERMA Resolution No. 2021-7 (Establishing Criteria for Approval of Investigators), if an investigation pertains to an ERMA matter, **you must first report the claim to ERMA and obtain written approval from the Litigation Manager prior to engaging an investigator** in-order for any expenses to count toward your agency's Self-Insured Retention. An investigator's hourly rate is capped at \$390.00 per hour for attorney investigators and \$280.00 per hour for non-attorney investigators. Should a particular investigation result in litigation or called upon to provide post-investigation services, the hourly rate shall not exceed \$425.00 per hour for attorney investigators and \$333.00 per hour for non-attorney investigators.

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**APPOINTMENT OF OFFICERS AND COMMITTEE MEMBERS FOR THE
2025/26 AND 2026/27 PROGRAM YEARS**

**SUBJECT: Appointment of Vice President and Ad Hoc Training Committee
Member - *Presented by Rob Kramer, Executive Director***

RECOMMENDATION: *Staff recommends the Executive Committee
appoint Linda Cox as Vice President to serve through June 30, 2027.
Staff further recommends the President appoint Rob Thompson to
serve on the Ad Hoc Training Committee.*

BACKGROUND AND STATUS:

Mr. Bryan Whitemyer, the former Board member for the Central San Joaquin Valley Risk Management Authority (CSJVRMA) and Vice President of ERMA, has left his position at the City of Oakley for a new opportunity. As such, ERMA needs to appoint a new Vice President for the remainder of his term. Ms. Linda Cox (MPA) has volunteered to fill that position if desired by the Executive Committee.

In addition, Mr. Rob Thompson (CalTIP) has expressed interest in sitting on the ERMA Ad Hoc Training Committee.

REFERENCE MATERIALS ATTACHED:

- None.

FINANCIAL MATTERS

SUBJECT: Review of Annual Actuarial Study - *Presented by Derek Burkhalter, Bickmore Actuarial*

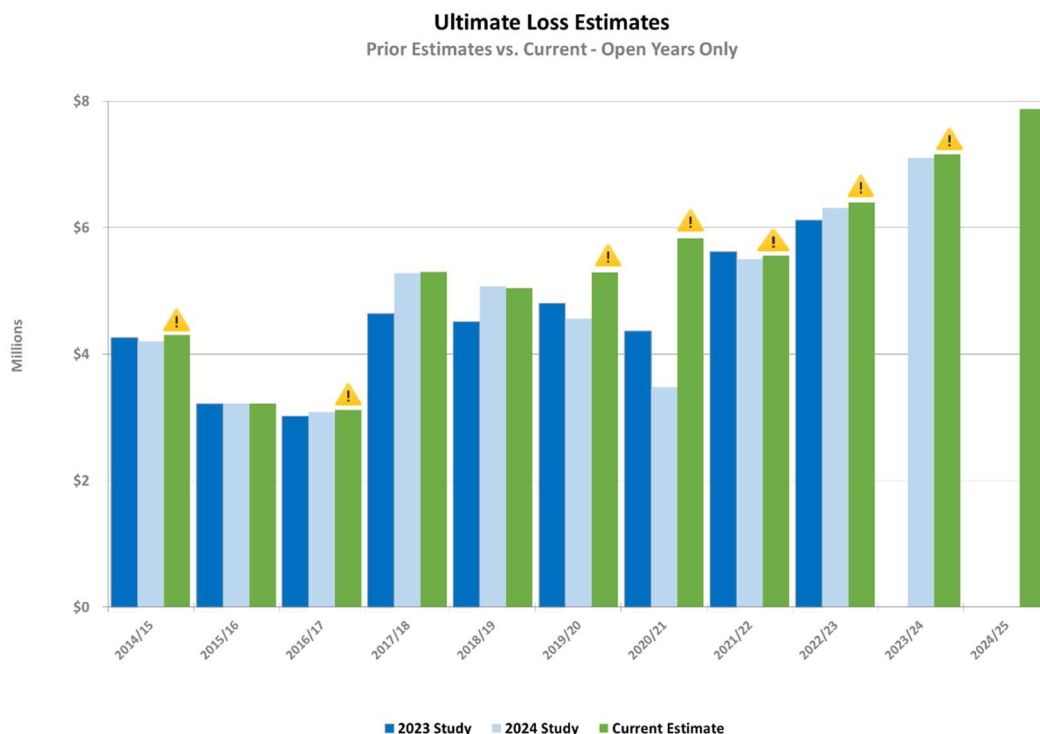
RECOMMENDATION: *Staff recommends the Executive Committee accept and file the actuarial study, as presented.*

BACKGROUND AND STATUS:

The actuarial analysis consists of two main components. Part one is a review of the estimates of the ultimate liabilities of the program as of June 30, 2025. Part two is the loss forecasting analysis that determines the appropriate contribution rates for the 2025/26 program year.

Ultimate Loss Estimates

ERMA's ultimate loss estimates for all open program years increased by \$3.4 million. The following chart shows the change in ultimate loss estimates by program year.



2025/26 Funding Rates

The 2025/26 program year funding rates are set at the 80% confidence level (CL) and discounted using a 2.0% discount factor interest rate assumption, the same parameters featured in the 2024/25 study.

The pooling rate required to collect at the 80% CL for the upcoming 2025/26 program year at the \$50,000 self-insured retention is \$.569, an increase of 3.1% over the prior study.

Mr. Derek Burkhalter of Bickmore Actuarial will present the analysis and answer questions from the Committee.

REFERENCE MATERIALS ATTACHED:

- Actuarial Study dated March 26, 2025



Actuarial Review of the Self-Insured Employment Practices Liability Program

*Outstanding Liabilities as of June 30, 2025
Forecast for Program Year 2025-26*

Presented to
Employment Risk Management Authority

March 26, 2025 - DRAFT

SCOPE AND SIGNATURE

Employment Risk Management Authority (“ERMA”) has engaged Bickmore Actuarial to conduct an actuarial review of unpaid loss and loss adjustment expenses for claims that occurred on or before June 30, 2025 for its self-insured employment practices liability program utilizing data valued as of December 31, 2024. ERMA also seeks guidance on the appropriate funding level for claims to be incurred during the upcoming program year.

The specific objectives of the study are:

1. Estimate ERMA’s net liability for outstanding claims as of June 30, 2025. Liabilities net of reinsurance are presented on both an undiscounted basis as well as a discounted basis. The net liabilities are also presented at the expected level (i.e. without a risk margin) and with risk margins, which are quantified via confidence levels. The net liabilities include provisions for loss, allocated loss adjustment expense (ALAE), and unallocated loss adjustment expense (ULAE). ALAE and ULAE are defined in the Glossary section of this report.
2. Project ultimate claims costs for the 2025-26 and program year. Similar to the liability projections, the ultimate program year costs are presented on both undiscounted and discounted bases. Projections with and without risk margins are also included.
3. Provide a statement of compliance with Governmental Accounting Standards Board Statement #10.

We appreciate the opportunity to be of service to ERMA in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162 or Derek Burkhalter at (916) 244-1167 with any questions you may have concerning this report.

Mike Harrington and Derek Burkhalter are members of the American Academy of Actuaries and Casualty Actuarial Society. They meet the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries to render the actuarial opinion contained herein.

Mike Harrington, FCAS, MAAA
President and Managing Partner

Derek Burkhalter, ACAS, MAAA
Asst. Vice President and Partner

York Lee
Actuarial Consultant

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EXECUTIVE SUMMARY

Net Claim Liabilities

The following table presents our conclusions regarding ERMA's net claim liabilities.

Loss & LAE Claim Liabilities
As of June 30, 2025, Net of Reinsurance and Member Deductibles

Dollars (\$000s)	Expected ¹	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$23,095	\$26,444	\$27,529	\$28,846	\$30,485	\$32,772
Claims Admin. (ULAE)	<u>1,155</u>	<u>1,322</u>	<u>1,376</u>	<u>1,442</u>	<u>1,524</u>	<u>1,639</u>
Total Loss & LAE	\$24,250	\$27,766	\$28,906	\$30,288	\$32,010	\$34,410
NPV Adjustment ²	<u>(1,068)</u>	<u>(1,223)</u>	<u>(1,273)</u>	<u>(1,334)</u>	<u>(1,409)</u>	<u>(1,515)</u>
Discounted Loss & LAE	\$23,182	\$26,543	\$27,633	\$28,954	\$30,600	\$32,895
Short Term ³	\$5,873	\$6,724	\$7,000	\$7,335	\$7,752	\$8,334
Long Term ³	17,309	19,819	20,633	21,619	22,848	24,562

¹ Expected values represent the "best actuarial" or "central" estimate.

² Net present value is based on an annual discount rate of 2.0% and assumes that invested assets are equal to the recommended discounted reserve level.

³ Short term liabilities are projected to be paid within 12 months of the accounting date. Long term liabilities are projected to be paid after 12 months.

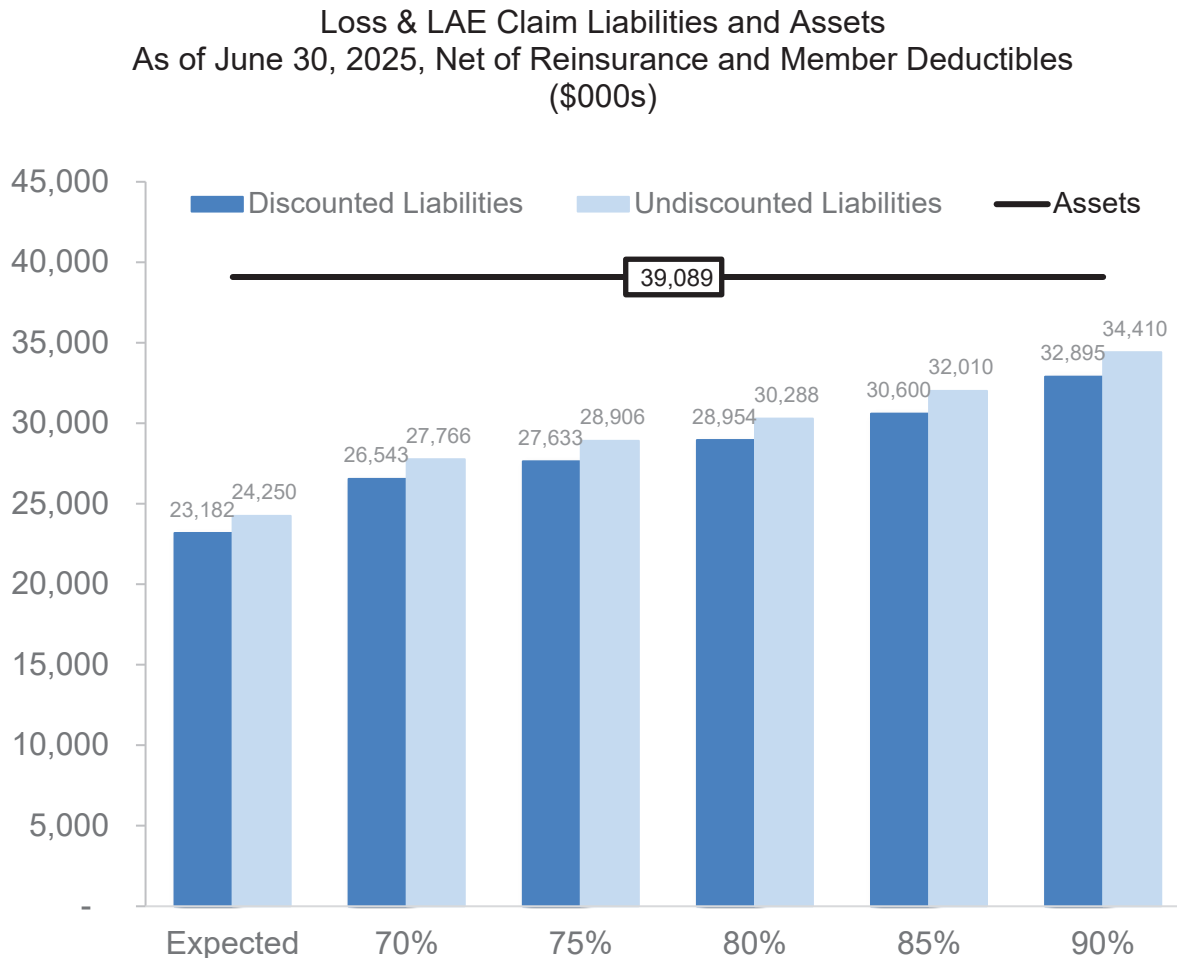
Per California Association of Joint Powers Authorities (CAJPA) accreditation requirements, we also display our outstanding liability estimates at "Forever Pool" confidence levels in the following table.

Dollars (\$000s)	← Confidence Level →			
	95%	98%	99%	99.5%
Loss & ALAE	\$36,998	\$45,426	\$51,191	\$65,346
Claims Admin. (ULAE)	<u>1,850</u>	<u>2,271</u>	<u>2,560</u>	<u>3,267</u>
Total Loss & LAE	\$38,848	\$47,698	\$53,750	\$68,613
NPV Adjustment ²	<u>(1,710)</u>	<u>(2,100)</u>	<u>(2,367)</u>	<u>(3,021)</u>
Discounted Loss & LAE	\$37,137	\$45,598	\$51,384	\$65,592

¹ Expected values represent the "best actuarial" or "central" estimate.

² Net present value is based on an annual discount rate of 2.0% and assumes that invested assets are equal to the recommended discounted reserve level.

The following graph displays the comparison of the program's net claim liabilities and assets as of June 30, 2025 as shown on the prior page.



We generally recommend that risk pools maintain funding at no less than the 90% confidence level. However, we understand that each entity is unique, and that proper funding levels can vary based on issues such as the organization's risk tolerance and financial circumstances. All of these items need to be considered when determining a surplus target, which may significantly exceed the 90% confidence level. A detailed assessment of an appropriate surplus target is beyond the scope of this study. Discounted recommendation assumes that all earnings on the assets invested (which are equal to the recommended discounted reserve level) will accrue to the program. The discount for future earnings should only be reflected, however, when the total indicated funds are available for investment and are expected to earn the indicated yield rate until all claims are closed.

Statement of Compliance with GASB #10

The outstanding liabilities presented in this section that include claims administration costs comply with the requirements promulgated by GASB #10.

Funding Projections

The following table presents our estimates of ultimate costs for the upcoming program year.

Projected Ultimate Costs
Fiscal Year 2025-26, SIR of \$1,000,000

Dollars (\$000s) ²	← Confidence Level →					
	Expected ¹	70%	75%	80%	85%	90%
Loss & ALAE	\$8,522	\$10,678	\$11,369	\$12,187	\$13,218	\$14,590
<u>Claims Admin. (ULAE)³</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Loss & LAE	\$8,522	\$10,678	\$11,369	\$12,187	\$13,218	\$14,590
<u>NPV Adjustment⁴</u>	<u>(579)</u>	<u>(725)</u>	<u>(772)</u>	<u>(828)</u>	<u>(898)</u>	<u>(991)</u>
Discounted Loss & LAE	\$7,943	\$9,953	\$10,596	\$11,359	\$12,320	\$13,599
<u>Total Funding Rate⁵</u>						
Before JPA Credit	\$0.398	\$0.499	\$0.531	\$0.569	\$0.617	\$0.681
After JPA Credit	0.364	0.457	0.486	0.521	0.565	0.624

¹ Expected values represent the “best actuarial” or “central” estimate.

² Dollar amounts reflect layer of loss between anticipated member deductibles and ERMA retention (\$1,000,000).

³ Not included.

⁴ Net present value is based on an annual discount rate of 2.0% and assumes that invested funding is equal to the recommended funding level and is invested at the beginning of the fiscal year.

⁵ Rate is per \$100 of payroll. Rates reflect layer of loss between baseline member deductible (\$50,000) and ERMA retention (\$1,000,000).

The following table presents our estimates of ultimate costs for the upcoming program year at alternate SIRs of \$1,500,000 and \$2,000,000.

Projected Ultimate Rates
Fiscal Year 2025-26

SIR	← Confidence Level →					
	Expected	70%	75%	80%	85%	90%
<u>\$1,500,000</u>						
Before JPA Credit	\$0.448	\$0.561	\$0.598	\$0.641	\$0.695	\$0.767
After JPA Credit	0.409	0.512	0.546	0.585	0.634	0.700
<u>\$2,000,000</u>						
Before JPA Credit	\$0.475	\$0.595	\$0.634	\$0.679	\$0.737	\$0.813
After JPA Credit	0.434	0.544	0.579	0.621	0.673	0.743

BACKGROUND

ERMA began its self-insured employment practices liability program on July 1, 1999. Its current self-insured retention is \$1,000,000, net of a baseline \$50,000 deductible from its members. Alternative member deductible amounts include \$25,000, \$75,000, \$100,000, \$250,000 and \$500,000.

The following table shows a history of ERMA's employment practices liability program.

Coverage Period	Layer Between Retention and \$1,000,000	Coverage Excess of \$1,000,000
7/1/99-6/30/02	Quota Share: 75% ERMA 25% Commercial Coverage	Commercial Coverage \$9,000,000 Excess of \$1,000,000
7/1/02-6/30/04	No Quota Share: 100% ERMA	Commercial Coverage \$4,000,000 Excess of \$1,000,000
7/1/04-6/30/10	No Quota Share: 100% ERMA	No Commercial Coverage
7/1/10-6/30/18	No Quota Share: 100% ERMA	Optional Commercial Coverage \$1,000,000 Excess of \$1,000,000
7/1/18-6/30/22	No Quota Share: 100% ERMA	Optional Commercial Coverage \$2,000,000 Excess of \$1,000,000
7/1/22-Current	No Quota Share: 100% ERMA	Optional Commercial Coverage \$3,000,000 Excess of \$1,000,000

With regard to the contribution rates, ERMA offers a credit for members that participate through JPAs. The credit is equal to 0.10 times the percentage of the JPA that participates in ERMA. For example, if 50% of a JPA (as measured by payroll) participates in ERMA, then each member of that JPA would receive a 5% ERMA rate credit ($5\% = 0.10 \times 50\%$). This credit applies to the overall rate that includes loss, loss adjustment expense, safety, administration, and other costs.

Additional background on the program is given in Appendix K.

OBSERVATIONS AND ANALYSIS

In this section, we present a comparison to the prior analysis as well as an overview of claims trends that we have observed. The prior report for ERMA was dated March 29, 2024 and relied on data evaluated as of December 31, 2023. The current analysis relies on data evaluated as of December 31, 2024.

Comparison of Actual versus Expected Activity

The following tables describe how paid and reported losses have emerged between the two points in time referenced above. We also compare how our projected ultimate loss & ALAE amounts have changed between these two points in time.

Actual Versus Expected Incurred Loss & ALAE¹
Prior vs. Current Reports
(\$000s)

Fiscal Year	Expected Emergence	Actual Emergence	Actual Minus Expected Emergence
Prior	\$0	\$0	\$0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	0	100	100
2015-16	0	0	0
2016-17	30	60	30
2017-18	76	101	25
2018-19	93	66	(26)
2019-20	178	957	780
2020-21	438	3,287	2,849
2021-22	2,159	1,906	(253)
2022-23	1,966	1,899	(67)
2023-24	604	680	76
Total	\$5,543	\$9,056	\$3,513

¹ Loss & ALAE are limited to ERMA's self-insured retention and net of member deductibles.

Actual Versus Expected Paid Loss & ALAE¹
Prior vs. Current Reports
(\$000s)

Fiscal Year	Expected Payments	Actual Payments	Actual Minus Expected Payments
Prior	\$0	\$0	\$0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	0	0	0
2015-16	0	0	0
2016-17	127	39	(88)
2017-18	131	157	27
2018-19	606	450	(155)
2019-20	676	1,801	1,124
2020-21	743	2,869	2,126
2021-22	1,731	1,518	(212)
2022-23	1,033	1,210	177
2023-24	92	85	(7)
Total	\$5,139	\$8,129	\$2,991

¹ Loss & ALAE are limited to ERMA's self-insured retention and net of member deductibles.

Change in Projected Ultimate Loss & ALAE¹
Prior vs. Current Reports
(\$000s)

Fiscal Year	Prior Ultimate	Current Ultimate	Change in Ultimate
Prior	\$10,314	\$10,314	\$0
2004-05	6,417	6,417	0
2005-06	3,616	3,616	0
2006-07	5,811	5,811	0
2007-08	3,528	3,528	0
2008-09	1,212	1,212	0
2009-10	3,282	3,282	0
2010-11	1,826	1,826	0
2011-12	1,917	1,917	0
2012-13	1,882	1,882	0
2013-14	2,211	2,211	0
2014-15	4,206	4,306	100
2015-16	3,217	3,217	0
2016-17	3,086	3,115	30
2017-18	5,275	5,301	26
2018-19	5,065	5,046	(19)
2019-20	4,556	5,290	734
2020-21	3,473	5,825	2,352
2021-22	5,500	5,558	58
2022-23	6,306	6,390	84
2023-24	7,095	7,161	66
Total	\$89,794	\$93,226	\$3,431

¹ Projected ultimate loss & ALAE are limited to ERMA's self-insured retention and net of member deductibles, at expected (no risk margin), and not discounted to reflect net present value.

Comparison of Liabilities: Prior vs. Current Reports

The table below compares our prior report's estimated liability for outstanding claims by component as of June 30, 2024 to our current report's estimated liability for outstanding claims as of June 30, 2025.

Change in Claims Liabilities At Expected (without Risk Margin), Net of Reinsurance and Member Deductibles				
Dollars (\$000s)	Prior Report at 6/30/2024	Current Report at 6/30/2025	Dollar Change	Percent Change
Case Reserves ¹	\$5,177	\$6,573	\$1,396	27.0%
IBNR ²	14,934	16,522	1,587	10.6%
Claims Administration	1,006	1,155	149	14.8%
Total (Undiscounted)	\$21,117	\$24,250	\$3,133	14.8%
NPV Adjustment ³	(891)	(1,068)	(177)	19.9%
Total (Discounted)	\$20,227	\$23,182	\$2,955	14.6%

¹ Established by the claims administrator.

² IBNR: Incurred But Not Reported for development beyond the case reserves.

³ Net present value is based on an annual discount rate of 2.0%.

The table below reconciles our prior report's estimated liability for outstanding claims as of June 30, 2024 to our current report's estimated liability for outstanding claims as of June 30, 2025.

Reconciliation of Claims Liabilities At Expected (without Risk Margin), Net of Reinsurance and Member Deductibles	
	Dollars (\$000s)
(A) Prior 6/30/2024 Discounted Loss & LAE Liabilities	\$20,227
(B) Change in Ultimate Loss & ALAE (AY 2023-24 and Prior)	3,431
(C) Current AY 2024-25 Estimated Ultimate Loss & ALAE	7,870
(D) Estimated Paid Loss & ALAE in 2024-25	(8,317)
(E) Change in ULAE	149
(F) Change in Net Present Value	(177)
(G) Current 6/30/2025 Discounted Loss & LAE Liabilities	\$23,182

Comparison of Funding Projections: Prior vs. Current Reports

The following table compares our funding estimate for the 2024-25 year from our prior report to our funding estimate of the 2025-26 year from our current report.

Change in Funding Estimates
At Expected (without Risk Margin), Net of Reinsurance

Dollars (\$000s) ²	Prior Report ¹ 2024-25	Current Report ¹ 2025-26	Dollar Change	Percent Change
Ultimate Loss and ALAE	\$7,670	\$8,522	\$852	11.1%
<u>Claims Administration (ULAE)³</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>n/a</u>
Total Loss & LAE (Undiscounted)	\$7,670	\$8,522	\$852	11.1%
<u>NPV Adjustment⁴</u>	<u>(496)</u>	<u>(579)</u>	<u>(83)</u>	<u>16.8%</u>
Total Loss & LAE (Discounted)	\$7,174	\$7,943	\$769	10.7%
Rate Before JPA Credit ⁵	\$0.385	\$0.398	\$0.013	3.4%
Rate After JPA Credit ⁵	0.351	0.364	0.013	3.7%

¹ The SIR in both the prior and current reports is \$1,000,000.

² Dollar amounts reflect layer of loss between anticipated member deductibles and ERMA retention (\$1,000,000).

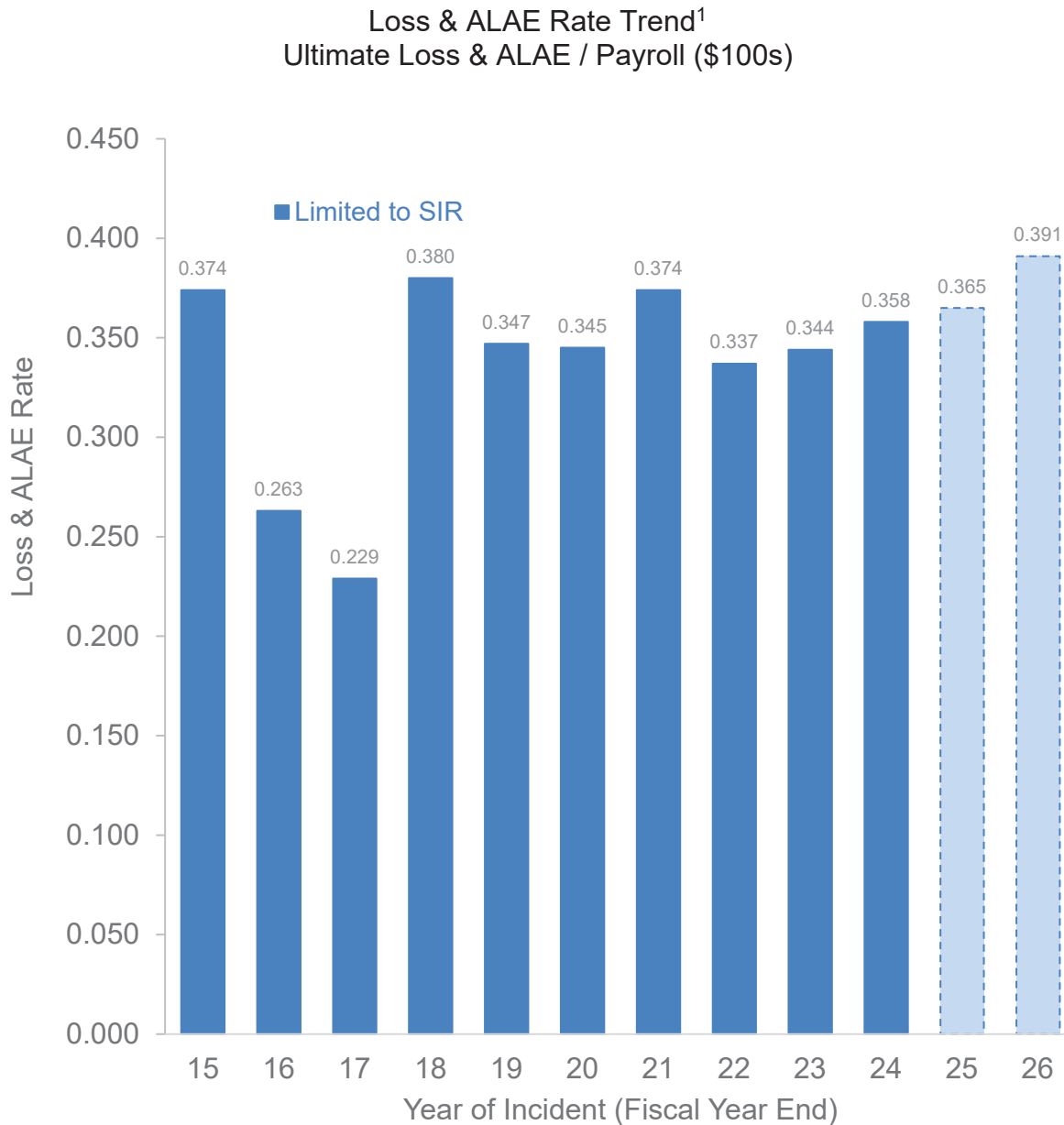
³ Not included.

⁴ Net present value is based on an annual discount rate of 2.0%.

⁵ Rate is per \$100 of payroll. Rates reflect layer of loss between baseline member deductible (\$50,000) and ERMA retention (\$1,000,000).

Loss Rate Trend

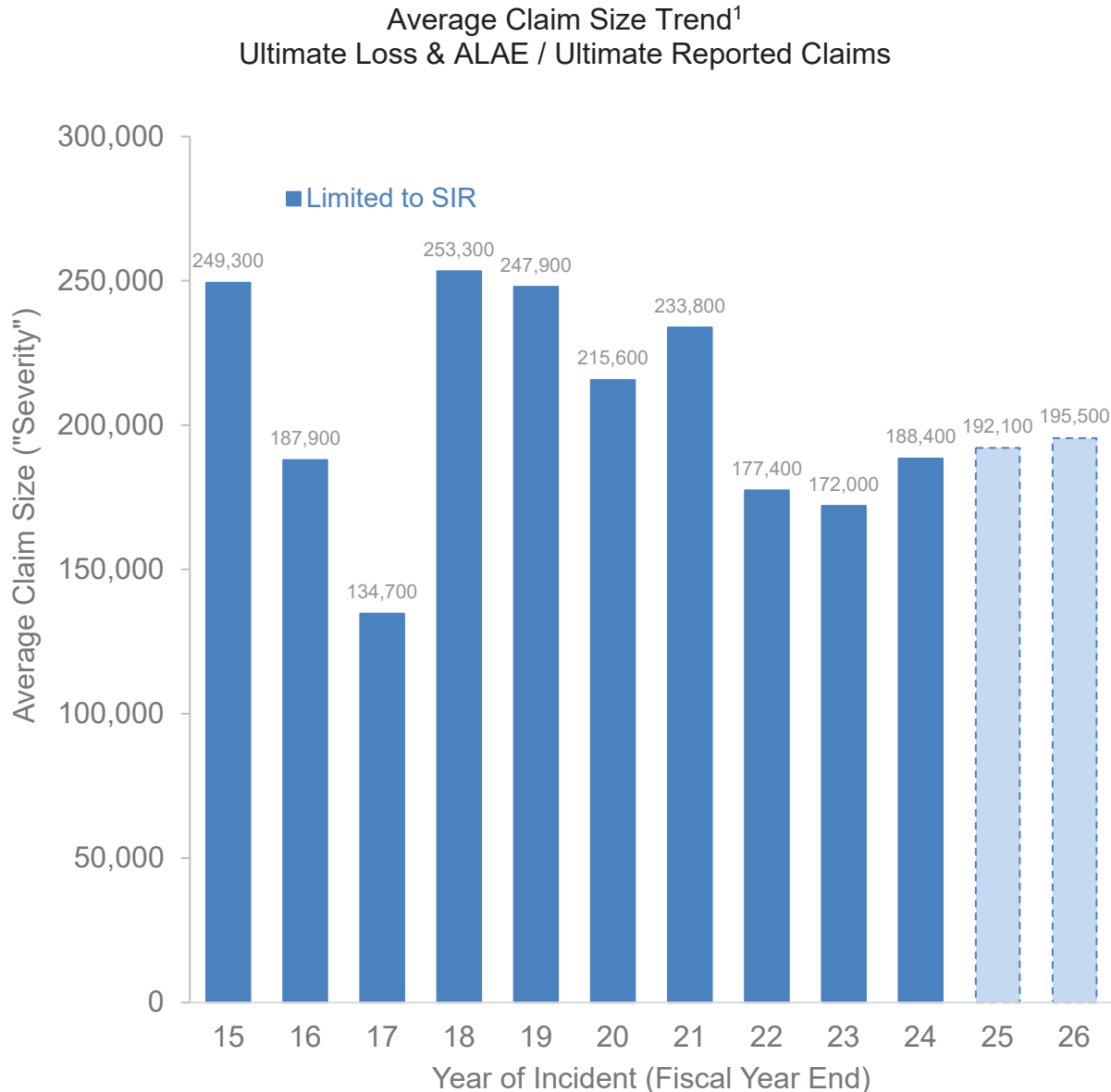
We have evaluated the trend in ERMA's projected ultimate loss & ALAE rate. This rate equals projected ultimate loss and ALAE (limited to the SIR) divided by payroll in \$100s, as displayed in the following graph.



¹ Loss & ALAE are limited to ERMA's self-insured retention and net of member deductibles, at expected (no risk margin) and are not discounted to reflect net present value.

Average Claim Size (Severity) Trend

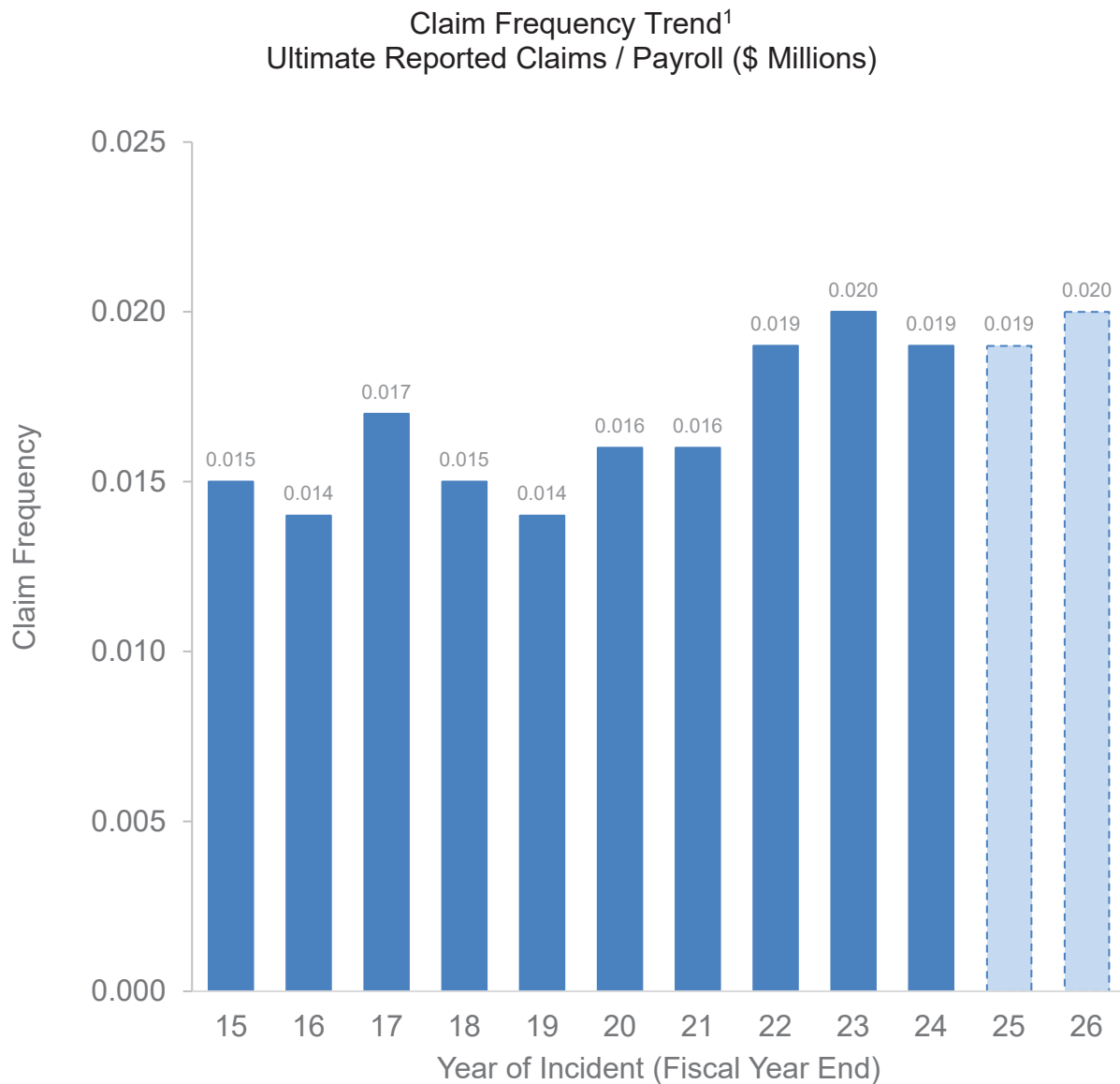
We have evaluated the trend in ERMA's projected ultimate claim size (or "severity"). The ultimate claim size equals projected ultimate loss & ALAE (limited to the SIR) divided by the projected ultimate number of reported claims, as displayed in the following graph.



¹ Loss & ALAE are limited to ERMA's self-insured retention and net of member deductibles, at expected (no risk margin) and are not discounted to reflect net present value.

Claim Frequency Trend

We have evaluated the trend in ERMA's claim frequency. The claim frequency equals projected ultimate number of reported claims divided by payroll in \$ millions, as displayed in the following graph.



¹ Number of claims in ERMA layer.

Loss and LAE Liabilities by Category

The following table shows the categories that compose our ultimate loss & LAE liability estimates.

Loss & ALAE Liabilities by Category and Year¹
As of June 30, 2025, Net of Reinsurance and Member Deductibles
(\$000s)

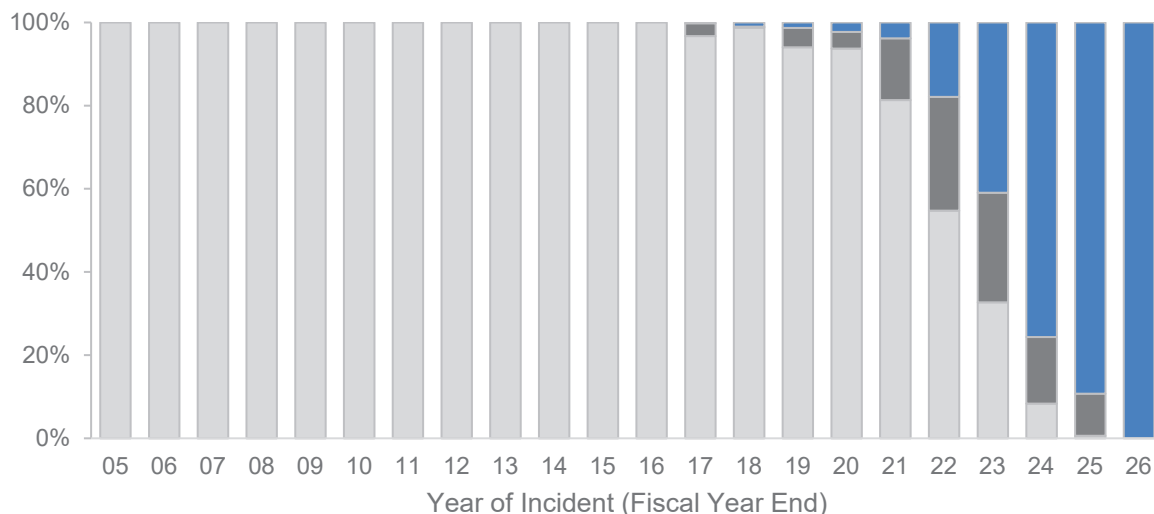
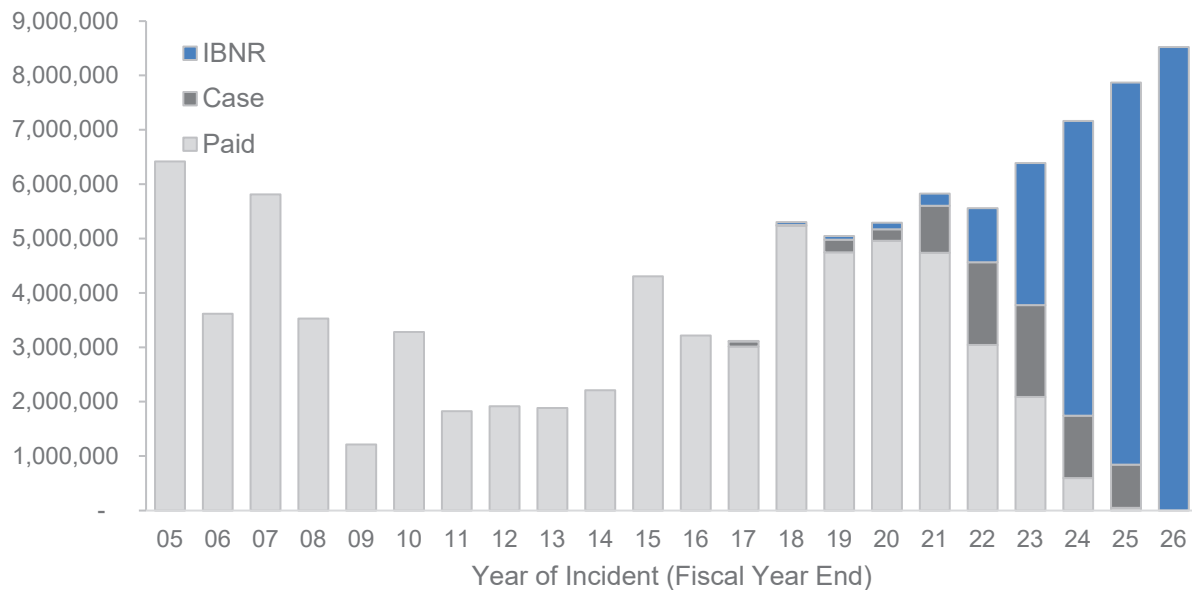
Fiscal Year	Case Reserves	Incurred but Not Reported (IBNR)	Total Liabilities
Prior	\$0	\$0	\$0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	0	0	0
2015-16	0	0	0
2016-17	96	6	103
2017-18	12	53	65
2018-19	235	66	301
2019-20	211	121	332
2020-21	867	221	1,089
2021-22	1,520	994	2,515
2022-23	1,687	2,616	4,302
2023-24	1,149	5,417	6,566
2024-25	<u>795</u>	<u>7,027</u>	<u>7,822</u>
Total Loss & ALAE	\$6,573	\$16,522	\$23,095
ULAE	<u>n/a</u>	<u>1,155</u>	<u>1,155</u>
Total Loss & LAE	\$6,573	\$17,676	\$24,250

¹ Loss & ALAE liabilities are limited to ERMA's self-insured retention and net of member deductibles, at expected (no risk margin), and not discounted to reflect net present value.

Losses by Component

The following graphs illustrate our selected ultimate loss and ALAE amount for each accident year, and segregates each ultimate into its component parts of (1) amounts already paid, (2) amounts already reserved for individual claims, and (3) IBNR reserves to cover both unreported claims as well as any adverse development on known claims.

Ultimate Loss & ALAE by Component
 Net of Reinsurance and Member Deductibles
 As of June 30, 2025¹



¹ Projected 2025-26 year is informational and displayed for comparison purposes.

METHODOLOGY

The methodology that we have used to estimate ultimate Loss & LAE liabilities is in accordance with standard actuarial principles. The 6-step process described below outlines the methods used to calculate the liabilities.

1. Estimate Ultimate Loss & ALAE: The ultimate value of losses associated with a given policy year is usually not known until many years after the policy year has expired. One estimate of future payments for a given policy year is the case reserve. However, to accurately project future payments for a given policy year, we also calculate indicated IBNR reserves that consider the following three factors:

- The amount that case reserves are redundant or deficient.
- Losses that occurred during the policy period but have not yet been reported. This is called “Pure IBNR”.
- Future payments on claims which are closed but will reopen in the future.

Ultimate loss & ALAE projections are developed for costs limited to the retention. Loss development factors are primarily based on ERMA’s own historical experience supplemented with industry data. The following methods are used to estimate ultimate loss & ALAE:

- Reported Loss Development: Includes paid losses and case reserves.
- Paid Loss Development: Based on payments only.
- Reported Exposure Method: This calculates IBNR based on expected ultimate loss times an IBNR factor. For the first layer of losses, the expected ultimate loss is based on exposure times initial loss rates. These loss rates are based on historical losses in that layer developed to ultimate using loss development factors. The loss rates in the higher layer incorporate increased limits factors based on ERMA’s historical losses and industry data. Where appropriate, historical data is adjusted for both claims and exposure trend, to reflect issues such as inflation, benefit level changes, and legal changes.
- Paid Exposure Method: This calculates unpaid costs based on expected ultimate loss times an unpaid factor. The loss rates are identical to those utilized in the reported exposure method.
- Frequency x Severity: This calculates ultimate costs based on expected ultimate severity and expected ultimate frequency derived from historical experience.

2. Select Ultimate Loss & ALAE: Based on the indicated ultimate loss and ALAE from the various methods described previously, the ultimate losses by year are selected.
3. Calculate Expected Undiscounted Unpaid Loss & ALAE: Unpaid loss & ALAE equals ultimate Loss & ALAE (calculated in step #2, above) minus payments to date.
4. Discounting/Net Present Value: Since payments associated with claims liabilities will be spread out over several years, they are discounted to reflect anticipated investment income on the assets set aside to pay these costs. The expected Loss & ALAE payout pattern is based on the paid loss development factors previously described.
5. Claims Administration: We have assumed that the liability for unpaid unallocated loss adjustment expenses (ULAE) for claims administration will be 5% of the liability for unpaid loss and allocated loss adjustment expenses (ALAE). No provision for ULAE is included with the projected costs for 2025-26.
6. Confidence Levels: The “expected” estimate of unpaid Loss & ALAE is our best estimate given current information. However, there is uncertainty inherent in the claims settlement process. This uncertainty is quantified via confidence levels. For example, we believe that future payments have a 75% chance of being less than the liabilities at the 75% confidence level and have only a 25% chance of exceeding the 75% confidence level estimates. The confidence levels are based on the Heckman Meyers approach.

CONSIDERATIONS AND KEY ASSUMPTIONS

Several considerations should be taken into account when evaluating property/casualty claim liabilities and funding projections for upcoming years. The following is a list of issues that we have considered in this report, along with some key assumptions that we have made.

Data

Data Quality: Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by or on behalf of ERMA. While we have not independently audited or verified this information, we have reviewed it for reasonability and internal consistency. We have assumed that the data is accurate and complete. Any material inaccuracy or omission could invalidate the conclusions in this report and should be brought to our attention immediately.

Exposure: The exposure base utilized in this study is payroll, which was provided to us by ERMA. For the purposes of our analysis, actual payroll has been adjusted to reflect a retention-weighted equivalent based on the deductible/SIR selected for each member. A list of exposure by year can be found in Appendix L.

Claims: The claims data utilized in this study was provided to us by ERMA.

Other Program Information: Key program information, including historical retentions, claims administration costs, other program costs, and program assets, were provided to us by ERMA. We relied on this information without audit.

Key Dates

Accounting Date: This study presents liabilities as of an accounting date of June 30, 2025.

Valuation Date: The data underlying this study are valued as of December 31, 2023.

Review Date and Information Date: We have not reflected any actual claims activity subsequent to the valuation date.

Accounting Standard

The accounting standards applicable to this analysis follow the guidance promulgated by the Governmental Accounting Standards Board (GASB).

Other Actuarial Considerations

Discounting to Reflect Net Present Value: Reserves in this report are presented on both undiscounted and discounted bases. At ERMA's instruction, we have assumed that assets held for investment will generate an average annual rate of return of 2.0% over the time during which the loss liabilities are paid out. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon prevailing investment market conditions. This recommendation assumes that all earnings on the assets invested (which are equal to the recommended discounted reserve level) will accrue to the program. The discount for future earnings should only be reflected, however, when the total indicated funds are available for investment and are expected to earn the indicated yield rate until all claims are closed.

Uncertainty & Risk Margin: There is uncertainty regarding the ultimate cost of the reserves and funding amounts that are estimated in this report. Our estimates are presented both at the expected level (also known as the actuarial central estimate) and at higher confidence levels. The projections at higher confidence levels reflect uncertainty by including a risk margin for the potential of costs coming in higher than at the expected level.

Trending: We have adjusted historical payroll and claims costs to reflect inflation as well as other changes in the claims environment. The payroll, claim frequency, and claim cost trend factors by year are in Appendices L and E, respectively. We have also projected payroll and claim costs to account for future changes in cost levels.

External Influences: This analysis contemplates a continuation of current social, economic, judicial, and legislative trends. Historical changes have been reflected through the use of trend factors.

Homogeneity: The accuracy of loss estimates may be improved by subdividing loss experience into groups exhibiting similar characteristics. In evaluating ERMA's loss experience, we considered all of the experience together.

Credibility: Credibility is a measure of the predictive value attached to a body of data. The degree to which consideration is given to homogeneity is related to the consideration of credibility. While making more homogeneous groupings may increase the credibility of the data, partitioning into cells too small to be reliable statistically may also decrease it. As discussed above, further subdivision of data (by individual department, for instance) would reduce the statistical credibility too greatly. This aggregation of data assumes that there has been a relatively stable distribution of exposures among various risk characteristics during the years included in this analysis.

Loss Development: The rate at which costs develop to their ultimate level was included in the calculation of loss development factors. The loss development factors are described in the Methodology section of this report.

Claim Emergence Patterns: The delay between the occurrence of claims and the recording of claims was considered in the estimation of loss development factors.

Claim Settlement Patterns: The rate at which claims are closed and the impact upon incurred losses are considered in the calculation of loss development factors.

Reopened Claim Potential: The effect of reopened claims is included in the calculation of loss development factors.

Claim Frequency and Average Claim Size: The average and potential claim frequency and average claim size have been measured and considered in the liability estimates.

Large Losses & Catastrophes: The impact of large losses and catastrophes have the potential to distort the results of actuarial analyses. We have mitigated this risk by separating loss development and loss rates into the lower layer (limited to \$100,000 per occurrence) and the excess layer. In addition, our net liability and funding estimates limit loss & ALAE to the appropriate SIR. Lastly, we have utilized industry size of loss curves and increased limits factors where we feel that ERMA's experience is not fully credible.

Loss Limitations: Our projections of claim costs are limited to ERMA's SIR. We have assumed that all relevant reinsurance purchased by ERMA for costs above the SIR is collectible. The retentions used in the study are displayed by year in the Background section of this report.

Recoveries: The data underlying this report are net of salvage, subrogation and other recoveries.

Portfolio Transfers, Commutations, and Structured Settlements: No historical loss portfolio transfers or commutations have been reflected in this analysis. To the extent there are structured settlements, they have been reflected in the claims data utilized in this analysis.

Operational Changes: This analysis has not made special adjustment for any specific operational changes at ERMA.

Reasonableness: We have established the reasonability of our results by utilizing standard actuarial techniques and reasonable assumptions.

Claims Administration Costs (Unallocated Loss Adjustment Expense or ULAE): ULAE costs have been

- included in our estimate of outstanding liabilities, and
- excluded from our estimate of funding amounts for future program years.

Other Program Costs: Our estimate of the funding amounts for future program years:

- excludes contributions for excess insurance to cover claims or portions of claims that fall outside the program, and
- excludes costs for loss control, overhead, and other expenses associated with the program.

CONDITIONS AND LIMITATIONS

It is important to recognize that the projections in this report are estimates at one point in time and are subject to future changes. Since the emergence and settlement of claims are subject to uncertainty, actual developments likely will vary, perhaps significantly, from the amounts carried in this report. No warranty is expressed or implied that such variance will not occur. The accuracy of the conclusions in this report depends on many factors, including the following:

Loss Activity since the Evaluation Date: The losses in this study were valued as of December 31, 2024. It is possible that there has been significant loss activity that has occurred since that date which would change the findings of this report.

Data Accuracy: This report relies on unaudited loss and exposure information provided by ERMA. The accuracy of our projections relies on the accuracy of this data.

Loss Development: The appropriateness of ERMA's historical and industry loss development patterns in projecting future loss development.

Trend Changes: The appropriateness of the trend indices used to adjust historical losses.

Discounting/Net Present Value: Our estimates that are discounted to reflect net present value assume a certain investment return on assets. This adjustment to reflect net present value is inaccurate to the extent that actual investment returns deviate from the assumed returns.

Insurance: Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than ERMA's excess coverage.

Future Law Changes: We cannot predict, nor have we attempted to predict, the impact of future law changes and court rulings on claims costs.

New Classes of Claims: Our projections make no provision for the extraordinary future emergence of new classes of loss or types of loss not sufficiently represented in ERMA's historical data, or which are not yet quantifiable.

DISTRIBUTION AND USE

This report was prepared for the sole use of Employment Risk Management Authority and its auditors. This report is neither intended nor necessarily suitable for any other use. It may be forwarded to regulatory authorities as required by law. Any other distribution of this report requires the express written consent of Bickmore Actuarial. If such consent is granted, the report should be forwarded in its entirety, including all exhibits and appendices. It should also be understood that Bickmore Actuarial would be available to answer any questions regarding this report and its conclusions.

GLOSSARY OF ACTUARIAL TERMS

Accident Year – Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) – Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, utilization review, bill review, etc.)

Case Reserve – The amount left to be paid on an open claim, as estimated by the claims administrator.

Claim Count Development Factor – A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency – Number of claims per \$1 million of payroll.

Confidence Level – An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor – A factor to adjust estimated loss costs to reflect net present value.

Expected Losses – The best estimate of the full, ultimate value of losses.

Exposure Base – An objective and easily measurable quantity that is correlated with loss. Commonly used exposure bases include payroll, population, revenue, number of employees (FTE), average daily attendance (ADA), number of vehicles and total insured value (TIV).

Incurred but not Reported (IBNR) Losses – This is the ultimate value of losses less any amount that has been paid to date or set up as a case reserve by the claims adjuster. It includes amounts for claims incurred but not yet received by the administrator as well as loss development on already reported claims.

Loss Adjustment Expense – The sum of Allocated Loss Adjustment Expense (ALAE) and Unallocated Loss Adjustment Expense (ULAE).

Loss Development Factor – A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled. See the Methodology section.

Loss Rate – Ultimate losses per \$100 of payroll.

Non-Claims Related Expenses – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses – Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses – Losses actually paid on all reported claims.

Program Losses – Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses – The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) – The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity – Average claim cost.

Ultimate Losses – The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims administration expenses, taxes, etc.)

EXHIBITS AND APPENDICES

ERMA

*Employment Practices Liability***Liabilities @ June 30, 2025**

	Includes Quota Share Losses		Excludes Quota Share Losses	
	Undiscounted	NPV @2.00%	Undiscounted	NPV @2.00%
Expected Liabilities				
(1) Case Reserves	6,573,000		6,573,000	
(2) Actuarial Reserve	16,522,000		16,522,000	
(3) Claims Handling Expense	1,155,000		1,155,000	
(4) Subtotal	24,250,000	23,182,000	24,250,000	23,182,000
(5) Confidence Levels				
Expected	24,250,000	23,182,000	24,250,000	23,182,000
60%	25,850,000	24,712,000	25,850,000	24,712,000
70%	27,766,000	26,543,000	27,766,000	26,543,000
75%	28,906,000	27,633,000	28,906,000	27,633,000
80%	30,288,000	28,954,000	30,288,000	28,954,000
85%	32,010,000	30,600,000	32,010,000	30,600,000
90%	34,410,000	32,895,000	34,410,000	32,895,000

Funding Rates for Fiscal Year 2025-2026

	Layer: \$50,000 to \$250,000		Layer: \$50,000 to \$350,000		Layer: \$50,000 to \$500,000	
	Undiscounted	NPV @2.00%	Undiscounted	NPV @2.00%	Undiscounted	NPV @2.00%
Expected Rates						
(6) Ultimate Loss & ALAE	0.186	0.173	0.244	0.227	0.301	0.281
(7) Expected JPA Participation Credit	0.016	0.016	0.022	0.022	0.027	0.027
(8) ULAE	-	-	-	-	-	-
(9) Subtotal	0.202	0.189	0.266	0.249	0.328	0.308
(10) Confidence Levels						
Expected	0.202	0.189	0.266	0.249	0.328	0.308
60%	0.225	0.211	0.297	0.278	0.366	0.344
70%	0.253	0.237	0.333	0.312	0.411	0.386
75%	0.269	0.252	0.355	0.332	0.438	0.411
80%	0.289	0.270	0.380	0.356	0.469	0.440
85%	0.313	0.293	0.413	0.386	0.509	0.478
90%	0.346	0.324	0.455	0.426	0.562	0.527

	Layer: \$50,000 to \$750,000		Layer: \$50,000 to \$1,000,000		Layer: \$50,000 to \$1,250,000	
	Undiscounted	NPV @2.00%	Undiscounted	NPV @2.00%	Undiscounted	NPV @2.00%
Expected Rates						
(6) Ultimate Loss & ALAE	0.356	0.332	0.391	0.364	0.419	0.391
(7) Expected JPA Participation Credit	0.031	0.031	0.034	0.034	0.037	0.037
(8) ULAE	-	-	-	-	-	-
(9) Subtotal	0.387	0.363	0.425	0.398	0.456	0.428
(10) Confidence Levels						
Expected	0.387	0.363	0.425	0.398	0.456	0.428
60%	0.432	0.405	0.474	0.444	0.509	0.478
70%	0.485	0.455	0.533	0.499	0.571	0.536
75%	0.516	0.484	0.567	0.531	0.608	0.571
80%	0.553	0.519	0.608	0.569	0.652	0.612
85%	0.600	0.563	0.659	0.617	0.707	0.664
90%	0.663	0.621	0.728	0.681	0.781	0.733

	Layer: \$50,000 to \$1,500,000		Layer: \$50,000 to \$1,750,000		Layer: \$50,000 to \$2,000,000	
	Undiscounted	NPV @2.00%	Undiscounted	NPV @2.00%	Undiscounted	NPV @2.00%
Expected Rates						
(6) Ultimate Loss & ALAE	0.439	0.409	0.454	0.423	0.466	0.434
(7) Expected JPA Participation Credit	0.039	0.039	0.040	0.040	0.041	0.041
(8) ULAE	-	-	-	-	-	-
(9) Subtotal	0.478	0.448	0.494	0.463	0.507	0.475
(10) Confidence Levels						
Expected	0.478	0.448	0.494	0.463	0.507	0.475
60%	0.533	0.500	0.551	0.517	0.566	0.530
70%	0.599	0.561	0.619	0.580	0.635	0.595
75%	0.638	0.598	0.659	0.618	0.676	0.634
80%	0.684	0.641	0.706	0.662	0.725	0.679
85%	0.741	0.695	0.766	0.718	0.786	0.737
90%	0.818	0.767	0.846	0.793	0.868	0.813

ERMA - Employment Practices Liability

Funding Guidelines for Outstanding Liabilities at
December 31, 2024

(A) Estimated Ultimate Losses Incurred through 12/31/24: (From Appendix F)	\$97,160,000
(B) Estimated Paid Losses through 12/31/24: (From Appendix F)	75,238,000
(C) Estimated Liability for Claims Outstanding at 12/31/24: (From Appendix F)	<u>\$21,922,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 12/31/24: (Based on 5.0% of (C))	1,096,000
(E) Total Outstanding Liability for Claims at 12/31/24: ((C) + (D))	<u>\$23,019,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 2.00%): (Appendix H, Page 1, (G))	0.955
(G) Discounted Outstanding Liability for Claims at 12/31/24: ((E) x (F))	<u>\$21,974,000</u>

Confidence Level of Adequacy:	<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>Minimum 90%</u>
(H) Confidence Level Factor: (From Appendix I)	1.145	1.192	1.249	1.320	1.419
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	3,186,000	4,219,000	5,472,000	7,032,000	9,207,000
(J) Total Required Assets at 12/31/24: ((G) + (I))	<u>\$25,160,000</u>	<u>\$26,193,000</u>	<u>\$27,446,000</u>	<u>\$29,006,000</u>	<u>\$31,181,000</u>

ERMA - Employment Practices Liability

Funding Guidelines for Outstanding Liabilities at
June 30, 2025

(A) Estimated Ultimate Losses Incurred through 6/30/25: (From Appendix F)	\$101,095,000
(B) Estimated Paid Losses through 6/30/25: (From Appendix F)	78,000,000
(C) Estimated Liability for Claims Outstanding at 6/30/25: (From Appendix F)	<u>\$23,095,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/25: (Based on 5.0% of (C))	1,155,000
(E) Total Outstanding Liability for Claims at 6/30/25: ((C) + (D))	<u>\$24,250,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 2.00%.): (Appendix H, Page 1, (H))	0.956
(G) Discounted Outstanding Liability for Claims at 6/30/25: ((E) x (F))	<u>\$23,182,000</u>

Confidence Level of Adequacy:	<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>Minimum 90%</u>
(H) Confidence Level Factor: (From Appendix I)	1.145	1.192	1.249	1.320	1.419
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	3,361,000	4,451,000	5,772,000	7,418,000	9,713,000
(J) Total Required Assets at 6/30/25: ((G) + (I))	<u>\$26,543,000</u>	<u>\$27,633,000</u>	<u>\$28,954,000</u>	<u>\$30,600,000</u>	<u>\$32,895,000</u>
(K) Estimated Total Assets at 6/30/25: (Provided by the Authority)	39,089,000	39,089,000	39,089,000	39,089,000	39,089,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K) - (J))	<u>\$12,546,000</u>	<u>\$11,456,000</u>	<u>\$10,135,000</u>	<u>\$8,489,000</u>	<u>\$6,194,000</u>

ERMA - Employment Practices Liability

Funding Options for Program Year 2024-2025 (SIR = \$1,000,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2024-2025: (From Appendix F)	\$7,870,000	\$0.365			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2024-2025: (From Exhibit 5, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2024-2025: ((A) + (B))	\$7,870,000	\$0.365			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Appendix H, Page 2, (G))	0.932				
(E) Discounted Total Claims Costs Incurred in Accident Year 2024-2025: ((C) x (D))	\$7,335,000	\$0.340			
	Marginally Acceptable	Recommended		Conservative	
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix I)	1.253	1.334	1.430	1.551	1.712
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	1,856,000	2,450,000	3,154,000	4,042,000	5,222,000
(H) Recommended Funding in 2024-2025 for Claims Costs and Other Expenses: ((E) + (G))	\$9,191,000	\$9,785,000	\$10,489,000	\$11,376,000	\$12,557,000
(I) Rate per \$100 of Payroll: ((H) / \$21,580,003)	\$0.426	\$0.453	\$0.486	\$0.527	\$0.582

Payroll rates are per hundred dollars of 2024-2025 payroll of \$2,158,000,300.

ERMA - Employment Practices Liability

Funding Options for Program Year 2025-2026 (SIR = \$1,000,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2025-2026: (From Appendix F)	\$8,522,000	\$0.391			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2025-2026: (From Exhibit 5, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2025-2026: ((A) + (B))	\$8,522,000	\$0.391			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Appendix H, Page 2, (G))	0.932				
(E) Discounted Total Claims Costs Incurred in Accident Year 2025-2026: ((C) x (D))	\$7,943,000	\$0.364			
	Marginally Acceptable	Recommended	Conservative		
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix I)	1.253	1.334	1.430	1.551	1.712
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	2,010,000	2,653,000	3,416,000	4,377,000	5,656,000
(H) Recommended Funding in 2025-2026 for Claims Costs and Other Expenses: ((E) + (G))	\$9,953,000	\$10,596,000	\$11,359,000	\$12,320,000	\$13,599,000
(I) Rate per \$100 of Payroll: ((H) / \$21,796,000)	\$0.457	\$0.486	\$0.521	\$0.565	\$0.624

Payroll rates are per hundred dollars of 2025-2026 payroll of \$2,179,600,000.

ERMA - Employment Practices Liability

IBNR as of 6/30/25 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 12/31/24 (B)	Estimated IBNR as of 12/31/24 (C)	Estimated Percent of IBNR Reported Between 1/1/25 and 6/30/25 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/25 (F)
Prior	\$10,314,000	\$10,314,000	\$0	100.0%	\$0	\$0
2004-2005	6,417,000	6,417,000	0	100.0%	0	0
2005-2006	3,616,000	3,616,000	0	100.0%	0	0
2006-2007	5,811,000	5,811,000	0	100.0%	0	0
2007-2008	3,528,000	3,528,000	0	100.0%	0	0
2008-2009	1,212,000	1,212,000	0	100.0%	0	0
2009-2010	3,282,000	3,282,000	0	100.0%	0	0
2010-2011	1,826,000	1,826,000	0	100.0%	0	0
2011-2012	1,917,000	1,917,000	0	100.0%	0	0
2012-2013	1,882,000	1,882,000	0	100.0%	0	0
2013-2014	2,211,000	2,211,000	0	100.0%	0	0
2014-2015	4,306,000	4,306,000	0	100.0%	0	0
2015-2016	3,217,000	3,217,000	0	100.0%	0	0
2016-2017	3,115,000	3,100,000	16,000	59.9%	9,000	6,000
2017-2018	5,301,000	5,222,000	79,000	33.0%	26,000	53,000
2018-2019	5,046,000	4,957,000	90,000	26.1%	23,000	66,000
2019-2020	5,290,000	5,129,000	161,000	25.1%	40,000	121,000
2020-2021	5,825,000	5,508,000	317,000	30.2%	96,000	221,000
2021-2022	5,558,000	4,317,000	1,241,000	19.9%	247,000	994,000
2022-2023	6,390,000	2,621,000	3,769,000	30.6%	1,153,000	2,616,000
2023-2024	7,161,000	750,000	6,411,000	15.5%	994,000	5,417,000
2024-2025	7,870,000	465,000	3,470,000	5.1%	378,000	7,027,000
Totals	\$101,095,000	\$81,607,000	\$15,553,000		\$2,967,000	\$16,522,000

Notes:

- (A) From Exhibit 4, Page 1.
- (B) Provided by the Authority. These losses exclude amounts incurred above the Authority's SIR for each year.
- (C) (A) - (B).
- (D) Percentage of incurred but not reported (IBNR) expected to be reported between 1/1/25 and 6/30/25. The percentage is based on the development pattern selected in Appendix A.
- (E) ((A) - (B)) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/25. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

Estimated Ultimate Program Losses

Notes:

- This exhibit summarizes the results of the actuarial methods we have applied to estimate ultimate losses for each year. It is important to apply a number of estimation methods because each one relies on specific assumptions about the claims process that tend to hold generally true, but that may be violated in specific situations. Thus, the more estimation methods that can be applied, the better.

ERMA - Employment Practices Liability

Estimated Ultimate Limited Losses Capped at \$1,000,000 per Claim

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate SIR Losses (F)
Prior	\$10,314,000	\$10,314,000	\$0	\$0	\$10,314,000	\$10,314,000
2004-2005	6,417,000	6,417,000	6,417,000	6,417,000	6,417,000	6,417,000
2005-2006	3,616,000	3,616,000	3,616,000	3,616,000	3,616,000	3,616,000
2006-2007	5,811,000	5,811,000	5,811,000	5,811,000	5,811,000	5,811,000
2007-2008	3,528,000	3,528,000	3,528,000	3,528,000	3,528,000	3,528,000
2008-2009	1,212,000	1,212,000	1,212,000	1,212,000	1,212,000	1,212,000
2009-2010	3,282,000	3,282,000	3,282,000	3,282,000	3,282,000	3,282,000
2010-2011	1,826,000	1,826,000	1,826,000	1,826,000	1,826,000	1,826,000
2011-2012	1,917,000	1,917,000	1,917,000	1,917,000	1,917,000	1,917,000
2012-2013	1,882,000	1,882,000	1,882,000	1,882,000	1,882,000	1,882,000
2013-2014	2,211,000	2,211,000	2,211,000	2,211,000	2,211,000	2,211,000
2014-2015	4,306,000	4,206,000	4,306,000	4,206,000	4,306,000	4,306,000
2015-2016	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000	3,217,000
2016-2017	3,115,000	2,940,000	3,115,000	2,942,000	3,115,000	3,115,000
2017-2018	5,301,000	5,336,000	5,302,000	5,333,000	5,301,000	5,301,000
2018-2019	5,106,000	4,908,000	5,104,000	4,916,000	5,046,000	5,046,000
2019-2020	5,442,000	5,841,000	5,383,000	5,591,000	4,208,000	5,290,000
2020-2021	6,428,000	7,138,000	6,184,000	6,191,000	4,377,000	5,825,000
2021-2022	5,668,000	6,106,000	5,558,000	5,587,000	5,649,000	5,558,000
2022-2023	6,796,000	8,333,000	6,390,000	6,480,000	7,010,000	6,390,000
2023-2024	6,807,000	7,162,000	6,887,000	6,898,000	7,490,000	7,161,000
2024-2025	56,975,000	0	8,172,000	7,769,000	8,200,000	7,870,000
Totals						\$101,095,000
			Projected Losses for the Year 2024-2025 (G)			\$7,870,000
			Projected Losses for the Year 2025-2026 (H)			8,522,000

Notes:

- (A) From Appendix A, Page 1, Column (D).
- (B) From Appendix B, Page 1, Column (D).
- (C) Based on results in Appendix C, Page 1.
- (D) Based on results in Appendix C, Page 2.
- (E) Based on results in Appendix D, Page 1.
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 5, Page 1, Line (K) / Line (G).
- (H) From Exhibit 5, Page 1, Line (K) / Line (G).

This exhibit summarizes the results of the actuarial methods we have applied to estimate limited losses for each year. These results are used to select a limited loss rate for future years.

ERMA - Employment Practices Liability

Selection of Projected Limited Loss Rate
and Projection of Program Losses and ULAE

Accident Year	Ultimate SIR Losses (A)	Trend Factor (B)	Trended SIR Losses (C)	Trended Payroll (\$00) (D)	Trended SIR Loss Rate (E)
Prior	\$0	4.142	\$0	\$0	0.000
2004-2005	6,417,000	3.871	24,840,000	15,110,517	1.644
2005-2006	3,616,000	3.618	13,083,000	15,350,567	0.852
2006-2007	5,811,000	3.381	19,647,000	17,192,507	1.143
2007-2008	3,528,000	3.160	11,149,000	18,787,675	0.593
2008-2009	1,212,000	2.953	3,578,000	18,421,386	0.194
2009-2010	3,282,000	2.760	9,058,000	16,203,441	0.559
2010-2011	1,826,000	2.580	4,710,000	14,987,400	0.314
2011-2012	1,917,000	2.411	4,622,000	14,512,443	0.318
2012-2013	1,882,000	2.253	4,241,000	13,907,180	0.305
2013-2014	2,211,000	2.105	4,653,000	14,225,319	0.327
2014-2015	4,306,000	1.967	8,471,000	14,719,057	0.575
2015-2016	3,217,000	1.838	5,913,000	15,203,813	0.389
2016-2017	3,115,000	1.718	5,352,000	16,550,219	0.323
2017-2018	5,301,000	1.606	8,514,000	16,591,639	0.513
2018-2019	5,046,000	1.500	7,570,000	16,868,483	0.449
2019-2020	5,290,000	1.402	7,416,000	17,363,193	0.427
2020-2021	5,825,000	1.311	7,637,000	17,183,796	0.444
2021-2022	5,558,000	1.225	6,808,000	17,738,919	0.384
2022-2023	6,390,000	1.145	7,316,000	19,549,893	0.374
2023-2024	7,161,000	1.070	7,662,000	20,521,323	0.373
2024-2025	7,870,000	1.000	7,870,000	21,580,003	0.365
Totals	\$90,781,000		\$180,111,000	\$352,568,773	\$0.511
18/19-22/23	28,109,000		36,748,000	88,704,284	0.414
21/22-23/24	19,109,000		21,787,000	57,810,000	0.377
(F) Selected SIR Rate:					\$0.365
Prior:					\$0.350
Program Year:	2024-2025	2025-2026			
(G) Factor to SIR:	1.000	1.000			
(H) Trend Factor:	1.000	1.070			
(I) Program Rate:	\$0.365	\$0.391			
(J) Trended Payroll (\$00):	21,580,003	21,796,000			
(K) Projected Program Losses:	7,870,000	8,522,000			
(L) Projected ULAE:	0	0			
(M) Projected Loss and ULAE:	\$7,870,000	\$8,522,000			

Notes appear on the next page.

ERMA - Employment Practices Liability

Selection of Projected Limited Loss Rate
and Projection of Program Losses and ULAE

Notes:

- (A) From Exhibit 4, Page 2, Column (F).
For purposes of projecting future losses, losses are capped at \$1,000,000 per occurrence.
- (B) From Appendix E, Page 1, Column (B).
- (C) $(A) \times (B)$.
- (D) Appendix L, Column (C).
- (E) $(C) / (D)$.
- (F) Selected based on (E).
- (G) Based on a Burr distribution, a mathematical model of claims sizes. 2024-2025 is $(K) / (A)$.
- (H) From Appendix E.
- (I) $(F) \times (G) \times (H)$. 2024-2025 is $(K) / (J)$.
- (J) Appendix L, Column (C).
- (K) $(I) \times (J)$. 2024-2025 is from Exhibit 4, Page 1.
- (L) Based on an estimated claim closing pattern and the Authority's historical claims administration expenses.
- (M) $(K) + (L)$.

This exhibit shows the calculation of future loss costs based on the past loss rates. The projections will be accurate only to the extent that what has happened in the past is representative of what will happen in the future.

ERMA - Employment Practices Liability

Reported Loss Development

Accident Year (A)	SIR Reported Losses as of 12/31/24 (B)	Reported Loss Development Factor (C)	Ultimate SIR Losses (D)	Program Reported Losses as of 12/31/24 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
Prior	\$10,313,716	1.000	\$10,313,716	\$10,313,716	1.000	\$10,313,716
2004-2005	6,416,832	1.000	6,416,832	6,416,832	1.000	6,416,832
2005-2006	3,616,204	1.000	3,616,204	3,616,204	1.000	3,616,204
2006-2007	5,810,921	1.000	5,810,921	5,810,921	1.000	5,810,921
2007-2008	3,528,296	1.000	3,528,296	3,528,296	1.000	3,528,296
2008-2009	1,211,783	1.000	1,211,783	1,211,783	1.000	1,211,783
2009-2010	3,281,809	1.000	3,281,809	3,281,809	1.000	3,281,809
2010-2011	1,825,609	1.000	1,825,609	1,825,609	1.000	1,825,609
2011-2012	1,916,982	1.000	1,916,982	1,916,982	1.000	1,916,982
2012-2013	1,882,270	1.000	1,882,270	1,882,270	1.000	1,882,270
2013-2014	2,210,525	1.000	2,210,525	2,210,525	1.000	2,210,525
2014-2015	4,306,344	1.000	4,306,344	4,306,344	1.000	4,306,344
2015-2016	3,217,101	1.000	3,217,101	3,217,101	1.000	3,217,101
2016-2017	3,099,815	1.005	3,115,314	3,099,815	1.005	3,115,314
2017-2018	5,222,349	1.015	5,300,684	5,222,349	1.015	5,300,684
2018-2019	4,956,801	1.030	5,105,505	4,956,801	1.030	5,105,505
2019-2020	5,129,006	1.061	5,441,875	5,129,006	1.061	5,441,875
2020-2021	5,508,321	1.167	6,428,211	5,508,321	1.167	6,428,211
2021-2022	4,316,575	1.313	5,667,663	4,316,575	1.313	5,667,663
2022-2023	2,620,785	2.593	6,795,696	2,620,785	2.593	6,795,696
2023-2024	750,000	9.076	6,807,000	750,000	9.076	6,807,000
2024-2025	465,000	122.526	56,974,590	465,000	122.526	56,974,590
Totals	\$81,607,044		\$151,174,930	\$81,607,044		\$151,174,930

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Authority. These losses exclude amounts over the SIR.
- (C) From Appendix A, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over the SIR.
- (E) Losses capped at the Authority's SIR. Amounts are provided by the Authority.
- (F) Derived from factors on Appendix A, Page 4.
- (G) (E) x (F).

This method tends to understate ultimate losses for the most recent several years because the large losses for those years generally have not yet emerged at the time of our review.

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses and case reserves as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

ERMA - Employment Practices Liability
Reported Loss DevelopmentSIR Losses Reported as of:

Accident Year	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2003-2004	54,900	350,467	1,192,180	2,303,633	2,201,367	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193
2004-2005		1,369,028	4,603,521	5,319,010	6,146,322	6,396,022	6,293,430	6,345,569	6,427,033	6,416,832	6,416,832
2005-2006		2,218,120	3,245,551	3,308,445	3,717,228	3,672,438	3,666,205	3,616,204	3,616,204	3,666,204	3,616,204
2006-2007	375,000	1,681,609	3,423,179	4,377,828	5,579,104	5,516,959	5,569,281	5,666,968	5,824,962	5,810,921	5,810,921
2007-2008		849,622	2,725,692	3,136,880	3,145,495	3,252,983	3,317,511	3,663,290	3,529,825	3,528,296	3,528,296
2008-2009		555,339	1,293,202	1,383,575	1,205,499	1,211,598	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783
2009-2010	138,707	589,624	1,706,613	2,566,976	2,539,673	3,065,133	3,198,892	3,448,917	3,281,809	3,281,809	3,281,809
2010-2011	50,978	468,924	683,215	1,052,897	1,348,275	1,618,093	1,891,935	1,825,609	1,825,609	1,825,609	1,825,609
2011-2012		40,319	834,141	1,873,169	2,003,952	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982
2012-2013		273,243	1,205,976	1,955,689	1,853,607	1,976,737	1,906,737	1,873,386	1,878,240	1,878,240	1,882,270
2013-2014		31,256	1,896,999	2,258,871	2,322,259	2,216,337	2,208,703	2,210,525	2,210,525	2,210,525	2,210,525
2014-2015		1,017,660	1,717,773	3,279,690	3,503,582	3,555,273	4,089,861	4,087,591	4,233,563	4,206,344	4,306,344
2015-2016		729,306	1,810,500	3,280,526	3,062,405	3,212,405	3,217,101	3,217,101	3,217,101	3,217,101	
2016-2017		289,949	1,410,040	2,598,638	2,700,606	3,027,979	2,924,815	3,039,815	3,099,815		
2017-2018		435,405	3,386,073	3,833,856	4,128,295	4,382,683	5,121,640	5,222,349			
2018-2019	45,000	704,379	2,302,969	3,320,821	4,263,785	4,890,311	4,956,801				
2019-2020	30,000	1,056,327	1,645,192	4,141,858	4,171,658	5,129,006					
2020-2021	140,000	402,990	731,355	2,221,231	5,508,321						
2021-2022	60,000	239,745	2,410,905	4,316,575							
2022-2023	20,000	721,825	2,620,785								
2023-2024	70,000	750,000									
2024-2025	465,000										

Reported Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2003-2004	6.384	3.402	1.932	0.956	0.896	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005		3.363	1.155	1.156	1.041	0.984	1.008	1.013	0.998	1.000	1.000
2005-2006		1.463	1.019	1.124	0.988	0.998	0.986	1.000	1.014	0.986	1.000
2006-2007	4.484	2.036	1.279	1.274	0.989	1.009	1.018	1.028	0.998	1.000	1.000
2007-2008		3.208	1.151	1.003	1.034	1.020	1.104	0.964	1.000	1.000	1.000
2008-2009		2.329	1.070	0.871	1.005	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	4.251	2.894	1.504	0.989	1.207	1.044	1.078	0.952	1.000	1.000	1.000
2010-2011	9.199	1.457	1.541	1.281	1.200	1.169	0.965	1.000	1.000	1.000	1.000
2011-2012		20.689	2.246	1.070	0.957	1.000	1.000	1.000	1.000	1.000	1.000
2012-2013		4.414	1.622	0.948	1.066	0.965	0.983	1.003	1.000	1.002	1.000
2013-2014		60.692	1.191	1.028	0.954	0.997	1.001	1.000	1.000	1.000	1.000
2014-2015		1.688	1.909	1.068	1.015	1.150	0.999	1.036	0.994	1.024	
2015-2016		2.482	1.812	0.934	1.049	1.001	1.000	1.000	1.000		
2016-2017		4.863	1.843	1.039	1.121	0.966	1.039	1.020			
2017-2018		7.777	1.132	1.077	1.062	1.169	1.020				
2018-2019	15.653	3.270	1.442	1.284	1.147	1.014					
2019-2020	35.211	1.557	2.518	1.007	1.229						
2020-2021	2.879	1.815	3.037	2.480							
2021-2022	3.996	10.056	1.790								
2022-2023	36.091	3.631									
2023-2024	10.714										
Average	12.886	7.154	1.642	1.144	1.056	1.030	1.013	1.001	1.000	1.001	1.000
Dollar-Weighted Averages	15.006	2.912	1.479	1.138	1.058	1.030	1.017				
3-yr	11.410	4.223	2.231	1.440	1.146	1.057	1.019	1.020	0.997	1.013	1.000
4-yr	7.292	3.060	1.975	1.337	1.142	1.046	1.014	1.016	0.998	1.010	1.000
Comparative Factors	3.166	1.361	1.046	1.006	1.004	1.004	1.004	1.004	1.004	1.004	1.003
Prior	15.000	4.500	2.000	1.075	1.060	1.035	1.015	1.010	1.005	1.000	1.000
Selected	13.500	3.500	1.975	1.125	1.100	1.030	1.015	1.010	1.005	1.000	1.000
Cumulated	122.526	9.076	2.593	1.313	1.167	1.061	1.030	1.015	1.005	1.000	1.000

ERMA - Employment Practices Liability
Reported Loss Development

Accident Year	SIR Losses Reported as of:										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
2003-2004	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193
2004-2005	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832
2005-2006	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204
2006-2007	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921
2007-2008	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296
2008-2009	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783
2009-2010	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809
2010-2011	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609
2011-2012	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982
2012-2013	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270
2013-2014	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
2021-2022											
2022-2023											
2023-2024											
2024-2025											

Reported Loss Development Factors:

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
2003-2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005-2006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010-2011	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012-2013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
2021-2022											
2022-2023											
2023-2024											
Average	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dollar-Weighted											
Averages											
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative											
Factors	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.005
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ERMA - Employment Practices Liability

Paid Loss Development

Accident Year (A)	SIR Paid Losses as of 12/31/24 (B)	Paid Loss Development Factor (C)	Ultimate SIR Losses (D)	Program Paid Losses as of 12/31/24 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
Prior	\$10,313,716	1.000	\$10,313,716	\$10,313,716	1.000	\$10,313,716
2004-2005	6,416,832	1.000	6,416,832	6,416,832	1.000	6,416,832
2005-2006	3,616,204	1.000	3,616,204	3,616,204	1.000	3,616,204
2006-2007	5,810,921	1.000	5,810,921	5,810,921	1.000	5,810,921
2007-2008	3,528,296	1.000	3,528,296	3,528,296	1.000	3,528,296
2008-2009	1,211,783	1.000	1,211,783	1,211,783	1.000	1,211,783
2009-2010	3,281,809	1.000	3,281,809	3,281,809	1.000	3,281,809
2010-2011	1,825,609	1.000	1,825,609	1,825,609	1.000	1,825,609
2011-2012	1,916,982	1.000	1,916,982	1,916,982	1.000	1,916,982
2012-2013	1,882,270	1.000	1,882,270	1,882,270	1.000	1,882,270
2013-2014	2,210,525	1.000	2,210,525	2,210,525	1.000	2,210,525
2014-2015	4,206,344	1.000	4,206,344	4,206,344	1.000	4,206,344
2015-2016	3,217,101	1.000	3,217,101	3,217,101	1.000	3,217,101
2016-2017	2,910,999	1.010	2,940,109	2,910,999	1.010	2,940,109
2017-2018	5,205,978	1.025	5,336,127	5,205,978	1.025	5,336,127
2018-2019	4,626,267	1.061	4,908,469	4,626,267	1.061	4,908,469
2019-2020	4,787,418	1.220	5,840,650	4,787,418	1.220	5,840,650
2020-2021	4,334,072	1.647	7,138,217	4,334,072	1.647	7,138,217
2021-2022	2,556,977	2.388	6,106,061	2,556,977	2.388	6,106,061
2022-2023	1,292,415	6.448	8,333,492	1,292,415	6.448	8,333,492
2023-2024	85,440	83.824	7,161,923	85,440	83.824	7,161,923
2024-2025	0	4,191.200	0	0	4,191.200	0
Totals	\$75,237,958		\$97,203,440	\$75,237,958		\$97,203,440

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Authority. These losses exclude amounts over the SIR.
- (C) From Appendix B, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over the SIR.
- (E) Losses capped at the Authority's SIR. Amounts are provided by the Authority.
- (F) Derived from factors on Appendix B, Page 4.
- (G) (E) x (F).

This method tends to understate ultimate losses for the most recent several years because the large losses for those years generally have not yet emerged at the time of our review.

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

ERMA - Employment Practices Liability
Paid Loss Development

Accident Year	SIR Losses Paid as of:										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2003-2004		138,865	1,155,894	1,593,147	1,770,076	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193
2004-2005		1,133,995	2,363,751	4,458,655	5,423,096	6,155,120	6,293,430	6,293,630	6,416,743	6,416,832	6,416,832
2005-2006		769,636	2,219,544	2,483,328	3,410,280	3,509,439	3,591,204	3,616,204	3,616,204	3,666,204	3,616,204
2006-2007		474,344	1,426,238	3,925,042	4,259,620	5,516,959	5,569,281	5,589,452	5,809,962	5,810,921	5,810,921
2007-2008		306,572	1,656,030	2,242,071	2,890,035	2,934,188	3,218,867	3,463,290	3,529,825	3,528,296	3,528,296
2008-2009		82,469	606,882	797,011	1,205,499	1,211,598	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783
2009-2010	3,935	10,263	774,363	1,189,791	1,917,061	2,224,582	2,953,332	3,279,951	3,281,809	3,281,809	3,281,809
2010-2011		77,828	297,686	566,584	1,253,035	1,349,213	1,824,935	1,825,609	1,825,609	1,825,609	1,825,609
2011-2012		35,318	224,951	1,391,970	1,788,689	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982
2012-2013		469	417,576	1,326,002	1,766,562	1,829,899	1,849,321	1,873,386	1,878,240	1,878,240	1,882,270
2013-2014			233,903	1,250,117	1,943,037	2,207,951	2,208,703	2,210,525	2,210,525	2,210,525	2,210,525
2014-2015		75,635	637,301	1,928,300	2,988,416	3,382,117	4,047,266	4,047,591	4,142,572	4,206,344	4,206,344
2015-2016		37,637	817,393	2,743,234	3,037,405	3,090,585	3,217,101	3,217,101	3,217,101	3,217,101	
2016-2017		12,475	507,081	1,730,492	1,972,985	2,160,608	2,741,839	2,872,048	2,910,999		
2017-2018		10,405	1,216,325	3,270,703	3,557,679	4,060,187	5,048,615	5,205,978			
2018-2019		222,641	974,052	1,690,975	2,202,076	4,175,867	4,626,267				
2019-2020		237,639	1,216,451	2,203,488	2,986,868	4,787,418					
2020-2021		167,897	509,233	1,465,388	4,334,072						
2021-2022		85,995	1,038,616	2,556,977							
2022-2023		82,790	1,292,415								
2023-2024		85,440									
2024-2025											

Paid Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2003-2004		8.324	1.378	1.111	1.115	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005		2.084	1.886	1.216	1.135	1.022	1.000	1.020	1.000	1.000	1.000
2005-2006		2.884	1.119	1.373	1.029	1.023	1.007	1.000	1.014	0.986	1.000
2006-2007		3.007	2.752	1.085	1.295	1.009	1.004	1.039	1.000	1.000	1.000
2007-2008		5.402	1.354	1.289	1.015	1.097	1.076	1.019	1.000	1.000	1.000
2008-2009		7.359	1.313	1.513	1.005	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	2.608	75.452	1.536	1.611	1.160	1.328	1.111	1.001	1.000	1.000	1.000
2010-2011		3.825	1.903	2.212	1.077	1.353	1.000	1.000	1.000	1.000	1.000
2011-2012		6.369	6.188	1.285	1.072	1.000	1.000	1.000	1.000	1.000	1.000
2012-2013		890.354	3.175	1.332	1.036	1.011	1.013	1.003	1.000	1.002	1.000
2013-2014			5.345	1.554	1.136	1.000	1.001	1.000	1.000	1.000	1.000
2014-2015		8.426	3.026	1.550	1.132	1.197	1.000	1.023	1.015	1.000	
2015-2016		21.718	3.356	1.107	1.018	1.041	1.000	1.000	1.000		
2016-2017		40.648	3.413	1.140	1.095	1.269	1.047	1.014			
2017-2018		116.898	2.689	1.088	1.141	1.243	1.031				
2018-2019		4.375	1.736	1.302	1.896	1.108					
2019-2020		5.119	1.811	1.356	1.603						
2020-2021		3.033	2.878	2.958							
2021-2022		12.078	2.462								
2022-2023		15.611									
2023-2024											
Average	2.608	64.893	2.596	1.449	1.174	1.106	1.019	1.009	1.002	0.999	1.000
Dollar-Weighted Averages	1,028.796	4.942	2.122	1.343	1.183	1.096	1.020				
3-yr		8.436	2.252	1.777	1.489	1.194	1.026	1.013	1.007	1.000	1.000
4-yr		7.063	2.118	1.516	1.416	1.159	1.019	1.011	1.006	1.000	1.000
Comparative Factors	4.739	2.203	1.449	1.153	1.049	1.019	1.015	1.013	1.010	1.008	1.007
Prior	50.000	13.000	2.800	1.375	1.200	1.150	1.035	1.015	1.010	1.000	1.000
Selected	50.000	13.000	2.700	1.450	1.350	1.150	1.035	1.015	1.010	1.000	1.000
Cumulated	4,191.200	83.824	6.448	2.388	1.647	1.220	1.061	1.025	1.010	1.000	1.000

ERMA - Employment Practices Liability
Paid Loss Development

Accident Year	SIR Losses Paid as of:										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
2003-2004	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193	1,973,193
2004-2005	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832	6,416,832
2005-2006	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204	3,616,204
2006-2007	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921	5,810,921
2007-2008	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296	3,528,296
2008-2009	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783	1,211,783
2009-2010	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809	3,281,809
2010-2011	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609	1,825,609
2011-2012	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982	1,916,982
2012-2013	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270	1,882,270
2013-2014	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525	2,210,525
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
2021-2022											
2022-2023											
2023-2024											
2024-2025											

Paid Loss Development Factors:

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
2003-2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005-2006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010-2011	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012-2013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											
2019-2020											
2020-2021											
2021-2022											
2022-2023											
2023-2024											
Average	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dollar-Weighted											
Averages											
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative											
Factors	1.006	1.005	1.004	1.004	1.003	1.002	1.002	1.002	1.002	1.001	1.003
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ERMA - Employment Practices Liability

Exposure and Development Method
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 12/31/24 (B)	Reported Loss Development Factor (C)	Percentage of Losses Yet to Be Reported (D)	Program Rate (E)	Incurred but not Reported (IBNR) (F)	Ultimate Program Losses (G)
Prior	0		1.000	0.000	0.087	0	
2004-2005	15,110,517	6,416,832	1.000	0.000	0.425	0	6,416,832
2005-2006	15,350,567	3,616,204	1.000	0.000	0.236	0	3,616,204
2006-2007	17,192,507	5,810,921	1.000	0.000	0.338	0	5,810,921
2007-2008	18,787,675	3,528,296	1.000	0.000	0.188	0	3,528,296
2008-2009	18,421,386	1,211,783	1.000	0.000	0.066	0	1,211,783
2009-2010	16,203,441	3,281,809	1.000	0.000	0.203	0	3,281,809
2010-2011	14,987,400	1,825,609	1.000	0.000	0.122	0	1,825,609
2011-2012	14,512,443	1,916,982	1.000	0.000	0.132	0	1,916,982
2012-2013	13,907,180	1,882,270	1.000	0.000	0.135	0	1,882,270
2013-2014	14,225,319	2,210,525	1.000	0.000	0.155	0	2,210,525
2014-2015	14,719,057	4,306,344	1.000	0.000	0.293	0	4,306,344
2015-2016	15,203,813	3,217,101	1.000	0.000	0.212	0	3,217,101
2016-2017	16,550,219	3,099,815	1.005	0.005	0.188	15,557	3,115,372
2017-2018	16,591,639	5,222,349	1.015	0.015	0.320	79,640	5,301,989
2018-2019	16,868,483	4,956,801	1.030	0.029	0.301	147,245	5,104,046
2019-2020	17,363,193	5,129,006	1.061	0.057	0.257	254,353	5,383,359
2020-2021	17,183,796	5,508,321	1.167	0.143	0.275	675,753	6,184,074
2021-2022	17,738,919	4,316,575	1.313	0.238	0.294	1,241,228	5,557,803
2022-2023	19,549,893	2,620,785	2.593	0.614	0.314	3,769,141	6,389,926
2023-2024	20,521,323	750,000	9.076	0.890	0.336	6,136,696	6,886,696
2024-2025	21,580,003	465,000	122.526	0.992	0.360	7,706,651	8,171,651
Totals	352,568,773	\$71,293,328				\$20,026,264	\$91,319,592

Notes:

- (A) Appendix L, Column (C).
- (B) Provided by the Authority. These losses exclude amounts incurred above the Authority's SIR for each year.
- (C) From Appendix A, Page 1, Column (F).
- (D) $1 - 1 / (C)$.
- (E) From Appendix C, Page 3, Column (H).
- (F) $(A) \times (D) \times (E)$.
- (G) $(B) + (F)$.

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unreported will cost what this relationship would suggest.

ERMA - Employment Practices Liability

Exposure and Development Method
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 12/31/24 (B)	Paid Loss Development Factor (C)	Percentage of Losses Yet to Be Paid (D)	Program Rate (E)	Incurred but not Paid (F)	Ultimate Program Losses (G)
Prior	0		1.000	0.000	0.087	0	
2004-2005	15,110,517	6,416,832	1.000	0.000	0.425	0	6,416,832
2005-2006	15,350,567	3,616,204	1.000	0.000	0.236	0	3,616,204
2006-2007	17,192,507	5,810,921	1.000	0.000	0.338	0	5,810,921
2007-2008	18,787,675	3,528,296	1.000	0.000	0.188	0	3,528,296
2008-2009	18,421,386	1,211,783	1.000	0.000	0.066	0	1,211,783
2009-2010	16,203,441	3,281,809	1.000	0.000	0.203	0	3,281,809
2010-2011	14,987,400	1,825,609	1.000	0.000	0.122	0	1,825,609
2011-2012	14,512,443	1,916,982	1.000	0.000	0.132	0	1,916,982
2012-2013	13,907,180	1,882,270	1.000	0.000	0.135	0	1,882,270
2013-2014	14,225,319	2,210,525	1.000	0.000	0.155	0	2,210,525
2014-2015	14,719,057	4,206,344	1.000	0.000	0.293	0	4,206,344
2015-2016	15,203,813	3,217,101	1.000	0.000	0.212	0	3,217,101
2016-2017	16,550,219	2,910,999	1.010	0.010	0.188	31,114	2,942,113
2017-2018	16,591,639	5,205,978	1.025	0.024	0.320	127,424	5,333,402
2018-2019	16,868,483	4,626,267	1.061	0.057	0.301	289,413	4,915,680
2019-2020	17,363,193	4,787,418	1.220	0.180	0.257	803,221	5,590,639
2020-2021	17,183,796	4,334,072	1.647	0.393	0.275	1,857,139	6,191,211
2021-2022	17,738,919	2,556,977	2.388	0.581	0.294	3,030,056	5,587,033
2022-2023	19,549,893	1,292,415	6.448	0.845	0.314	5,187,173	6,479,588
2023-2024	20,521,323	85,440	83.824	0.988	0.336	6,812,423	6,897,863
2024-2025	21,580,003		4,191.200	1.000	0.360	7,768,801	7,768,801
Totals	352,568,773	\$64,924,242				\$25,906,763	\$90,831,005

Notes:

- (A) Appendix L, Column (C).
- (B) Provided by the Authority. These losses exclude amounts paid above the Authority's SIR for each year.
- (C) From Appendix B, Page 1, Column (F).
- (D) $1 - 1 / (C)$.
- (E) From Appendix C, Page 3, Column (H).
- (F) $(A) \times (D) \times (E)$.
- (G) $(B) + (F)$.

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unpaid will cost what this relationship would suggest.

ERMA - Employment Practices Liability

Exposure and Development Method

Accident Year	Trended Payroll (\$00) (A)	Ultimate SIR Losses (B)	Trend Factor (C)	Trended SIR Losses (D)	Trended SIR Loss Rate (E)	SIR Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
Prior	0		4.142			0.087	1.000	0.087
2004-2005	15,110,517	6,416,832	3.871	24,839,557	1.644	0.425	1.000	0.425
2005-2006	15,350,567	3,616,204	3.618	13,083,426	0.852	0.236	1.000	0.236
2006-2007	17,192,507	5,810,921	3.381	19,646,724	1.143	0.338	1.000	0.338
2007-2008	18,787,675	3,528,296	3.160	11,149,415	0.593	0.188	1.000	0.188
2008-2009	18,421,386	1,211,783	2.953	3,578,395	0.194	0.066	1.000	0.066
2009-2010	16,203,441	3,281,809	2.760	9,057,793	0.559	0.203	1.000	0.203
2010-2011	14,987,400	1,825,609	2.580	4,710,071	0.314	0.122	1.000	0.122
2011-2012	14,512,443	1,916,982	2.411	4,621,844	0.318	0.132	1.000	0.132
2012-2013	13,907,180	1,882,270	2.253	4,240,754	0.305	0.135	1.000	0.135
2013-2014	14,225,319	2,210,525	2.105	4,653,155	0.327	0.155	1.000	0.155
2014-2015	14,719,057	4,306,344	1.967	8,470,579	0.575	0.293	1.000	0.293
2015-2016	15,203,813	3,217,101	1.838	5,913,032	0.389	0.212	1.000	0.212
2016-2017	16,550,219	3,115,315	1.718	5,352,111	0.323	0.188	1.000	0.188
2017-2018	16,591,639	5,306,001	1.606	8,521,438	0.514	0.320	1.000	0.320
2018-2019	16,868,483	5,075,950	1.500	7,613,925	0.451	0.301	1.000	0.301
2019-2020	17,363,193	5,501,692	1.402	7,713,372	0.444	0.257	1.000	0.257
2020-2021	17,183,796	6,534,712	1.311	8,567,007	0.499	0.275	1.000	0.275
2021-2022	17,738,919	5,733,423	1.225	7,023,443	0.396	0.294	1.000	0.294
2022-2023	19,549,893	6,949,476	1.145	7,957,150	0.407	0.314	1.000	0.314
2023-2024	20,521,323	7,090,939	1.070	7,587,305	0.370	0.336	1.000	0.336
2024-2025	21,580,003	7,447,957	1.000	7,447,957	0.345	0.360	1.000	0.360
Total/Avg	352,568,773	\$91,980,141		\$181,748,453	\$0.515			
17/18-21/22	85,746,030	28,151,778		39,439,185	0.460			
21/22-23/24	57,810,135	19,773,838		22,567,898	0.390			
Selected SIR Rate:					\$0.360			
Prior:					\$0.350			

Notes:

- (A) Appendix L, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix E, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected SIR Rate / (C). For 2018-2019 and prior (B) / (A).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the underlying historical relationship between losses and exposure that is needed to apply the estimation methods shown on pages 1 and 2 of this Appendix.

ERMA - Employment Practices Liability

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
Prior	\$153,936	67	\$10,313,712
2004-2005	305,563	21	6,416,823
2005-2006	200,900	18	3,616,200
2006-2007	242,122	24	5,810,928
2007-2008	126,011	28	3,528,308
2008-2009	100,982	12	1,211,784
2009-2010	156,277	21	3,281,817
2010-2011	152,134	12	1,825,608
2011-2012	212,998	9	1,916,982
2012-2013	134,448	14	1,882,272
2013-2014	184,210	12	2,210,520
2014-2015	253,314	17	4,306,338
2015-2016	178,728	18	3,217,104
2016-2017	135,448	23	3,115,304
2017-2018	252,445	21	5,301,345
2018-2019	252,320	20	5,046,400
2019-2020	168,309	25	4,207,725
2020-2021	175,064	25	4,376,600
2021-2022	182,222	31	5,648,882
2022-2023	189,464	37	7,010,168
2023-2024	197,115	38	7,490,370
2024-2025	205,000	40	8,200,000
Total		533	\$99,935,190

Notes:

- (A) From Appendix D, Page 2, Column (H).
 (B) From Appendix D, Page 2, Column (B).
 (C) (A) x (B).

This exhibit shows the calculation of the estimated ultimate losses for each year based on the observed average frequency and severity of claims.

ERMA - Employment Practices Liability

Frequency and Severity Method

Accident Year	Ultimate SIR Losses (A)	Adjusted Ultimate Claims (B)	Ultimate SIR Severity (C)	Trend Factor (D)	Trended SIR Severity (E)	SIR Severity (F)	Factor to SIR (G)	Program Severity (H)
Prior	\$10,313,716	67	\$153,936	2.281	\$351,128	\$153,936	1.000	\$153,936
2004-2005	6,416,832	21	305,563	2.193	670,100	305,563	1.000	305,563
2005-2006	3,616,204	18	200,900	2.108	423,497	200,900	1.000	200,900
2006-2007	5,810,921	24	242,122	2.028	491,023	242,122	1.000	242,122
2007-2008	3,528,296	28	126,011	1.949	245,595	126,011	1.000	126,011
2008-2009	1,211,783	12	100,982	1.875	189,341	100,982	1.000	100,982
2009-2010	3,281,809	21	156,277	1.803	281,767	156,277	1.000	156,277
2010-2011	1,825,609	12	152,134	1.733	263,648	152,134	1.000	152,134
2011-2012	1,916,982	9	212,998	1.667	355,068	212,998	1.000	212,998
2012-2013	1,882,270	14	134,448	1.603	215,520	134,448	1.000	134,448
2013-2014	2,210,525	12	184,210	1.541	283,868	184,210	1.000	184,210
2014-2015	4,306,344	17	253,314	1.482	375,411	253,314	1.000	253,314
2015-2016	3,217,101	18	178,728	1.425	254,687	178,728	1.000	178,728
2016-2017	3,115,315	23	135,448	1.370	185,564	135,448	1.000	135,448
2017-2018	5,301,337	21	252,445	1.317	332,470	252,445	1.000	252,445
2018-2019	5,046,395	20	252,320	1.267	319,689	252,320	1.000	252,320
2019-2020	5,475,049	25	219,002	1.218	266,744	168,309	1.000	168,309
2020-2021	6,235,757	25	249,430	1.171	292,083	175,064	1.000	175,064
2021-2022	5,557,803	31	179,284	1.125	201,695	182,222	1.000	182,222
2022-2023	6,389,926	37	172,701	1.082	186,862	189,464	1.000	189,464
2023-2024	6,853,625	38	180,359	1.040	187,573	197,115	1.000	197,115
2024-2025	7,869,514	40	196,738	1.000	196,738	205,000	1.000	205,000

Average SIR Severity: \$298,640
Average 18/19-22/23 SIR Severity: 253,415
Average 21/22-23/24 SIR Severity: 192,043

Selected SIR Severity: \$205,000
Prior: \$215,000

Notes:

- (A) Selected average of results from Appendices A, B, and C.
- (B) Appendix D, Page 3, Column (C).
- (C) (A) / (B).
- (D) From Appendix E, Page 1, Column (J).
- (E) (C) x (D).
- (F) Selected Limited Severity / (D).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the historical average cost per claim, or severity. The observed average severity is used in the method shown on page 1 of this Appendix.

ERMA - Employment Practices Liability

Frequency and Severity Method
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
Prior	67	67	67	0.0		1.862	
2004-2005	21	21	21	1,511.1	0.014	1.808	0.025
2005-2006	18	18	18	1,535.1	0.012	1.755	0.021
2006-2007	24	24	24	1,719.3	0.014	1.704	0.024
2007-2008	28	28	28	1,878.8	0.015	1.654	0.025
2008-2009	12	12	12	1,842.1	0.007	1.606	0.011
2009-2010	21	21	21	1,620.3	0.013	1.559	0.020
2010-2011	12	12	12	1,498.7	0.008	1.513	0.012
2011-2012	9	9	9	1,451.2	0.006	1.469	0.009
2012-2013	14	14	14	1,390.7	0.010	1.426	0.014
2013-2014	12	12	12	1,422.5	0.008	1.385	0.011
2014-2015	17	16	17	1,471.9	0.012	1.345	0.016
2015-2016	18	18	18	1,520.4	0.012	1.306	0.016
2016-2017	23	21	23	1,655.0	0.014	1.267	0.018
2017-2018	21	21	21	1,659.2	0.013	1.231	0.016
2018-2019	20	17	20	1,686.8	0.012	1.195	0.014
2019-2020	25	20	25	1,736.3	0.014	1.160	0.016
2020-2021	25	16	25	1,718.4	0.015	1.126	0.017
2021-2022	31	16	31	1,773.9	0.017	1.093	0.019
2022-2023	37	10	37	1,955.0	0.019	1.061	0.020
2023-2024	46	0	38	2,052.1	0.019	1.030	0.020
2024-2025	37	0	40	2,158.0	0.019	1.000	0.019
Total	538	393	533	35,256.9			0.017
21/22-23/24	114	26	106	5,781.0			0.019

(H) Selected Frequency: 0.019
Prior: 0.022

Program Year:	2024-2025	2025-2026
(I) Trend Factor:	1.000	1.030
(J) Selected Frequency:	0.019	0.020
(K) Est. Payroll (\$000,000):	2,158.0	2,179.6
(L) Ultimate Claims:	40	44

Notes:

- (A) Appendix D, Page 4, (C).
 (B) Appendix D, Page 5, (C).
 (C) Selected from (A) and (B).
 (D) Appendix L, Column (C) / 10,000.
 (E) (C) / (D).
 (F) Appendix E, Page 1, Column (F).
 (G) (E) x (F).
 (H) The selected frequency of 0.019 is based on (G).
 (I) Appendix E, Page 1, Column (F).
 (J) (H) x (I). 2024-2025 is (L) / (K).
 (K) Appendix L, Column (C) / 10,000.
 (L) (J) x (K). 2024-2025 is (C).

This exhibit summarizes the estimated numbers of claims and shows the estimated frequencies per \$1,000,000 of trended payroll.

ERMA - Employment Practices Liability

Frequency and Severity Method
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2024 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
Prior	67	1.000	67	
2004-2005	21	1.000	21	0.025
2005-2006	18	1.000	18	0.021
2006-2007	24	1.000	24	0.024
2007-2008	28	1.000	28	0.025
2008-2009	12	1.000	12	0.010
2009-2010	21	1.000	21	0.020
2010-2011	12	1.000	12	0.012
2011-2012	9	1.000	9	0.009
2012-2013	14	1.000	14	0.014
2013-2014	12	1.000	12	0.012
2014-2015	17	1.000	17	0.016
2015-2016	18	1.000	18	0.015
2016-2017	23	1.000	23	0.018
2017-2018	21	1.000	21	0.016
2018-2019	20	1.000	20	0.014
2019-2020	25	1.005	25	0.017
2020-2021	25	1.015	25	0.016
2021-2022	29	1.056	31	0.019
2022-2023	31	1.204	37	0.020
2023-2024	20	2.288	46	0.023
2024-2025	4	9.152	37	0.017
Total	471		538	0.017

Notes:

- (A) Provided by the Authority.
- (B) From Appendix D, Page 6.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on reported claims as provided by the Authority. These numbers of claims tend to "develop" or change from period to period as more claims are filed. This development tends to follow quantifiable patterns over time.

ERMA - Employment Practices Liability

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2024 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
Prior	67	1.000	67	
2004-2005	21	1.000	21	0.025
2005-2006	18	1.000	18	0.021
2006-2007	24	1.000	24	0.024
2007-2008	28	1.000	28	0.025
2008-2009	12	1.000	12	0.010
2009-2010	21	1.000	21	0.020
2010-2011	12	1.000	12	0.012
2011-2012	9	1.000	9	0.009
2012-2013	14	1.000	14	0.014
2013-2014	12	1.000	12	0.012
2014-2015	16	1.000	16	0.015
2015-2016	18	1.000	18	0.015
2016-2017	21	1.010	21	0.016
2017-2018	20	1.035	21	0.016
2018-2019	16	1.092	17	0.012
2019-2020	17	1.185	20	0.013
2020-2021	12	1.304	16	0.010
2021-2022	9	1.760	16	0.010
2022-2023	3	3.344	10	0.005
2023-2024	0	12.373	0	
2024-2025	0	247.460	0	
Total	370		393	0.013

Notes:

- (A) Provided by the Authority.
- (B) From Appendix D, Page 8.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on closed claims as provided by the Authority. These numbers of closed claims tend to "develop" or change from period to period as more claims are closed. This development tends to follow quantifiable patterns over time.

ERMA - Employment Practices Liability
Reported Claim Count Development

Accident Year	Claims Reported as of:												
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months
2003-2004	1	5	11	14	13	13	13	13	13	13	13	13	13
2004-2005		6	21	20	20	20	20	21	21	21	21	21	21
2005-2006		17	18	17	18	18	19	18	18	18	18	18	18
2006-2007	1	3	22	23	23	23	23	24	24	24	24	24	24
2007-2008		14	24	25	27	27	28	28	28	28	28	28	28
2008-2009		8	12	12	12	12	12	12	12	12	12	12	12
2009-2010	2	10	20	23	21	21	21	21	21	21	21	21	21
2010-2011	1	7	8	11	11	12	12	12	12	12	12	12	12
2011-2012		2	9	10	10	9	9	9	9	9	9	9	9
2012-2013		4	9	11	13	13	13	13	14	14	14	14	14
2013-2014		3	11	12	12	12	12	12	12	12	12	12	
2014-2015		4	12	15	15	15	16	17	17	17	17		
2015-2016		10	16	17	18	18	18	18	18	18			
2016-2017		5	18	25	23	23	23	23	23				
2017-2018		6	19	18	19	20	21	21					
2018-2019	2	12	19	22	21	20	20						
2019-2020	3	13	20	21	23	25							
2020-2021	5	15	17	25	25								
2021-2022	6	16	26	29									
2022-2023	2	23	31										
2023-2024	7	20											
2024-2025	4												

Reported Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months
2003-2004	5.000	2.200	1.273	0.929	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005		3.500	0.952	1.000	1.000	1.000	1.050	1.000	1.000	1.000	1.000	1.000	1.000
2005-2006		1.059	0.944	1.059	1.000	1.056	0.947	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007	3.000	7.333	1.045	1.000	1.000	1.000	1.043	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008		1.714	1.042	1.080	1.000	1.037	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009		1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	5.000	2.000	1.150	0.913	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010-2011	7.000	1.143	1.375	1.000	1.091	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012		4.500	1.111	1.000	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012-2013		2.250	1.222	1.182	1.000	1.000	1.000	1.077	1.000	1.000	1.000	1.000	
2013-2014		3.667	1.091	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2014-2015		3.000	1.250	1.000	1.000	1.067	1.063	1.000	1.000	1.000			
2015-2016		1.600	1.063	1.059	1.000	1.000	1.000	1.000	1.000				
2016-2017		3.600	1.389	0.920	1.000	1.000	1.000	1.000					
2017-2018		3.167	0.947	1.056	1.053	1.050	1.000						
2018-2019	6.000	1.583	1.158	0.955	0.952	1.000							
2019-2020	4.333	1.538	1.050	1.095	1.087								
2020-2021	3.000	1.133	1.471	1.000									
2021-2022	2.667	1.625	1.115										
2022-2023	11.500	1.348											
2023-2024	2.857												
Average Claim-Weighted Averages													
3-yr	3.933	1.370	1.190	1.015	1.032	1.016	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	3.700	1.403	1.183	1.023	1.023	1.012	1.013	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors													
Prior	2.659	1.141	1.013	1.008	1.005	1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003
Prior	4.800	2.600	1.150	1.045	1.010	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	4.000	1.900	1.140	1.040	1.010	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	9.152	2.288	1.204	1.056	1.015	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ERMA - Employment Practices Liability
Reported Claim Count Development

Accident Year	Claims Reported as of:								
	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
2003-2004	13	13	13	13	13	13	13	13	13
2004-2005	21	21	21	21	21	21	21	21	
2005-2006	18	18	18	18	18	18	18		
2006-2007	24	24	24	24	24	24			
2007-2008	28	28	28	28	28				
2008-2009	12	12	12	12					
2009-2010	21	21	21						
2010-2011	12	12							
2011-2012	9								
2012-2013									
2013-2014									
2014-2015									
2015-2016									
2016-2017									
2017-2018									
2018-2019									
2019-2020									
2020-2021									
2021-2022									
2022-2023									
2023-2024									
2024-2025									

Reported Claim Count Development Factors:

	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
2003-2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2004-2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2005-2006	1.000	1.000	1.000	1.000	1.000	1.000			
2006-2007	1.000	1.000	1.000	1.000	1.000				
2007-2008	1.000	1.000	1.000	1.000					
2008-2009	1.000	1.000	1.000						
2009-2010	1.000	1.000							
2010-2011	1.000								
2011-2012									
2012-2013									
2013-2014									
2014-2015									
2015-2016									
2016-2017									
2017-2018									
2018-2019									
2019-2020									
2020-2021									
2021-2022									
2022-2023									
2023-2024									
Average Claim-Weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000	1.000	1.000	1.000			
4-yr	1.000	1.000	1.000	1.000	1.000				
Comparative Factors	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.001	1.005
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ERMA - Employment Practices Liability
Closed Claim Development

Accident Year	Claims Closed as of:												
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months
2003-2004		2	5	9	9	13	13	13	13	13	13	13	13
2004-2005		1	9	14	14	15	20	20	20	21	21	21	21
2005-2006		4	12	13	14	17	18	18	18	18	18	18	18
2006-2007		1	3	13	19	23	23	23	23	24	24	24	24
2007-2008		5	9	19	24	24	27	27	28	28	28	28	28
2008-2009		1	7	7	11	12	12	12	12	12	12	12	12
2009-2010		2	5	10	15	16	20	20	21	21	21	21	21
2010-2011		1	4	6	9	10	11	12	12	12	12	12	12
2011-2012		1	1	4	8	9	9	9	9	9	9	9	9
2012-2013			4	7	11	12	12	13	14	14	14	14	14
2013-2014			3	6	9	11	12	12	12	12	12	12	
2014-2015		1	3	7	12	13	15	16	16	17	16		
2015-2016			5	10	17	17	18	18	18	18			
2016-2017			3	14	18	20	21	21	21				
2017-2018		1	4	12	16	17	19	20					
2018-2019		1	6	11	15	15	16						
2019-2020		4	10	14	17	17							
2020-2021		4	8	12	12								
2021-2022		1	5	9									
2022-2023			3										
2023-2024													
2024-2025													

Closed Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months
2003-2004		2.500	1.800	1.000	1.444	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005		9.000	1.556	1.000	1.071	1.333	1.000	1.000	1.050	1.000	1.000	1.000	1.000
2005-2006		3.000	1.083	1.077	1.214	1.059	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007		3.000	4.333	1.462	1.211	1.000	1.000	1.000	1.043	1.000	1.000	1.000	1.000
2007-2008		1.800	2.111	1.263	1.000	1.125	1.000	1.037	1.000	1.000	1.000	1.000	1.000
2008-2009		7.000	1.000	1.571	1.091	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010		2.500	2.000	1.500	1.067	1.250	1.000	1.050	1.000	1.000	1.000	1.000	1.000
2010-2011		4.000	1.500	1.500	1.111	1.100	1.091	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012		1.000	4.000	2.000	1.125	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012-2013			1.750	1.571	1.091	1.000	1.083	1.077	1.000	1.000	1.000	1.000	
2013-2014			2.000	1.500	1.222	1.091	1.000	1.000	1.000	1.000	1.000		
2014-2015		3.000	2.333	1.714	1.083	1.154	1.067	1.000	1.063	0.941			
2015-2016			2.000	1.700	1.000	1.059	1.000	1.000	1.000				
2016-2017			4.667	1.286	1.111	1.050	1.000	1.000					
2017-2018		4.000	3.000	1.333	1.063	1.118	1.053						
2018-2019		6.000	1.833	1.364	1.000	1.067							
2019-2020		2.500	1.400	1.214	1.000								
2020-2021		2.000	1.500	1.000									
2021-2022		5.000	1.800										
2022-2023													
2023-2024													
Average Claim-Weighted Averages													
3-yr			1.522	1.189	1.021	1.077	1.017	1.000	1.022	0.977	1.000	1.000	1.000
4-yr			1.586	1.224	1.045	1.072	1.027	1.000	1.017	0.981	1.000	1.000	1.000
Comparative Factors													
Prior	3.699	1.523	1.094	1.036	1.017	1.008	1.007	1.006	1.005	1.005	1.005	1.005	1.005
Selected	20.000	3.700	2.500	1.450	1.150	1.105	1.055	1.025	1.010	1.000	1.000	1.000	1.000
Cumulated	20.000	3.700	1.900	1.350	1.100	1.085	1.055	1.025	1.010	1.000	1.000	1.000	1.000
Cumulated	247.460	12.373	3.344	1.760	1.304	1.185	1.092	1.035	1.010	1.000	1.000	1.000	1.000

ERMA - Employment Practices Liability
Closed Claim Development

Accident Year	<u>Claims Closed as of:</u>								
	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
2003-2004	13	13	13	13	13	13	13	13	13
2004-2005	21	21	21	21	21	21	21	21	
2005-2006	18	18	18	18	18	18	18		
2006-2007	24	24	24	24	24	24			
2007-2008	28	28	28	28	28				
2008-2009	12	12	12	12					
2009-2010	21	21	21						
2010-2011	12	12							
2011-2012	9								
2012-2013									
2013-2014									
2014-2015									
2015-2016									
2016-2017									
2017-2018									
2018-2019									
2019-2020									
2020-2021									
2021-2022									
2022-2023									
2023-2024									
2024-2025									

Closed Claim Count Development Factors:

	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
2003-2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2004-2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2005-2006	1.000	1.000	1.000	1.000	1.000	1.000			
2006-2007	1.000	1.000	1.000	1.000	1.000				
2007-2008	1.000	1.000	1.000	1.000					
2008-2009	1.000	1.000	1.000						
2009-2010	1.000	1.000							
2010-2011	1.000								
2011-2012									
2012-2013									
2013-2014									
2014-2015									
2015-2016									
2016-2017									
2017-2018									
2018-2019									
2019-2020									
2020-2021									
2021-2022									
2022-2023									
2023-2024									
Average Claim-Weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000	1.000	1.000	1.000			
4-yr	1.000	1.000	1.000	1.000	1.000				
Comparative Factors	1.005	1.004	1.003	1.002	1.002	1.002	1.002	1.001	1.005
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ERMA - Employment Practices Liability

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2024-2025 Loss Rate Level (B)	Factor to 2025-2026 Loss Rate Level (C)	Factor to 2026-2027 Loss Rate Level (D)	Factor to 2027-2028 Loss Rate Level (E)	Factor to 2024-2025 Frequency Level (F)	Factor to 2025-2026 Frequency Level (G)	Factor to 2026-2027 Frequency Level (H)	Factor to 2027-2028 Frequency Level (I)	Factor to 2024-2025 Severity Level (J)
Prior	1.000	4.142	4.431	4.742	5.074	1.862	1.918	1.976	2.035	2.281
2004-2005	1.000	3.871	4.141	4.432	4.742	1.808	1.862	1.918	1.976	2.193
2005-2006	1.000	3.618	3.871	4.142	4.432	1.755	1.808	1.862	1.918	2.108
2006-2007	1.000	3.381	3.617	3.871	4.142	1.704	1.755	1.808	1.862	2.028
2007-2008	1.000	3.160	3.381	3.618	3.871	1.654	1.704	1.755	1.808	1.949
2008-2009	1.000	2.953	3.160	3.381	3.618	1.606	1.654	1.704	1.755	1.875
2009-2010	1.000	2.760	2.953	3.160	3.381	1.559	1.606	1.654	1.704	1.803
2010-2011	1.000	2.580	2.760	2.953	3.160	1.513	1.559	1.606	1.654	1.733
2011-2012	1.000	2.411	2.579	2.760	2.953	1.469	1.514	1.559	1.606	1.667
2012-2013	1.000	2.253	2.410	2.579	2.760	1.426	1.469	1.514	1.559	1.603
2013-2014	1.000	2.105	2.252	2.410	2.579	1.385	1.427	1.470	1.514	1.541
2014-2015	1.000	1.967	2.105	2.252	2.410	1.345	1.385	1.427	1.470	1.482
2015-2016	1.000	1.838	1.967	2.105	2.252	1.306	1.345	1.385	1.427	1.425
2016-2017	1.000	1.718	1.838	1.967	2.105	1.267	1.305	1.345	1.385	1.370
2017-2018	1.000	1.606	1.718	1.838	1.967	1.231	1.268	1.306	1.345	1.317
2018-2019	1.000	1.500	1.605	1.718	1.838	1.195	1.231	1.268	1.306	1.267
2019-2020	1.000	1.402	1.500	1.606	1.718	1.160	1.195	1.231	1.268	1.218
2020-2021	1.000	1.311	1.403	1.501	1.606	1.126	1.160	1.195	1.231	1.171
2021-2022	1.000	1.225	1.311	1.403	1.501	1.093	1.126	1.160	1.195	1.125
2022-2023	1.000	1.145	1.225	1.311	1.403	1.061	1.093	1.126	1.160	1.082
2023-2024	1.000	1.070	1.145	1.225	1.311	1.030	1.061	1.093	1.126	1.040
2024-2025	1.000	1.000	1.070	1.145	1.225	1.000	1.030	1.061	1.093	1.000
2025-2026	1.000	--	1.000	1.070	1.145	--	1.000	1.030	1.061	--
2026-2027	1.000	--	--	1.000	1.070	--	--	1.000	1.030	--
2027-2028	1.000	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) No benefit level adjustment applied.
 (B) - (E) (A) adjusted for a 7.0% annual loss rate trend.
 (F) - (I) (A) adjusted for a 3.0% annual frequency trend.
 (J) (A) adjusted for a 4.0% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in inflation.

ERMA - Employment Practices Liability

Residual Trend Factors

Accident Year	Initial Estimate of Ultimate Limited Losses (A)	Ultimate Reported Claims (B)	BLF (C)	Adjusted Limited Severity (D)	Trended Payroll (\$00) (E)	Ultimate Frequency (F)
Prior	\$10,313,716	67	1.000	153,936		
2004-2005	6,416,832	21	1.000	305,563	15,110,517	0.014
2005-2006	3,616,204	18	1.000	200,900	15,350,567	0.012
2006-2007	5,810,921	24	1.000	242,122	17,192,507	0.014
2007-2008	3,528,296	28	1.000	126,011	18,787,675	0.015
2008-2009	1,211,783	12	1.000	100,982	18,421,386	0.007
2009-2010	3,281,809	21	1.000	156,277	16,203,441	0.013
2010-2011	1,825,609	12	1.000	152,134	14,987,400	0.008
2011-2012	1,916,982	9	1.000	212,998	14,512,443	0.006
2012-2013	1,882,270	14	1.000	134,448	13,907,180	0.010
2013-2014	2,210,525	12	1.000	184,210	14,225,319	0.008
2014-2015	4,306,344	17	1.000	253,314	14,719,057	0.012
2015-2016	3,217,101	18	1.000	178,728	15,203,813	0.012
2016-2017	3,115,315	23	1.000	135,448	16,550,219	0.014
2017-2018	5,306,001	21	1.000	252,667	16,591,639	0.013
2018-2019	5,075,950	20	1.000	253,798	16,868,483	0.012
2019-2020	5,501,692	25	1.000	220,068	17,363,193	0.014
2020-2021	6,534,712	25	1.000	261,388	17,183,796	0.015
2021-2022	5,733,423	31	1.000	184,949	17,738,919	0.017
2022-2023	6,949,476	37	1.000	187,824	19,549,893	0.019
2023-2024	7,090,939	38	1.000	186,604	20,521,323	0.019

Severity Trend FactorsFrequency Trend Factors

Latest 10 x 2023-2024	1.008	1.071
Mvg 5-Yr Wtd Latest 10 x 2023-2024	1.032	1.064
Latest 5 x 2023-2024	0.925	1.120
Mvg 5-Yr Wtd Latest 5 x 2023-2024	1.014	1.056
Prior	1.040	1.030
Default	1.030	0.975

Selected Residual Trend	1.040	1.030
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Notes:

- (A) Selected average of results from Appendices A and B.
- (B) Appendix D, Page 3, Column (C).
- (C) Appendix E, Page 1, Column (A).
- (D) (A) x (C) / (B).
- (E) Appendix L, Column (C).
- (F) (B) / (E) x 10,000.

ERMA - Employment Practices Liability

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 12/31/2024</u>	<u>Calendar Period</u>	
		<u>1/1/2025 to 6/30/2025</u>	<u>7/1/2025 to 6/30/2026</u>
Prior			
Ultimate Loss	\$29,685,969	\$29,685,969	\$29,685,969
Paid in Calendar Period	-		
Paid to Date	29,685,969	29,685,969	29,685,969
Outstanding Liability			
2008-2009			
Ultimate Loss	\$1,211,783	\$1,211,783	\$1,211,783
Paid in Calendar Period	-		
Paid to Date	1,211,783	1,211,783	1,211,783
Outstanding Liability			
2009-2010			
Ultimate Loss	\$3,281,809	\$3,281,809	\$3,281,809
Paid in Calendar Period	-		
Paid to Date	3,281,809	3,281,809	3,281,809
Outstanding Liability			
2010-2011			
Ultimate Loss	\$1,825,609	\$1,825,609	\$1,825,609
Paid in Calendar Period	-		
Paid to Date	1,825,609	1,825,609	1,825,609
Outstanding Liability			
2011-2012			
Ultimate Loss	\$1,916,982	\$1,916,982	\$1,916,982
Paid in Calendar Period	-		
Paid to Date	1,916,982	1,916,982	1,916,982
Outstanding Liability			
2012-2013			
Ultimate Loss	\$1,882,270	\$1,882,270	\$1,882,270
Paid in Calendar Period	-		
Paid to Date	1,882,270	1,882,270	1,882,270
Outstanding Liability			
2013-2014			
Ultimate Loss	\$2,210,525	\$2,210,525	\$2,210,525
Paid in Calendar Period	-		
Paid to Date	2,210,525	2,210,525	2,210,525
Outstanding Liability			
2014-2015			
Ultimate Loss	\$4,306,344	\$4,306,344	\$4,306,344
Paid in Calendar Period	-	100,000	
Paid to Date	4,206,344	4,306,344	4,306,344
Outstanding Liability	100,000		

ERMA - Employment Practices Liability

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 12/31/2024</u>	<u>Calendar Period</u>	
		<u>1/1/2025 to 6/30/2025</u>	<u>7/1/2025 to 6/30/2026</u>
2015-2016			
Ultimate Loss	\$3,217,101	\$3,217,101	\$3,217,101
Paid in Calendar Period	-		
Paid to Date	3,217,101	3,217,101	3,217,101
Outstanding Liability			
2016-2017			
Ultimate Loss	\$3,115,315	\$3,115,315	\$3,115,315
Paid in Calendar Period	-	101,749	102,567
Paid to Date	2,910,999	3,012,748	3,115,315
Outstanding Liability	204,316	102,567	
2017-2018			
Ultimate Loss	\$5,301,337	\$5,301,337	\$5,301,337
Paid in Calendar Period	-	30,038	45,855
Paid to Date	5,205,978	5,236,016	5,281,871
Outstanding Liability	95,359	65,321	19,466
2018-2019			
Ultimate Loss	\$5,046,395	\$5,046,395	\$5,046,395
Paid in Calendar Period	-	118,896	179,233
Paid to Date	4,626,267	4,745,163	4,924,396
Outstanding Liability	420,128	301,232	121,999
2019-2020			
Ultimate Loss	\$5,289,927	\$5,289,927	\$5,289,927
Paid in Calendar Period	-	170,853	216,571
Paid to Date	4,787,418	4,958,271	5,174,842
Outstanding Liability	502,509	331,656	115,085
2020-2021			
Ultimate Loss	\$5,825,434	\$5,825,434	\$5,825,434
Paid in Calendar Period	-	402,668	636,886
Paid to Date	4,334,072	4,736,740	5,373,626
Outstanding Liability	1,491,362	1,088,694	451,808
2021-2022			
Ultimate Loss	\$5,557,803	\$5,557,803	\$5,557,803
Paid in Calendar Period	-	486,134	1,033,538
Paid to Date	2,556,977	3,043,111	4,076,649
Outstanding Liability	3,000,826	2,514,692	1,481,154
2022-2023			
Ultimate Loss	\$6,389,926	\$6,389,926	\$6,389,926
Paid in Calendar Period	-	795,212	1,363,829
Paid to Date	1,292,415	2,087,627	3,451,456
Outstanding Liability	5,097,511	4,302,299	2,938,470

ERMA - Employment Practices Liability

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2024</u>	<u>Calendar Period</u>	
		<u>1/1/2025</u> <u>to</u> <u>6/30/2025</u>	<u>7/1/2025</u> <u>to</u> <u>6/30/2026</u>
2023-2024			
Ultimate Loss	\$7,161,141	\$7,161,141	\$7,161,141
Paid in Calendar Period	-	509,450	1,457,708
Paid to Date	85,440	594,890	2,052,598
Outstanding Liability	7,075,701	6,566,251	5,108,543
2024-2025			
Ultimate Loss	\$3,934,757	\$7,869,514	\$7,869,514
Paid in Calendar Period	-	47,217	610,139
Paid to Date	-	47,217	657,356
Outstanding Liability	3,934,757	7,822,297	7,212,158
2025-2026			
Ultimate Loss	-	-	\$8,522,236
Paid in Calendar Period	-	-	51,133
Paid to Date	-	-	51,133
Outstanding Liability	-	-	8,471,103
Totals			
Ultimate Loss	\$97,160,427	\$101,095,184	\$109,617,420
Paid in Calendar Period	-	2,762,217	5,697,459
Paid to Date	75,237,958	78,000,175	83,697,634
Outstanding Liability	21,922,469	23,095,009	25,919,786
Total Outstanding ULAE	1,096,123	1,154,750	1,295,989
Outstanding Liability plus ULAE	23,018,592	24,249,759	27,215,775

Notes appear on the next page.

ERMA - Employment Practices Liability

Payment and Reserve Forecast

Notes to previous page:

- Accident Year is associated with date of loss. Calendar Period is associated with date of transaction. For example, for the losses which occurred during 2022-2023, \$795,212 is expected to be paid between 1/1/25 and 6/30/25, \$2,087,627 will have been paid by 6/30/25, and the reserve for remaining payments on these claims should be \$4,302,299.
- Ultimate Losses for each accident year are from Exhibit 4, Page 1.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example, $\$1,363,829 = \$4,302,299 \times 31.7\%$.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, $\$3,451,456 = \$1,363,829 + \$2,087,627$.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, $\$4,302,299 = \$6,389,926 - \$2,087,627$.

This exhibit shows the calculation of the liability for outstanding claims as of the date of evaluation, the end of the current fiscal year, and the end of the coming fiscal year. It also shows the expected claims payout during the remainder of the current fiscal year and the coming fiscal year. Refer to the Totals at the end of the exhibit for the balance sheet information. The top parts of the exhibit show information for each program year.

Short- and Long-Term Liabilities

<u>Liabilities as of 12/31/24:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$5,409,237	\$5,355,942
	ULAE:	270,462	267,797
	Short-Term Loss and LAE:	<u>\$5,679,699</u>	<u>\$5,623,739</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$16,513,232	\$15,571,671
	ULAE:	825,661	778,583
	Long-Term Loss and LAE:	<u>\$17,338,894</u>	<u>\$16,350,254</u>
<u>Total Liability</u>	Loss and ALAE:	\$21,922,469	\$20,927,613
	ULAE:	1,096,123	1,046,380
	Total Loss and LAE:	<u>\$23,018,592</u>	<u>\$21,973,993</u>
<u>Liabilities as of 6/30/25:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$5,646,326	\$5,590,696
	ULAE:	284,928	282,121
	Short-Term Loss and LAE:	<u>\$5,931,254</u>	<u>\$5,872,817</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$17,448,683	\$16,487,368
	ULAE:	869,822	821,782
	Long-Term Loss and LAE:	<u>\$18,318,505</u>	<u>\$17,309,150</u>
<u>Total Liability</u>	Loss and ALAE:	\$23,095,009	\$22,078,064
	ULAE:	1,154,750	1,103,903
	Total Loss and LAE:	<u>\$24,249,759</u>	<u>\$23,181,967</u>

		<u>Discounted with a Margin for Contingencies</u>				
		<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>90%</u>
		<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>
<u>Liabilities as of 12/31/24:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$6,132,554	\$6,384,283	\$6,689,572	\$7,069,843	\$7,600,082
	ULAE:	306,628	319,214	334,478	353,492	380,004
	Short-Term Loss and LAE:	<u>\$6,439,182</u>	<u>\$6,703,497</u>	<u>\$7,024,050</u>	<u>\$7,423,335</u>	<u>\$7,980,086</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$17,829,563	\$18,561,432	\$19,449,017	\$20,554,606	\$22,096,201
	ULAE:	891,477	928,071	972,450	1,027,730	1,104,809
	Long-Term Loss and LAE:	<u>\$18,721,040</u>	<u>\$19,489,503</u>	<u>\$20,421,467</u>	<u>\$21,582,336</u>	<u>\$23,201,010</u>
<u>Total Liability</u>	Loss and ALAE:	\$23,962,117	\$24,945,715	\$26,138,589	\$27,624,449	\$29,696,283
	ULAE:	1,198,105	1,247,285	1,306,928	1,381,222	1,484,813
	Total Loss and LAE:	<u>\$25,160,222</u>	<u>\$26,193,000</u>	<u>\$27,445,517</u>	<u>\$29,005,671</u>	<u>\$31,181,096</u>
<u>Liabilities as of 6/30/25:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$6,401,347	\$6,664,110	\$6,982,779	\$7,379,719	\$7,933,198
	ULAE:	323,029	336,288	352,369	372,400	400,330
	Short-Term Loss and LAE:	<u>\$6,724,376</u>	<u>\$7,000,398</u>	<u>\$7,335,148</u>	<u>\$7,752,119</u>	<u>\$8,333,528</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$18,878,036	\$19,652,942	\$20,592,723	\$21,763,325	\$23,395,575
	ULAE:	940,940	979,565	1,026,406	1,084,752	1,166,108
	Long-Term Loss and LAE:	<u>\$19,818,976</u>	<u>\$20,632,507</u>	<u>\$21,619,129</u>	<u>\$22,848,077</u>	<u>\$24,561,683</u>
<u>Total Liability</u>	Loss and ALAE:	\$25,279,383	\$26,317,052	\$27,575,502	\$29,143,044	\$31,328,773
	ULAE:	1,263,969	1,315,853	1,378,775	1,457,152	1,566,438
	Total Loss and LAE:	<u>\$26,543,352</u>	<u>\$27,632,905</u>	<u>\$28,954,277</u>	<u>\$30,600,196</u>	<u>\$32,895,211</u>

Note: Current (short term) liabilities are the portion of the total estimated liability shown on Appendix F that is expected to be paid out within the coming year. Totals may vary from Exhibit 1, due to rounding.

ERMA - Employment Practices Liability

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 12/31/24 (A)	Discount Factor (B)	Discounted Reserve at 12/31/24 (C)	Full Value of Reserve at 6/30/25 (D)	Discount Factor (E)	Discounted Reserve at 6/30/25 (F)
Prior	\$0	1.000	\$0	\$0	1.000	\$0
2004-2005	0	1.000	0	0	1.000	0
2005-2006	0	1.000	0	0	1.000	0
2006-2007	0	1.000	0	0	1.000	0
2007-2008	0	1.000	0	0	1.000	0
2008-2009	0	1.000	0	0	1.000	0
2009-2010	0	1.000	0	0	1.000	0
2010-2011	0	1.000	0	0	1.000	0
2011-2012	0	1.000	0	0	1.000	0
2012-2013	0	1.000	0	0	1.000	0
2013-2014	0	1.000	0	0	1.000	0
2014-2015	100,000	1.000	100,000	0	1.000	0
2015-2016	0	0.995	0	0	1.000	0
2016-2017	204,316	0.987	201,713	102,567	0.990	101,556
2017-2018	95,359	0.982	93,659	65,321	0.984	64,300
2018-2019	420,128	0.980	411,713	301,232	0.980	295,201
2019-2020	502,509	0.979	491,935	331,656	0.980	325,010
2020-2021	1,491,362	0.975	1,453,799	1,088,694	0.978	1,064,690
2021-2022	3,000,826	0.968	2,905,094	2,514,692	0.972	2,443,460
2022-2023	5,097,511	0.960	4,893,659	4,302,299	0.965	4,149,664
2023-2024	7,075,701	0.948	6,709,237	6,566,251	0.955	6,274,029
2024-2025	3,934,757	0.932	3,666,804	7,822,297	0.941	7,360,154
Totals	\$21,922,469		\$20,927,613	\$23,095,009		\$22,078,064

(G) Discount Factor at 12/31/24 for Overall Reserve: 0.955

(H) Discount Factor at 6/30/25 for Overall Reserve: 0.956

Notes:

- (A) From Appendix F, Outstanding Liability at 12/31/24.
- (B) Based on Appendix H, Page 2, Column (F).
- (C) (A) x (B).
- (D) From Appendix F, Outstanding Liability at 6/30/25.
- (E) Based on Appendix H, Page 2, Column (F).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 0.955, the discounted liability for outstanding claims is 95.5% of the full value.

ERMA - Employment Practices Liability

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Return on Investment (C)	Discounted Reserves (D)	Undiscounted Reserves (E)	Discount Factor (F)
22	0.0%	2.00%	0.000	0.000	1.000
21	0.0%	2.00%	0.000	0.000	1.000
20	0.0%	2.00%	0.000	0.000	1.000
19	0.0%	2.00%	0.000	0.000	1.000
18	0.0%	2.00%	0.000	0.000	1.000
17	0.0%	2.00%	0.000	0.000	1.000
16	0.0%	2.00%	0.000	0.000	1.000
15	0.0%	2.00%	0.000	0.000	1.000
14	0.0%	2.00%	0.000	0.000	1.000
13	0.0%	2.00%	0.000	0.000	1.000
12	0.0%	2.00%	0.000	0.000	1.000
11	0.0%	2.00%	0.000	0.000	1.000
10	0.5%	2.00%	0.005	0.005	0.990
9	1.2%	2.00%	0.016	0.017	0.984
8	2.5%	2.00%	0.040	0.041	0.980
7	7.8%	2.00%	0.117	0.119	0.980
6	16.8%	2.00%	0.280	0.287	0.978
5	20.0%	2.00%	0.473	0.487	0.972
4	22.6%	2.00%	0.688	0.713	0.965
3	20.3%	2.00%	0.876	0.916	0.955
2	7.7%	2.00%	0.935	0.994	0.941
1	0.6%	2.00%	0.923	1.000	0.923

(G) Discount Factor for Future Funding:	2024-2025	0.932
	2025-2026	0.932

Notes:

- (A) This is the year of payment relative to the accident year. For example, year 7 refers to payments made in the seventh year after the inception of the accident year. We assume that payments are made at midyear.
- (B) Percent of ultimate loss paid this year. This payment pattern is based on the paid loss development pattern selected in Appendix B, Page 2.
- (C) Assumed Investment Income Rates.
- (D) Discounted Reserves at the beginning of this year is next year's Discounted Reserves discounted one year plus this year's payments discounted six months. For example, in year 2, $93.5\% = [87.6\% / 1.020] + [7.7\% / (1.010)]$.
- (E) Summation of future (B) values. This is the percent of ultimate loss unpaid at the beginning of the year.
- (F) (D) / (E).
- (G) (F) at year 1, with interest accumulated for six months. We assume that the required funding is deposited at the middle of the first year.

This exhibit shows the calculation of the effect of anticipated investment income on future claims costs. Thus, if the discount factor in item (F) is 0.93, on a discounted basis, \$0.93 must be budgeted for every \$1 that will actually be paid on claims that will be incurred in the next fiscal year.

ERMA - Employment Practices Liability

Confidence Level Table

Probability	Projected Losses	Outstanding Losses
95%	1.979	1.602
90%	1.712	1.419
85%	1.551	1.320
80%	1.430	1.249
75%	1.334	1.192
70%	1.253	1.145
65%	1.181	1.104
60%	1.116	1.066
55%	1.057	1.032
50%	1.000	1.000
45%	0.947	0.969
40%	0.895	0.939
35%	0.843	0.908
30%	0.792	0.879
25%	0.738	0.848

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.712 times the average expected amount of losses.

This exhibit shows the loads that must be applied to bring estimated losses at the expected level to the various indicated confidence levels.

Calculated Implied 50% CLF	0.926	0.972
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ERMA - Employment Practices Liability

Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
7/1/1999	6/30/2004	Prior	\$1,000,000	(none)
7/1/2004	6/30/2005	2004-2005	1,000,000	(none)
7/1/2005	6/30/2006	2005-2006	1,000,000	(none)
7/1/2006	6/30/2007	2006-2007	1,000,000	(none)
7/1/2007	6/30/2008	2007-2008	1,000,000	(none)
7/1/2008	6/30/2009	2008-2009	1,000,000	(none)
7/1/2009	6/30/2010	2009-2010	1,000,000	(none)
7/1/2010	6/30/2011	2010-2011	1,000,000	(none)
7/1/2011	6/30/2012	2011-2012	1,000,000	(none)
7/1/2012	6/30/2013	2012-2013	1,000,000	(none)
7/1/2013	6/30/2014	2013-2014	1,000,000	(none)
7/1/2014	6/30/2015	2014-2015	1,000,000	(none)
7/1/2015	6/30/2016	2015-2016	1,000,000	(none)
7/1/2016	6/30/2017	2016-2017	1,000,000	(none)
7/1/2017	6/30/2018	2017-2018	1,000,000	(none)
7/1/2018	6/30/2019	2018-2019	1,000,000	(none)
7/1/2019	6/30/2020	2019-2020	1,000,000	(none)
7/1/2020	6/30/2021	2020-2021	1,000,000	(none)
7/1/2021	6/30/2022	2021-2022	1,000,000	(none)
7/1/2022	6/30/2023	2022-2023	1,000,000	(none)
7/1/2023	6/30/2024	2023-2024	1,000,000	(none)
7/1/2024	6/30/2025	2024-2025	1,000,000	(none)
7/1/2025	6/30/2026	2025-2026	1,000,000	(none)
Third Party Claims Administrator			Begin Date	End Date
			7/1/1999	Current

This exhibit summarizes some of the key facts about the history of the program.

ERMA - Employment Practices Liability

Incurred Losses as of 12/31/24

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$1,000,000 (G)	Incurred Capped at \$1,000,000 (H)	Incurred \$1,000,000 to SIR Layer (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
Prior	\$10,313,716	\$0	\$0	\$10,313,716	\$0	\$0	\$10,313,716	\$0	\$10,313,716	\$10,313,716
2004-2005	6,416,832	0	0	6,416,832	0	0	6,416,832	0	6,416,832	6,416,832
2005-2006	3,616,204	0	0	3,616,204	0	0	3,616,204	0	3,616,204	3,616,204
2006-2007	5,810,921	0	0	5,810,921	0	0	5,810,921	0	5,810,921	5,810,921
2007-2008	3,528,296	0	0	3,528,296	0	0	3,528,296	0	3,528,296	3,528,296
2008-2009	1,211,783	0	0	1,211,783	0	0	1,211,783	0	1,211,783	1,211,783
2009-2010	3,281,809	0	0	3,281,809	0	0	3,281,809	0	3,281,809	3,281,809
2010-2011	1,825,609	0	0	1,825,609	0	0	1,825,609	0	1,825,609	1,825,609
2011-2012	1,916,982	0	0	1,916,982	0	0	1,916,982	0	1,916,982	1,916,982
2012-2013	1,882,270	0	0	1,882,270	0	0	1,882,270	0	1,882,270	1,882,270
2013-2014	2,210,525	0	0	2,210,525	0	0	2,210,525	0	2,210,525	2,210,525
2014-2015	4,306,344	0	0	4,306,344	0	0	4,306,344	0	4,306,344	4,306,344
2015-2016	3,217,101	0	0	3,217,101	0	0	3,217,101	0	3,217,101	3,217,101
2016-2017	3,099,815	0	0	3,099,815	0	0	3,099,815	0	3,099,815	3,099,815
2017-2018	5,222,349	0	0	5,222,349	0	0	5,222,349	0	5,222,349	5,222,349
2018-2019	4,956,801	0	0	4,956,801	0	0	4,956,801	0	4,956,801	4,956,801
2019-2020	5,129,006	0	0	5,129,006	0	0	5,129,006	0	5,129,006	5,129,006
2020-2021	5,508,321	0	0	5,508,321	0	0	5,508,321	0	5,508,321	5,508,321
2021-2022	4,316,575	0	0	4,316,575	0	0	4,316,575	0	4,316,575	4,316,575
2022-2023	2,620,785	0	0	2,620,785	0	0	2,620,785	0	2,620,785	2,620,785
2023-2024	750,000	0	0	750,000	0	0	750,000	0	750,000	750,000
2024-2025	465,000	0	0	465,000	0	0	465,000	0	465,000	465,000
Total	\$81,607,042	\$0	\$0	\$81,607,042	\$0	\$0	\$81,607,042	\$0	\$81,607,042	\$81,607,042

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Authority.
- (C)
- (D)
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of SIR.
- (G) Sum of incurred losses in excess of \$1,000,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix J.

ERMA - Employment Practices Liability

Paid Losses as of 12/31/24

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$1,000,000 (G)	Paid Capped at \$1,000,000 (H)	Paid \$1,000,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
Prior	\$10,313,716	\$0	\$0	\$10,313,716	\$0	\$0	\$10,313,716	\$0	\$10,313,716	\$10,313,716
2004-2005	6,416,832	0	0	6,416,832	0	0	6,416,832	0	6,416,832	6,416,832
2005-2006	3,616,204	0	0	3,616,204	0	0	3,616,204	0	3,616,204	3,616,204
2006-2007	5,810,921	0	0	5,810,921	0	0	5,810,921	0	5,810,921	5,810,921
2007-2008	3,528,296	0	0	3,528,296	0	0	3,528,296	0	3,528,296	3,528,296
2008-2009	1,211,783	0	0	1,211,783	0	0	1,211,783	0	1,211,783	1,211,783
2009-2010	3,281,809	0	0	3,281,809	0	0	3,281,809	0	3,281,809	3,281,809
2010-2011	1,825,609	0	0	1,825,609	0	0	1,825,609	0	1,825,609	1,825,609
2011-2012	1,916,982	0	0	1,916,982	0	0	1,916,982	0	1,916,982	1,916,982
2012-2013	1,882,270	0	0	1,882,270	0	0	1,882,270	0	1,882,270	1,882,270
2013-2014	2,210,525	0	0	2,210,525	0	0	2,210,525	0	2,210,525	2,210,525
2014-2015	4,206,344	0	0	4,206,344	0	0	4,206,344	0	4,206,344	4,206,344
2015-2016	3,217,101	0	0	3,217,101	0	0	3,217,101	0	3,217,101	3,217,101
2016-2017	2,910,999	0	0	2,910,999	0	0	2,910,999	0	2,910,999	2,910,999
2017-2018	5,205,978	0	0	5,205,978	0	0	5,205,978	0	5,205,978	5,205,978
2018-2019	4,626,267	0	0	4,626,267	0	0	4,626,267	0	4,626,267	4,626,267
2019-2020	4,787,418	0	0	4,787,418	0	0	4,787,418	0	4,787,418	4,787,418
2020-2021	4,334,072	0	0	4,334,072	0	0	4,334,072	0	4,334,072	4,334,072
2021-2022	2,556,977	0	0	2,556,977	0	0	2,556,977	0	2,556,977	2,556,977
2022-2023	1,292,415	0	0	1,292,415	0	0	1,292,415	0	1,292,415	1,292,415
2023-2024	85,440	0	0	85,440	0	0	85,440	0	85,440	85,440
2024-2025	0	0	0	0	0	0	0	0	0	0
Total	\$75,237,957	\$0	\$0	\$75,237,957	\$0	\$0	\$75,237,957	\$0	\$75,237,957	\$75,237,957

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Authority.
- (C)
- (D)
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of SIR.
- (G) Sum of paid losses in excess of \$1,000,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix J.

ERMA - Employment Practices Liability

Case Reserves as of 12/31/24

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over SIR (F)	Reserves Over \$1,000,000 (G)	Reserves Capped at \$1,000,000 (H)	Reserves to SIR Layer (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
Prior	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2004-2005	0	0	0	0	0	0	0	0	0	0
2005-2006	0	0	0	0	0	0	0	0	0	0
2006-2007	0	0	0	0	0	0	0	0	0	0
2007-2008	0	0	0	0	0	0	0	0	0	0
2008-2009	0	0	0	0	0	0	0	0	0	0
2009-2010	0	0	0	0	0	0	0	0	0	0
2010-2011	0	0	0	0	0	0	0	0	0	0
2011-2012	0	0	0	0	0	0	0	0	0	0
2012-2013	0	0	0	0	0	0	0	0	0	0
2013-2014	0	0	0	0	0	0	0	0	0	0
2014-2015	100,000	0	0	100,000	0	0	100,000	0	100,000	100,000
2015-2016	0	0	0	0	0	0	0	0	0	0
2016-2017	188,815	0	0	188,815	0	0	188,815	0	188,815	188,815
2017-2018	16,371	0	0	16,371	0	0	16,371	0	16,371	16,371
2018-2019	330,533	0	0	330,533	0	0	330,533	0	330,533	330,533
2019-2020	341,588	0	0	341,588	0	0	341,588	0	341,588	341,588
2020-2021	1,174,249	0	0	1,174,249	0	0	1,174,249	0	1,174,249	1,174,249
2021-2022	1,759,598	0	0	1,759,598	0	0	1,759,598	0	1,759,598	1,759,598
2022-2023	1,328,370	0	0	1,328,370	0	0	1,328,370	0	1,328,370	1,328,370
2023-2024	664,560	0	0	664,560	0	0	664,560	0	664,560	664,560
2024-2025	465,000	0	0	465,000	0	0	465,000	0	465,000	465,000
Total	\$6,369,085	\$0	\$0	\$6,369,085	\$0	\$0	\$6,369,085	\$0	\$6,369,085	\$6,369,085

Notes:

- (A) Years are 7/1 to 6/30.
 (B) Appendix K, Page 1, Column (B) - Appendix K, Page 2, Column (B).
 (C) Appendix K, Page 1, Column (C) - Appendix K, Page 2, Column (C).
 (D) Appendix K, Page 1, Column (D) - Appendix K, Page 2, Column (D).
 (E) (B) + (C) - (D).
 (F) Sum of case reserves in excess of SIR.
 (G) Sum of case reserves in excess of \$1,000,000.
 (H) (E) - (G).
 (I) (G) - (F).
 (J) (E) - (F).
 (K) Minimum of (J) and the aggregate stop loss. See Appendix J.

ERMA - Employment Practices Liability

Claim Counts as of 12/31/24

Accident Year (A)	Reported Claims (B)	Additions to Reported Claims (C)	Subtractions from Reported Claims (D)	Adjusted Reported Claims (E)	Closed Claims (F)	Additions to Closed Claims (G)	Subtractions from Closed Claims (H)	Adjusted Closed Claims (I)	Open Claims (J)	Adjusted Open Claims (K)
Prior	67	0	0	67	67	0	0	67	0	0
2004-2005	21	0	0	21	21	0	0	21	0	0
2005-2006	18	0	0	18	18	0	0	18	0	0
2006-2007	24	0	0	24	24	0	0	24	0	0
2007-2008	28	0	0	28	28	0	0	28	0	0
2008-2009	12	0	0	12	12	0	0	12	0	0
2009-2010	21	0	0	21	21	0	0	21	0	0
2010-2011	12	0	0	12	12	0	0	12	0	0
2011-2012	9	0	0	9	9	0	0	9	0	0
2012-2013	14	0	0	14	14	0	0	14	0	0
2013-2014	12	0	0	12	12	0	0	12	0	0
2014-2015	17	0	0	17	16	0	0	16	1	1
2015-2016	18	0	0	18	18	0	0	18	0	0
2016-2017	23	0	0	23	21	0	0	21	2	2
2017-2018	21	0	0	21	20	0	0	20	1	1
2018-2019	20	0	0	20	16	0	0	16	4	4
2019-2020	25	0	0	25	17	0	0	17	8	8
2020-2021	25	0	0	25	12	0	0	12	13	13
2021-2022	29	0	0	29	9	0	0	9	20	20
2022-2023	31	0	0	31	3	0	0	3	28	28
2023-2024	20	0	0	20	0	0	0	0	20	20
2024-2025	4	0	0	4	0	0	0	0	4	4
Total	471	0	0	471	370	0	0	370	101	101

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Authority.
- (C)
- (D)
- (E) (B) + (C) - (D).
- (F) Provided by the Authority.
- (G)
- (H)
- (I) (F) + (G) - (H).
- (J) (B) - (F).
- (K) (E) - (I).

ERMA - Employment Practices Liability

Exposure Measures

Accident Year	Total Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
Prior	0		0
2004-2005	9,224,980	1.638	15,110,517
2005-2006	9,606,112	1.598	15,350,567
2006-2007	11,027,907	1.559	17,192,507
2007-2008	12,352,186	1.521	18,787,675
2008-2009	12,413,333	1.484	18,421,386
2009-2010	11,190,222	1.448	16,203,441
2010-2011	10,606,794	1.413	14,987,400
2011-2012	10,523,889	1.379	14,512,443
2012-2013	10,339,911	1.345	13,907,180
2013-2014	10,842,469	1.312	14,225,319
2014-2015	11,499,263	1.280	14,719,057
2015-2016	12,172,789	1.249	15,203,813
2016-2017	13,576,882	1.219	16,550,219
2017-2018	13,954,280	1.189	16,591,639
2018-2019	14,541,796	1.160	16,868,483
2019-2020	15,338,510	1.132	17,363,193
2020-2021	15,565,033	1.104	17,183,796
2021-2022	16,470,677	1.077	17,738,919
2022-2023	18,601,230	1.051	19,549,893
2023-2024	20,020,803	1.025	20,521,323
2024-2025	21,580,003	1.000	21,580,003
2025-2026	21,796,000	1.000	21,796,000

Notes:

- (A) Provided by the Authority.
- (B) Based on industry factors.
- (C) (A) x (B).

DRAFT**ERMA****Loss Experience Through 12/31/24**

Appendix M

Page 1

ERMA: Reported Claims and Losses

Year	Excess of Retention					Excess of \$50,000				
	Claim Count =====>			Loss Dollars =====>		Claim Count =====>		Loss Dollars =====>		
	Paid	Incurred	Open	Paid	Incurred	Paid	Incurred	Paid	Incurred	
Prior	67	67	-	10,313,716	10,313,716	61	61	9,981,941	9,981,941	
2004-2005	21	21	-	6,416,832	6,416,832	21	21	6,253,619	6,253,619	
2005-2006	18	18	-	3,616,204	3,616,204	14	14	3,441,928	3,441,928	
2006-2007	24	24	-	5,810,921	5,810,921	22	22	5,498,902	5,498,902	
2007-2008	28	28	-	3,528,296	3,528,296	26	26	3,325,117	3,325,117	
2008-2009	12	12	-	1,211,783	1,211,783	9	9	993,225	993,225	
2009-2010	21	21	-	3,281,809	3,281,809	20	20	3,646,996	3,646,996	
2010-2011	12	12	-	1,825,609	1,825,609	13	13	1,736,947	1,736,947	
2011-2012	9	9	-	1,916,982	1,916,982	11	11	1,892,260	1,892,260	
2012-2013	14	14	-	1,882,270	1,882,270	14	14	1,935,905	1,935,905	
2013-2014	12	12	-	2,210,525	2,210,525	13	13	2,111,260	2,111,260	
2014-2015	17	17	1	4,206,344	4,306,344	15	15	4,612,377	4,712,377	
2015-2016	18	18	-	3,217,101	3,217,101	20	20	3,641,172	3,641,172	
2016-2017	23	23	2	2,910,999	3,099,815	25	25	3,717,985	3,906,800	
2017-2018	21	21	1	5,205,978	5,222,349	23	23	5,830,089	5,846,460	
2018-2019	19	20	4	4,626,267	4,956,801	20	20	5,924,964	6,321,930	
2019-2020	25	25	8	4,787,418	5,129,006	25	25	5,259,058	5,592,107	
2020-2021	25	25	13	4,334,072	5,508,321	23	24	4,621,949	6,028,643	
2021-2022	22	29	20	2,556,977	4,316,575	26	30	2,683,308	4,450,270	
2022-2023	17	31	28	1,292,415	2,620,785	13	23	1,476,364	2,737,382	
2023-2024	5	20	20	85,440	750,000	4	8	98,200	760,000	
2024-2025	-	4	4	-	465,000	-	1	-	405,000	
Total	430	471	101	75,237,957	81,607,042	418	438	78,683,566	85,220,242	

Year	First Dollar (to \$1M)				
	Claim Count =====>			Loss Dollars =====>	
	Total	Incurred	Open	Paid	Incurred
Prior	241	151	-	14,219,824	14,219,824
2004-2005	59	39	-	7,532,219	7,532,219
2005-2006	47	29	-	4,437,956	4,437,956
2006-2007	64	37	-	6,828,803	6,828,803
2007-2008	68	48	-	4,885,373	4,885,373
2008-2009	55	30	-	1,840,744	1,840,744
2009-2010	83	49	-	5,010,772	5,010,772
2010-2011	51	27	-	2,540,326	2,540,326
2011-2012	55	31	-	2,727,638	2,727,638
2012-2013	60	29	-	2,798,891	2,798,891
2013-2014	54	32	-	2,994,606	2,994,606
2014-2015	56	40	1	5,720,586	5,820,586
2015-2016	62	47	2	4,951,161	4,988,336
2016-2017	89	78	2	5,585,385	5,774,201
2017-2018	93	78	1	7,553,640	7,570,011
2018-2019	107	81	5	7,631,627	8,047,670
2019-2020	89	77	8	7,218,228	7,559,816
2020-2021	118	108	21	6,779,190	8,408,260
2021-2022	172	154	39	5,481,441	7,704,698
2022-2023	164	149	80	3,498,865	6,240,639
2023-2024	177	158	147	1,229,037	4,965,026
2024-2025	81	79	79	68,680	2,070,000
Total	2,045	1,551	385	111,534,991	124,966,395

DRAFT**ERMA**

Loss Experience Through 12/31/24

Appendix M

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By Member

Member	Reported Losses First Dollar		Reported Losses ERMA Layer		Reported Claims		
	Paid	Incurred	Paid	Incurred	1st Dollar Total	With Incurred Value>\$500	In ERMA Layer
BCJPIA	7,817,963	8,726,983	4,234,283	4,908,890	151	110	23
CalTIP	331,829	538,717	159,984	220,245	16	11	2
CHARMA	2,093,078	2,142,103	1,359,259	1,359,259	46	26	10
CIRA	22,507,508	24,800,716	13,702,019	14,344,381	439	325	93
CSJVRMA	22,297,431	24,739,165	17,507,291	19,023,965	372	281	108
ERMAC	1,069,627	1,376,233	-	-	43	38	-
MBASIA	2,931,197	3,291,798	-	-	51	45	-
MPA	22,415,486	24,018,900	16,552,165	16,759,136	384	259	69
PERMA	22,103,846	26,420,972	16,637,230	19,507,765	330	264	105
PLAN	337,994	394,674	229,563	229,563	5	5	1
SCORE	2,398,740	2,581,077	1,971,953	2,033,953	37	27	17
VCJPA	3,570,390	3,996,091	2,111,165	2,311,840	94	76	32
City of Vacaville	560,209	560,209	402,111	402,111	11	5	3
Oakland Housing Authority	982,719	1,234,805	370,934	505,934	56	34	8
Contra Costa County Housing Authorit	116,975	143,954	-	-	10	10	-
Total	111,534,991	124,966,395	75,237,957	81,607,042	2,045	1,516	471

Percent of Total

Member	Reported Losses First Dollar		Reported Losses ERMA Layer		Reported Claims		
	Paid	Incurred	Paid	Incurred	1st Dollar Total	With Incurred Value>\$500	In ERMA Layer
BCJPIA	7%	7%	6%	6%	7%	7%	5%
CalTIP	0%	0%	0%	0%	1%	1%	0%
CHARMA	2%	2%	2%	2%	2%	2%	2%
CIRA	20%	20%	18%	18%	21%	21%	20%
CSJVRMA	20%	20%	23%	23%	18%	19%	23%
ERMAC	1%	1%	0%	0%	2%	3%	0%
MBASIA	3%	3%	0%	0%	2%	3%	0%
MPA	20%	19%	22%	21%	19%	17%	15%
PERMA	20%	21%	22%	24%	16%	17%	22%
PLAN	0%	0%	0%	0%	0%	0%	0%
SCORE	2%	2%	3%	2%	2%	2%	4%
VCJPA	3%	3%	3%	3%	5%	5%	7%
City of Vacaville	1%	0%	1%	0%	1%	0%	1%
Oakland Housing Authority	1%	1%	0%	1%	3%	2%	2%
Contra Costa County Housing Authorit	0%	0%	0%	0%	0%	1%	0%
Total	100%	100%	100%	100%	100%	100%	100%

DRAFT**ERMA****Loss Experience Through 12/31/24**

Appendix M

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Retention Rate Adjustment Factors**Losses Limited to \$1,000,000 per Occurrence**

Retention	Selected Current	Selected Prior	FYE 2016	2017	2018	2019	2020	2021	2022	2023	2024	All Years
25,000	1.120	1.125	1.112	1.126	1.088	1.081	1.112	1.116	1.214	1.354	2.055	1.123
50,000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
75,000	0.910	0.905	0.903	0.899	0.929	0.939	0.915	0.899	0.858	0.780	0.540	0.911
100,000	0.835	0.825	0.819	0.804	0.867	0.882	0.841	0.826	0.770	0.680	0.464	0.842
150,000	0.720	NA	0.691	0.653	0.756	0.773	0.703	0.729	0.633	0.514	0.378	0.726
250,000	0.525	0.505	0.494	0.439	0.557	0.599	0.485	0.569	0.444	0.297	0.283	0.544
350,000	0.375	0.355	0.325	0.282	0.413	0.465	0.371	0.452	0.300	0.207	0.245	0.406
500,000	0.230	0.210	0.169	0.151	0.263	0.314	0.246	0.308	0.177	0.142	0.189	0.257
750,000	0.090	0.080	0.044	0.038	0.106	0.134	0.089	0.116	0.078	0.047	0.094	0.095

ERMA - New Member 1st Year Claims Made Rate
Coverage for 2024-2025 Occurrences Reported in 2025-2026
\$1,000,000 ERMA Limit, \$50,000 Member Deductible

Occurrence Year (A)	Selected Severity (B)	Selected Frequency (C)	Estimated % of ERMA-Layer 2024-2025 Claims to be Reported in 2025-2026 (D)	Expected Loss Rate (E)	75% CL (F)	80% CL (G)	85% CL (H)
2024-2025	\$205,000	0.019	40%	\$0.156	\$0.208	\$0.223	\$0.242

Footnotes:

- (A) Occurrence year covered
 (B) From Appendix D, Page 2; Average claim size in ERMA layer
 (C) From Appendix D, Page 3; # of claims per \$1M of payroll
 (D) Selected based on estimated ERMA layer reported claim development patterns
 (E) Expected rate per \$100 of payroll: $(B) \times (C) \times (D) / 10,000$
 (F) 75% Confidence Level rate per \$100 of payroll
 (G) 80% Confidence Level rate per \$100 of payroll
 (H) 85% Confidence Level rate per \$100 of payroll

FINANCIAL MATTERS

SUBJECT: Excess Coverage and Marketing Update for the 2025/26 Program Year - *Presented by Seth Cole, Alliant*

RECOMMENDATION: *None*

BACKGROUND AND STATUS:

At the January 24, 2025, Board of Directors meeting, Mr. Seth Cole of Alliant provided a preliminary overview regarding renewal expectations based upon market fluctuations and ERMA claim development in recent years. Mr. Cole will provide an overview of the market and the potential renewal with RSUI and Ascot, ERMA's likely excess insurance carriers, for the 2025/26 program year.

Mr. Cole will be present to review the proposed renewal terms and answer any questions from the Committee.

REFERENCE MATERIALS ATTACHED:

- ERMA Renewal Memo from Alliant

March 27, 2025

Rob Kramer
Executive Director
ERMA c/o Sedgwick
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

ERMA 2025/26 Renewal Update

Dear Rob:

This letter provides Sedgwick staff and the ERMA Executive Committee with an update regarding ERMA's 2025/26 optional Excess Insurance renewal. Currently, RSUI provides \$2,000,000 in limits Each Claim per Member with a \$4,000,000 Per Member Aggregate and \$10,000,000 Policy Aggregate excess of ERMA's Retained Limit of \$1,000,000. Ascot Specialty Insurance Company provides \$1,000,000 in limits per Member per Claim with a \$1,000,000 per Member Aggregate and a \$5,000,000 Policy Aggregate excess of the RSUI policy.

RSUI and Ascot are in the process of completing their review of the loss data. Payroll data for the renewal is provided to the carriers when the draft budget becomes available. Unless there is a material development in the claims, the expectation is that they will offer a renewal consistent with their current approach and rating mechanism. We could see an inflationary adjustment this year as RSUI's rate has remained the same since 2018. The additional excess limits with Ascot were secured in 2022. We could see Ascot following RSUI's lead if they were to push for a rate increase. Alliant expects to present a formal renewal proposal to the Board at the June meeting.

At the January Board Workshop, we discussed employment litigation trends to watch for in 2025. With the recent executive orders from the current administration and dismissals within the Equal Employment Opportunity Commission, new trends to watch for may develop related to Diversity, Equity, and Inclusion initiatives and compliance with anti-discrimination laws.

We look forward to seeing everyone on April 4th and answering any questions that you or the Committee may have.

Sincerely,



Seth Cole, ARM
Senior Vice President
scole@alliant.com

cc: Shadi Jalali, Alliant

FINANCIAL MATTERS

SUBJECT: **Review and Consideration of Dollar One Administration of Claims
Presented by Rob Kramer, Executive Director, and Nancy Broadhurst,
Interim Finance Manager**

RECOMMENDATION: *Staff recommends the Executive Committee
recommend to the Board of Directors:*

- 1) Approval of the plan to have ERMA begin managing all payments on claims from dollar one beginning on July 1, 2025.*
- 2) Distribution of a dividend at July 1, 2025 (to be determined in June 2025) of \$2.5M to form a non-equity pool to minimize the loss of investment income.*

BACKGROUND AND STATUS:

At the ERMA Annual Workshop in January, staff discussed with the Board the possibility of having ERMA manage all payments on claims from dollar one rather than the current hand-off of responsibilities once the underlying member satisfies its SIR.

Mr. Rob Kramer, ERMA Executive Director, has prepared a Memorandum to the Executive Committee outlining Staff's findings and recommendations.

REFERENCE MATERIALS ATTACHED:

- Memorandum from Rob Kramer to the Executive Committee
- ERMA Analysis of Dollar One



March 25, 2025

TO: ERMA Executive Committee

FROM: Rob Kramer, Executive Director

SUBJECT: Moving to Claims Payments from Dollar One by ERMA

CURRENT STATUS

Currently, ERMA's underlying members all select a Self-Insured Retention (SIR) from the following options:

- \$25,000 per occurrence
- \$50,000 per occurrence
- \$75,000 per occurrence
- \$100,000 per occurrence
- \$150,000 per occurrence – **NEW OPTION FOR 2025-26**
- \$250,000 per occurrence
- \$500,000 per occurrence

The underlying member is responsible for submitting all bills to ERMA for review and input to the ERMA claims system.

The underlying member (or in three instances the primary JPA Member) is then responsible for paying all invoices until the member SIR has been satisfied.

CURRENT ISSUES AND CONCERNS

- The review and input of all billings into the ERMA claims system is relatively straight forward. However, because there are different ways in which the SIR's are paid, there can be delays in notifying the underlying members/Members to proceed with paying invoices within their SIR layer.

- There is often some confusion and back and forth, as to how much the underlying member or Member has paid on their (SIR). There also can be confusion as to when ERMA will take over the payments on the claim.
- Sometimes there are duplicate payments on invoices where an underlying member/Member makes payments on claims where ERMA also makes payment.

ANALYSIS

At the most recent ERMA annual workshop, staff proposed and discussed with the group, the possibility of having ERMA make all payments on claims from dollar one (\$1) and then billing the underlying member/Member back for their respective SIRs.

From an operational standpoint, this would NOT change the role of the Litigation Management department with respect to their review and input of all bills into the ERMA claims management system.

However, this change WOULD require additional time spent by the Accounting Team with respect to a significant increase in accounts receivable transactions as well as development and operation of a system to bill members/Members for their SIRs on a routine basis.

In addition, having ERMA pay all claims from dollar one (\$1), would increase ERMA claims payments by approximately \$2,500,000 on average per year. This is not “new” money, but rather taking on the responsibility of what the members/Members have traditionally paid directly to satisfy their respective SIRs for each claim.

Without some additional process or procedure in place, this would result in ERMA losing out on approximately \$115,000 per year (on average) in investment earnings. This would also impact ERMA cash flow.

RECOMMENDATIONS

Based on a thorough internal review of this matter, staff is making the following recommendations to the Executive Committee for presentation to the Board and implementation as of July 1, 2025:

1. ERMA to begin making ALL payments on claims from dollar one (\$1) as of July 1, 2025.
2. ERMA to work with Sedgwick to alter the scope of the current ERMA contract to provide this service, and to add approximately .5 FTE at the staff accountant level to accomplish this change.

3. ERMA transfer \$2,500,000 in current Net Position to a “non-equity ERMA SIR DEPOSIT Fund”. This would keep this amount of previous Net Position in the ERMA program to ensure there is no loss of investment income.

Making this new fund a “non-equity” fund would mean the current ERMA members would forfeit their current right to their equity positions in this fund for the good of the JPA.

If the program was ever unwound or disbanded, these funds would be returned to the ERMA members based on the same pro-rata formula in which they are currently allocated.

- a. Current Net Position at the Expected Confidence level as of June 30, 2024 was \$19,290,095.
4. The ERMA accounting team would begin invoicing members/Members for their SIR once a claim is closed (if under \$25,000), or at \$25,000 increments until a member/Member SIR is satisfied.

ERMA - DOLLAR ONE ANALYSIS

Dollar One (\$) Payments per Year and Interest Income to Be Lost

	2020/21	2021/22	2022/23	Average
Program Year Payments:				
All Fiscal Years				
Gross Paid	6,779,189	5,481,441	3,498,864	
Total of ERMA Paid	4,343,226	2,659,608	1,343,343	2,782,059
Difference - \$1 payments	2,435,963	2,821,833	2,155,521	2,471,106
Fiscal Year Payments:				
All Program Years				
Total of ERMA Paid	3,350,611	2,537,409	3,072,588	2,986,869
Interest Income Calculation:				
CAMP Liquidity Yield as of 12/31/24	0.0473			
Annual income Lost				
Due to Paying claims from Dollar One	115,221	133,473	101,956	116,883

FINANCIAL MATTERS

SUBJECT: Underlying Member SIR Review and Policy for Mandated Increases
*Presented by Rob Kramer, Executive Director, and Nancy Broadhurst,
Interim Finance Manager*

RECOMMENDATION: *Staff recommends the Executive Committee approve engaging the actuary to complete an MRL/SIR study every three years. Staff further recommends all underlying members that meet all three criteria for an increase in the study, have their SIR's increased one level in the next program year.*

BACKGROUND AND STATUS:

At the January Board of Directors meeting, the Board reviewed a study from Bickmore Actuarial related to Member Retained Limits (MRLs) within the ERMA program. The purpose of the study was to determine if underlying members were properly situated with respect to their self-insured retentions (SIR)s within the program.

The Study reviewed retentions based on three different approaches (Size, Burn, and Member Equity/Frequency). Based on feedback from the Board, as well as further internal review, Staff makes the recommendation above. Not listed in the recommendation is whether or not the members highlighted in the table attached should be asked to make a change for July 1, 2025, or July 1, 2026. Staff will make a recommendation on this matter after further discussion with the Executive Committee.

REFERENCE MATERIALS ATTACHED:

- Executive Summary Page from Bickmore Actuarial Member Retained Limits Study

EXECUTIVE SUMMARY

We have analyzed the member retained limits (MRL) for the current ERMA members. The table below summarizes the increases in MRL that are indicated by various methods. Members with indicated increases from all methods are highlighted with ***.

Summary of Indicated Increases in Member Retained Limit

Member	Current Retained Limit	Approach #1 "Size" ¹	Approach #2 "Burn" ²	Approach #3 Member Equity – Number/Frequency ³
BCJPIA Piedmont	\$50,000		Increase	Increase
BCJPIA Pleasanton	75,000		Increase	
CSJVRMA Atwater ***	25,000	Increase	Increase	Increase
CSJVRMA Ceres	25,000	Increase	Increase	
CSJVRMA Delano ***	25,000	Increase	Increase	Increase
CSJVRMA Hughson	25,000			Increase
CSJVRMA Lathrop	25,000	Increase		
CSJVRMA Lemoore	25,000	Increase		
CSJVRMA Livingston ***	25,000	Increase	Increase	Increase
CSJVRMA Madera	25,000	Increase		
CSJVRMA Mcfarland	50,000			Increase
CSJVRMA Porterville ***	25,000	Increase	Increase	Increase
CSJVRMA Sanger	25,000	Increase		
CSJVRMA Selma	50,000			Increase
CSJVRMA Shafter ***	25,000	Increase	Increase	Increase
CSJVRMA Tehachapi	25,000			Increase
MPA Antioch	50,000		Increase	
MPA El Cerrito	50,000		Increase	Increase
MPA Manteca	50,000		Increase	
MPA Pleasant Hill	50,000			Increase
PERMA Banning ***	25,000	Increase	Increase	Increase
PERMA Barstow ***	25,000	Increase	Increase	Increase
PERMA Cathedral City	25,000	Increase		
PERMA Desert Hot Springs	25,000		Increase	Increase
PERMA Eastvale ***	25,000	Increase	Increase	Increase
PERMA La Mesa	25,000	Increase		
PERMA Perris	25,000	Increase		
PERMA PS Tramway	25,000	Increase	Increase	
PERMA SunLine	50,000		Increase	Increase
PERMA Victorville	25,000	Increase	Increase	
SCORE Yreka ***	25,000	Increase	Increase	Increase
VCJPA Contra Costa MVCD ***	25,000	Increase	Increase	Increase
VCJPA San Gabriel Valley MVCD	25,000			Increase

1. From Exhibit 1, Page 4.

2. From Exhibit 2, Page 7.

3. Member Equity – A annual number of pool claims greater than 0.25 and frequency greater than 0.019.

*** Members indicated for increase in retained limit based on all methods.

FINANCIAL MATTERS

SUBJECT: Review of Preliminary Administrative and Operating Budget for the 2025/26 Program Year - *Nancy Broadhurst, Interim Finance Manager*

RECOMMENDATION: *Staff recommends the Executive Committee review the Preliminary Administrative and Operating Budget for the 2025/26 program year and provide direction to staff, as necessary.*

BACKGROUND AND STATUS:

The preliminary budget reflects the estimated funding for losses, excess insurance costs, loss prevention and training, and administrative expenses for the 2025/26 program year. The following table presents the 2025/26 information as compared to the expiring year.

	2025/26	2024/25	% Change
ERMA Retention	\$1 Million	\$1 Million	
Confidence Level	80%	80%	
Discount Rate	2.0%	2.00%	
Funding for Losses	\$11,067,612	\$10,059,196	10.0%
Excess Insurance	745,902	666,520	11.9%
Loss Prevention & Training	291,100	231,100	26.0%
Administrative Expenses	1,656,596	1,376,814	20.3%
Total Contributions	\$13,761,210	\$12,333,630	11.6%
2023 Calendar Year Payroll	\$2,651,753,994	\$2,478,197,592	7.0%
Member Retentions & Funding Rates			
25,000	\$0.637	\$0.621	2.6%
50,000 (baseline)	0.5690	0.5520	3.1%
75,000	0.5178	0.4996	3.6%
100,000	0.4751	0.4554	4.3%
150,000	0.4097		
250,000	0.2987	0.2788	7.2%
350,000	0.2134	0.1960	8.9%
500,000	0.1309	0.1159	12.9%
750,000	0.0512	0.0442	16.0%
Excess Insurance Rates			
RSUI (\$2M xs of \$1M)	\$0.0420	\$0.0400	5.0%
Ascot (\$1M xs of \$3M)	0.0184	0.0175	5.0%

At this April meeting, the Executive Committee reviews the changes to individual entity contributions and cost drivers in the budget. Following is a narrative overview of the various budget components.

Funding for Losses – SIR to \$1.0 Million

- The loss funding amount required to cover the ultimate cost of claims within the self-insured layer is estimated by ERMA's actuary and based on historical loss experience, member payroll, and any other factors that may impact the overall cost of claims.
- The Board selects the confidence level (CL) and discount rate annually. For the 2025/26 program year, staff recommends the Board set the funding rates at the 80% CL and utilize a discount factor of 2.0%, the same as expiring.
- Funding for Losses is \$11.1 million and \$10.1 million for the 2025/26 and 2024/25 years, respectively, a 10.0% increase over the prior year's approved budget. This is primarily due to an increase in payroll of 7.0%, and a 3.1% increase in the pooling rate at the 80% CL.

Excess Insurance

- Excess premiums currently are not available, and your broker, Alliant, is negotiating with the excess insurance carriers, RSUI and Ascot.
- Staff has conservatively increased the excess rates by 5% for the preliminary budget based on input from Alliant.

Loss Prevention and Training Expenses

- ERMA's loss prevention and training expenses are estimated to be \$291,000, a 26.0% increase over the expiring program year.
- The Sedgwick In-House and Outside Customized Trainings line items have been combined in this year's budget, and reflect a decrease of \$40,000, or 23.9%. Actuals in this line item have been considerably under budget for the past couple of years, therefore the budget in this line item is reduced.
- Staff is anticipating training to expand in the upcoming program year and has added two new line items budgeted for \$50,000 each – Elected Officials Training, and Regionalized Leadership Training.

Administrative Expenses

- The 20.3% increase in administrative expenses is based on standard increases to contracts and anticipated increased costs of several non-contractual expenses.
- The program admin fee has increased by 21.4%, which includes the 3.1% Consumer Price Index (CPI) index inflator and two staffing increases, mitigated by a reduction due to the withdrawal of Santa Maria in Exclusive Risk Management Authority of California (ERMAC) last year. The staffing changes are noted in the Program Admin Fee page, Page 4 of the budget. Staff will discuss the staffing increases during the budget presentation.
- Included in the budget is a line item for the Captive Feasibility Study to be conducted by Bickmore Actuarial as directed by the Board.

Discount Rate Selection

- The funding rates are discounted to net present value, which reduces the rate to reflect investment income expected to be earned on those contributions over time.
- Staff and the ERMA Investment advisor met in January 2024 to review the investment earnings rate and recommended an increase in the discount rate to 2.0% from 1.5% for the 2024/25 operating budget.
- The 2.0% discount rate is reflected in the 2025/26 budget as well.

Experience Modification Factors

- Experience modification factors (ex-mods) are applied to the contribution and adjust the contribution based on the loss experience of members.
- The ex-mods are based on incurred losses between \$25,000 and \$500,000 as of December 31, 2024, from program years 2020/21 through 2023/24 and payroll from calendar years 2019 through 2022.
- ERMA's two-tiered ex-mod calculation is as follows:
 - ✓ JPA Ex-Mods: Ex-Mods are calculated at the JPA-level and applied in determining each JPA or Individual Member's contribution to ERMA.
 - ✓ Underlying Member Ex-Mod: The experience modifier of each underlying member is used to determine the underlying member's contribution to its JPA. The calculation utilizes the "pure" ex-mod rather than the credibility-factored ex-mod utilized in the primary JPA calculation and has a floor of 0.75 and a ceiling of 1.50.
 - ✓ An additional calculation limits annual ex-mod changes to .25 for underlying members.

NOTE: We are missing loss run data for several new members, so the ex-mods in the Preliminary Budget are subject to change a bit. As soon as all data has been received, we will disburse a revised budget.

Payroll

- Actual 4Q 2023 – 3Q 2024 payroll used in the 2025/26 budget represents a change from the calendar year payroll used historically and is the exposure base used to determine member contributions.
- Payroll increased by 7.0% over the prior year.

Membership Changes

The following membership changes that occurred after the Final 2024/25 Budget was approved are reflected in the preliminary budget:

- Withdrawal of Santa Maria in ERMAC as of 7/1/2024
- Dissolution of ERMAC and Hayward reclassified to Individual Member status
- Addition of Hesperia RP&D in PERMA effective 7/1/2024
- Addition of Parlier in CSJVRMA effective 1/1/25

There are currently no new members joining ERMA for the 2025/26 program year.

REFERENCE MATERIALS ATTACHED:

- 2025/26 Preliminary Operating Budget

2025/2026 Preliminary Operating Budget

80% Confidence Level ~ 2.0% Discount Factor

Excess Insurance \$3 million x \$1 million (aggregate limits apply) ~ *Estimated 5% Increase*

	Prior Year - 2024/2025		2025/2026	Increase/(Dec)	
	Projected	Approved	Preliminary	Over Prior Year	%
	Actual	Budget	Budget	Budget	Change
Claims Expense:					
Funding for Pooled Losses (SIR to \$1M)	\$10,473,767	\$10,059,196	\$11,067,612	\$1,008,416	10.0%
Excess Insurance	641,738	666,520	745,902	79,382	11.9%
Total Claims Costs	\$11,115,505	\$10,689,031	\$11,813,514	\$1,087,798	10.2%
Loss Prevention and Training:					
Online Training and Reporting (In2Vate)	48,740	51,100	51,100	0	0.0%
Hotline Services (Jackson Lewis & LCW)	7,919	6,500	6,500	0	0.0%
Misc. Training Expenses	0	6,000	6,000	0	0.0%
Sedgwick In-House / Outside Customized Trainings	50,000	167,500	127,500	(40,000)	-23.9%
Elected Officials Training			50,000	50,000	
Regionalized Leadership Training			50,000	50,000	
Total Loss Prevention and Training	\$106,659	\$231,100	\$291,100	\$60,000	26.0%
Administration:					
Program Management (Sedgwick)	\$1,180,996	\$1,179,947	\$1,432,554	252,607	21.4%
Risk Assessments	7,000	10,000	10,000	0	0.0%
Legal Services	25,000	35,000	35,000	0	0.0%
Actuarial Study	\$11,700	11,700	12,275	575	4.9%
Financial Audit	12,100	12,100	12,700	600	5.0%
Claims Audit (<i>biennial</i>)	0	7,650	7,650	0	100.0%
Board Meetings & Annual Workshop	60,000	60,000	60,000	0	0.0%
Memberships & Conferences	4,962	9,500	7,500	(2,000)	-21.1%
Accreditation	1,916	1,917	1,917	0	0.0%
Fidelity Bonds	2,394	3,000	3,000	0	0.0%
E & O Coverage	4,406	4,500	4,500	0	0.0%
Investment Management Services	35,130	32,000	36,000	4,000	12.5%
Captive Feasibility Study			27,500	27,500	
Member Retained Limit Study	3,500	3,500		(3,500)	-100.0%
Bank Fees / Other Expenses	6,000	6,000	6,000	0	0.0%
Total Administration	\$1,355,104	\$1,376,814	\$1,656,596	\$279,782	20.3%
Total Deposit Contribution	\$12,577,268	\$12,296,945	\$13,761,210	\$1,464,264	11.9%

2024/25 member changes after 7/1/2024

- ~ Withdrawal of Santa Maria in ERMAC as of 7/1/24
Dissolution of ERMAC and Hayward reclassified to Individual Member status
- ~ Addition of Hesperia RP&D in PERMA effective 7/1/24)
- ~ Addition of Parlier in CSJVRMA (effective 1/1/2025)



2025/2026 Preliminary Operating Budget Rates

80% Confidence Level ~ 2.0% Discount Factor
Excess Insurance \$3 million x \$1 million (aggregate limits apply) ~ Estimated 5% Increase

<i>Pool Funding, Excess Insurance, and Administrative Rates</i>			
Budget Item	Rates	<i>Prior Year Rate</i>	<i>% Change</i>
Funding for Losses - 2.0% Discounted 80% CL	\$0.569	<i>\$0.552</i>	<i>3.1%</i>
Excess Insurance: \$3M x \$1M ~ \$5M / \$15M Aggregate*	0.0604	<i>0.0575</i>	<i>5.0%</i>
\$2M x \$1M (\$4M/Member Aggregate - \$10M Policy Aggregate)	0.0420	<i>0.0400</i>	<i>5.0%</i>
\$1M x \$3M (\$1M/Member Aggregate - \$5M Policy Aggregate)	0.0184	<i>0.0175</i>	<i>5.0%</i>
Loss Prevention & Training	0.0110	<i>0.0091</i>	<i>20.8%</i>
Administration	0.0625	<i>0.0542</i>	<i>15.3%</i>

<i>Member Retained Limit Rates - 80% C.L.</i>			
SIR	Factor	Rates	SCORE ONLY*
\$25,000	1.120	\$0.637	\$0.581
50,000	1.000	0.569	0.519
75,000	0.910	0.518	0.472
100,000	0.835	0.475	0.433
150,000	0.720	0.410	0.374
250,000	0.525	0.299	0.272
350,000	0.375	0.213	0.195
500,000	0.230	0.131	0.119
750,000	0.090	0.051	0.047

<i>*Rate credit for SCORE's CJPRMA coverage in the layer from \$750K through \$1M</i>	<i>0.050</i>
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2025/2026 Preliminary Operating Budget

Member Summary

80% Confidence Level ~ 2.0% Discount Factor

Excess Insurance \$3 million x \$1 million (aggregate limits apply) ~ Estimated 5% Increase

Member Entities	Actual 4Q 23 - 3Q 24 Payroll	Funding For Losses *	Loss Prevention & Training	Admin. Costs	Deposit Contribution	Experience Modification Factor	Contribution Adjusted for Ex Mod	Off-Balance Factor	Deposit Contribution Adjusted for Off-Bal Factor	Excess Insurance \$3M x \$1M	Total Deposit Contribution	Prior Year Comparison		
												Deposit Contribution	% Change (Contribution)	% Change Net of Payroll
BCIPIA	\$278,174,133	\$1,270,912	\$30,537	\$173,780	\$1,475,229	0.845	\$1,246,856	0.997	\$1,243,684		\$1,243,684	\$1,049,051	18.6%	14.3%
CalTIP	50,911,567	268,573	5,589	31,805	305,967	0.948	290,206	0.997	289,468	24,240	313,708	358,618	-12.5%	-20.6%
CIRA **	520,632,005	1,327,959	57,153	325,248	1,710,360	1.131	1,934,959	0.997	1,930,036		1,930,036	1,629,227	18.5%	11.9%
CSJVRMA	444,697,178	2,327,263	48,817	277,810	2,653,890	0.914	2,424,603	0.997	2,418,434	268,486	2,686,920	2,609,251	3.0%	-4.6%
MBASIA	87,133,044	96,228	9,565	54,433	160,227	1.032	165,410	0.997	164,990	52,607	217,596	203,250	7.1%	-2.5%
MPA	434,520,510	2,204,405	47,700	271,452	2,523,558	0.914	2,307,330	0.997	2,301,460	262,342	2,563,802	2,131,261	20.3%	15.6%
PERMA	431,367,588	2,032,423	47,354	269,483	2,349,260	1.250	2,936,575	0.997	2,929,104		2,929,104	2,552,443	14.8%	7.0%
PLAN JPA	102,283,673	469,492	11,228	63,898	544,619	0.978	532,630	0.997	531,275	61,754	593,029	648,688	-8.6%	-15.5%
SCORE	32,302,010	163,972	3,546	20,180	187,698	1.095	205,539	0.997	205,016		205,016	193,129	6.2%	1.3%
VCJPA	75,792,510	429,692	8,320	47,349	485,361	0.933	452,818	0.997	451,666	45,760	497,425	434,367	14.5%	10.3%
Oakland H.A.	43,273,234	246,225	4,750	27,034	278,009	0.976	271,205	0.997	270,515	26,126	296,641	264,579	12.1%	5.2%
Contra Costa H.A.	7,598,406	43,235	834	4,747	48,816	0.957	46,724	0.997	46,605	4,588	51,192	45,147	13.4%	4.7%
City of Hayward	143,068,137	187,233	15,706	89,377	292,316	0.799	233,650	0.997	233,056		233,056	146,949	58.6%	58.6%
Total	\$2,651,753,994	\$11,067,612	\$291,100	\$1,656,596	\$13,015,308		\$13,048,503		\$13,015,308	\$745,902	\$13,761,210	\$12,265,961	12.2%	5.2%

* Includes JPA Participation Credit

** CIRA is a combination of PARSAC and REMIF members effective 7/1/2021.

**2025/2026 Preliminary Operating Budget
Program Administration Fee Worksheet**

Annual Base Contract Price (ABCP)	2023/2024			
				\$1,075,931
	Payroll	Payroll Calc %age	Sedgwick Fees Prorated	Sedgwick Fees Annualized
Baseline as of 7/1/23	\$2,242,143,041			\$1,075,931
CIRA <i>Joining 11/1/22</i>				
Foresthill FPD	1,233,587	0.000727	417	626
Wheatland FA	600,000	0.000354	203	305
<i>Joining 1/1/23</i>				
Mosquito FPD	334,874	0.000197	85	170
<i>Expulsion 11/1/22</i>				
California City	(7,768,859)	-0.004580	(2,629)	(3,944)
CaITIP <i>Joining 1/1/23</i>				
San Joaquin	10,701,781	0.006310	2,717	5,433
CSJVRMA <i>Withdrawing 6/30/23</i>				
Lindsay	(3,334,611)	-0.001966	(1,693)	(1,693)
ERMAC <i>Withdrawing 6/30/23</i>				
Laguna Hills	(3,152,135)	-0.001858	(1,600)	(1,600)
<i>Joining/Withdrawing 7/1/23</i>				
Beaumont	17,301,809	0.007717	8,303	8,303
Beaumont	(17,301,809)	-0.007717	(8,303)	(8,303)
BCJPIA <i>Withdrawing 6/30/24</i>				
Sausalito	(3,680,752)	-0.001642	(1,766)	(1,766)
PERMA <i>Joining 7/1/23</i>				
Norco	5,870,219	0.002618	2,817	2,817
PLAN JPA <i>Joining 7/1/23</i>				
Los Altos	3,155,702	0.001407	1,514	1,514
<i>Joining 1/1/24</i>				
Burlingame	26,883,468	0.011990	6,450	12,900
Totals as of 6/30/24	\$2,274,371,678		\$1,084,946	\$1,091,396

Notes:

Approved contract is for a five year period: 2023/24 - 2027/28. Final two years of contract are not shown.

Percentage Increase over previous year	2024/2025			
				\$1,129,595 3.50%
	Payroll	Payroll Calc %age	Sedgwick Fees Prorated	Sedgwick Fees Annualized
Baseline as of 7/1/24	\$2,542,147,690			\$1,129,595
CIRA <i>Joining 7/1/24</i>				
CONFIRE	6,608,770	0.002600	2,937	2,937
PRFMA	470,000	0.000185	209	209
Upland	25,197,895	0.009912	11,197	11,197
MPA <i>Joining 7/1/24</i>				
Mountain House	4,062,782	0.001598	1,805	1,805
PERMA <i>Joining 7/1/24</i>				
Moreno Valley	30,681,064	0.012069	13,633	13,633
Hesperia R&PD	2,466,696	0.000970	1,096	1,096
PLAN JPA <i>Joining 7/1/24</i>				
Los Gatos	21,955,823	0.008637	9,756	9,756
San Carlos	12,920,231	0.005082	5,741	5,741
Suisun City	11,421,479	0.004493	5,075	5,075
Subtotals as of 1/1/25	2,657,932,430		1,181,044	1,181,044 0
CSJVRMA <i>Joining 1/1/25</i>				
Parlier	4,089,763	0.001539	901	1,817
Totals as of 6/30/25	\$2,662,022,193		\$1,181,945	\$1,182,861

Percentage Increase over previous year	2025/2026			
				\$1,219,530 3.10%
	Payroll	Payroll Calc %age	Sedgwick Fees Prorated	Sedgwick Fees Annualized
Baseline as of 7/1/25	\$2,720,198,862			\$1,219,530
Amendments to contract:				
CLM (Claims & Litigation Mgmt) increase				\$175,000
.5 FTE Accounting Associate				75,000
Total Amendments to contract:				250,000
New ABCP for 2025/26:				\$1,469,530
ERMAC <i>Withdrawing 7/1/24</i>				
Santa Maria	(68,444,868)	-0.025162	(36,976)	(36,976)
Totals as of 6/30/26	\$2,651,753,994		\$1,182,554	\$1,432,554

California Urban Wage Earners and Clerical Workers CPI Increase of 3.1%

State of California
Department of Industrial Relations
<http://www.dir.ca.gov/OPRL>

Office of the Director- Research Unit
P.O. Box 420603, San Francisco, California 94142

CONSUMER PRICE INDEX – CALIFORNIA

Los Angeles-Long Beach-Anaheim, San Francisco-Oakland-Hayward, San Diego-Carlsbad,
Riverside-San Bernardino-Ontario, United States City Average, 2023-2024

All Items

1982 - 1984 = 100

All Urban Consumers, percentage (%) change from previous year

Year	Month	California ^a	Los Angeles Long Beach Anaheim ^b	San Francisco Oakland Hayward ^b	San Diego Carlsbad ^b	Riverside San Bernardino Ontario ^b	U.S. City Average ^b
2023	January		5.8%		6.4%	7.3%	6.4%
2023	February	5.4%	5.1%	5.3%			6.0%
2023	March		3.7%		5.3%	4.6%	5.0%
2023	April	4.2%	3.8%	4.2%			4.9%
2023	May		3.2%		5.2%	3.9%	4.0%
2023	June	3.1%	2.5%	2.9%			3.0%
2023	July		2.7%		4.3%	3.4%	3.2%
2023	August	3.6%	3.3%	3.4%			3.7%
2023	September		3.2%		4.7%	4.9%	3.7%
2023	October	3.2%	2.4%	2.8%			3.2%
2023	November		2.8%		5.2%	4.3%	3.1%
2023	December	3.5%	3.5%	2.6%			3.4%
2023	Annual Average	3.9%	3.5%	3.7%	5.1%	4.7%	4.1%
2024	January		2.5%		3.8%	2.9%	3.1%
2024	February	3.3%	3.4%	2.4%			3.2%
2024	March		4.0%		3.6%	4.3%	3.5%
2024	April	3.8%	3.9%	3.8%			3.4%
2024	May		3.9%		3.2%	4.0%	3.3%
2024	June	3.3%	3.2%	3.2%			3.0%
2024	July		3.4%		3.5%	2.8%	2.9%
2024	August	2.7%	2.9%	2.7%			2.5%
2024	September		2.8%		2.5%	1.4%	2.4%
2024	October	2.5%	3.0%	2.4%			2.6%
2024	November		3.2%		2.6%	1.1%	2.7%
2024	December	3.0%	3.4%	2.4%			2.9%
2024	Annual Average	3.1%	3.3%	2.8%	3.1%	2.6%	2.9%

Date of last update: 2/14/2025

^a Weighted average of the consumer price indexes for Los Angeles-Long Beach-Anaheim, San Francisco-Oakland-Hayward, San Diego-Carlsbad, and Riverside-San Bernardino-Ontario. A conversion factor has been included for comparability of 2018 data with 2017 and prior years. Computed by the Department of Industrial Relations, Office of the Director - Research Unit from indexes issued by the U.S. Department of Labor.

^b Source: U.S. Department of Labor, Bureau of Labor Statistics. Beginning with the November 2017 data, indexes for San Diego-Carlsbad will be published bi-monthly on odd months only (January, March, May, etc.). The Riverside-San Bernardino-Ontario indexes are on a December 2017 = 100 base and will be published bi-monthly on odd months only (January, March, May, etc.).

2025/2026 Preliminary Operating Budget Prior Year Comparison

Member Entities	DEPOSIT CONTRIBUTION CHANGE			CURRENT PAYROLL CHANGE			EX MOD CALCULATION								
							EX MOD CHANGE			AVERAGE PAYROLL CHANGE			AVERAGE LOSS CHANGE*		
	Current Year	Prior Year		Current Year	Prior Year		Current Year	Prior Year		Current Year	Prior Year		Current Year	Prior Year	
	Total Deposit	Total Deposit	%	Current Year	Prior Year	%	Current Year	Prior Year	%	Current Year	Prior Year	%	Current Year	Prior Year	%
	Contribution	Contribution	Change	Payroll	Payroll	Change	Ex Mod	Ex Mod	Change	Average Payroll	Average Payroll	Change	Average Losses	Average Losses	Change
BCJPIA	\$1,243,684	\$1,049,051	18.6%	\$278,174,133	\$266,796,785	4.3%	0.845	0.786	7.5%	\$237,905,236	\$232,113,185	2.5%	250,069	\$166,198	50.5%
CaITIP	313,708	358,618	-12.5%	50,911,567	47,087,872	8.1%	0.948	1.250	-24.1%	37,612,028	33,441,322	12.5%	45,000	209,499	-78.5%
CIRA	1,930,036	1,629,227	18.5%	520,632,005	488,767,262	6.5%	1.131	1.113	1.7%	388,715,898	367,096,514	5.9%	984,636	878,849	12.0%
CSJVRMA	2,686,920	2,609,251	3.0%	444,697,178	413,193,731	7.6%	0.914	1.005	-9.1%	360,715,942	350,632,839	2.9%	554,842	673,471	-17.6%
MBASIA	217,596	203,250	7.1%	87,133,044	79,527,929	9.6%	1.032	1.231	-16.2%	65,702,137	61,978,032	6.0%	150,862	271,260	-44.4%
MPA	2,563,802	2,131,261	20.3%	434,520,510	415,188,321	4.7%	0.914	0.822	11.3%	372,984,414	356,693,084	4.6%	577,432	392,908	47.0%
PERMA	2,929,104	2,552,443	14.8%	431,367,588	400,461,646	7.7%	1.250	1.220	2.5%	320,827,381	274,641,413	16.8%	1,129,868	828,397	36.4%
PLAN JPA	593,029	648,688	-8.6%	102,283,673	95,661,827	6.9%	0.978	1.232	-20.6%	66,945,468	17,236,754	288.4%	114,016	114,016	0.0%
SCORE	205,016	193,129	6.2%	32,302,010	30,804,135	4.9%	1.095	1.117	-2.0%	25,401,210	24,032,694	5.7%	91,846	93,953	-2.2%
VCJPA	497,425	434,367	14.5%	75,792,510	72,720,283	4.2%	0.933	0.878	6.3%	65,283,665	62,750,103	4.0%	78,692	37,442	110.2%
Oakland H.A	296,641	264,579	12.1%	43,273,234	40,478,887	6.9%	0.976	0.971	0.4%	34,222,729	31,869,000	7.4%	53,750	46,820	14.8%
Contra Costa H.A.	51,192	45,147	13.4%	7,598,406	6,993,253	8.7%	0.957	0.958	-0.1%	6,142,121	5,789,288	6.1%	2,500	2,500	0.0%
City of Hayward	233,056	146,949	58.6%	143,068,137	120,515,662	18.7%	0.799	0.750	6.6%	106,433,207	103,096,583	3.2%	22,921	20,421	12.2%
Total	\$13,761,210	\$12,265,961	12.2%	\$2,651,753,994	\$2,478,197,592	7.0%				\$2,088,891,435	\$1,921,370,812	8.7%	4,056,434	\$3,735,735	8.6%

* Average incurred losses as displayed in the Experience Modification Calculation. Individual losses from \$25k and capped at \$500k.

**2025/2026 Preliminary Operating Budget
BCJPIA**

1									JPA Experience Mod Calculation (Used in determining the JPA's contribution to ERMA)				Individual Experience Mod Calculation (Used in determining each individual member's contribution to their JPA)								Prior Year Comparison		
									2	3	4	5	6	7	8	Info Only: Prior Year (2024/2025) Experience Modification	9	10	11				
									JPA Experience Modification Factor	Dep Prem Adjusted for Experience Modification	Off-Balance Off-Balance Factor	Dep Prem Adjusted for Off Balance Factor	Individual Experience Modification Factor	Capped Individual Experience Modification	Capped Ind. Ex Mod Including .25 capped change over prior year	Adjusted for Experience Modification	Off-Balance Off-Balance Factor	Contribution Adjusted for Off Balance Factor	Prior Year Deposit Contribution	Increase (Decrease)			
Member	Actual 4Q 23 - 3Q 24 Payroll	SIR Selected	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution															
1 Albany/Albany JPA	\$15,295,134	\$50,000	\$87,029	\$1,679	\$9,555	\$98,263	(\$4,729)	\$93,534		0.845	\$79,055	0.997	\$78,853	0.000	0.750	0.750	0.750	\$70,151	0.982	\$68,854	\$58,241	\$10,613	
2 Brisbane	14,925,322	50,000	84,925	1,638	9,324	95,888	(4,615)	91,273		0.845	77,143	0.997	76,947	0.000	0.750	0.750	0.750	68,454	0.982	67,189	58,969	8,221	
3 CMFA (1/1/19)	6,405,812	100,000	30,435	703	4,002	35,140	(1,691)	33,449		0.845	28,271	0.997	28,199	0.000	0.750	0.750	0.750	25,087	0.982	24,623	22,259	2,364	
4 Central Marin PA	6,187,854	100,000	29,399	679	3,866	33,944	(1,634)	32,311		0.845	27,309	0.997	27,239	0.000	0.750	0.750	0.750	24,233	0.982	23,785	21,421	2,364	
5 Corte Madera (7/1/17)	4,532,899	100,000	21,536	498	2,832	24,866	(1,197)	23,669		0.845	20,005	0.997	19,954	0.000	0.750	0.750	0.750	17,752	0.982	17,424	15,063	2,361	
6 Emeryville	6,793,723	50,000	38,656	746	4,244	43,646	(2,101)	41,546		0.845	35,114	0.997	35,025	0.000	0.750	0.750	0.750	31,159	0.982	30,583	24,628	5,955	
7 Emeryville (MESA)	11,372,344	50,000	64,709	1,248	7,104	73,062	(3,516)	69,545		0.845	58,779	0.997	58,630	0.000	0.750	0.750	0.750	52,159	0.982	51,195	43,348	7,847	
8 Fairfax	3,867,518	50,000	22,006	425	2,416	24,847	(1,196)	23,651		0.845	19,990	0.997	19,939	0.000	0.750	0.750	0.750	17,738	0.982	17,410	15,385	2,026	
9 Larkspur	4,281,242	250,000	12,789	470	2,675	15,934	(767)	15,167		0.845	12,819	0.997	12,786	0.000	0.750	0.750	0.750	11,375	0.982	11,165	9,175	1,990	
10 Los Altos (7/1/12)	18,328,297	100,000	87,080	2,012	11,450	100,543	(4,839)	95,703		0.845	80,888	0.997	80,682	0.000	0.750	0.750	0.750	71,778	0.982	70,451	61,112	9,339	
11 Menlo Park (7/1/02)	34,782,489	250,000	103,904	3,818	21,729	129,452	(6,230)	123,221		0.845	104,146	0.997	103,881	0.000	0.750	0.750	0.750	92,416	0.982	90,708	77,945	12,763	
12 Mill Valley (7/1/01)	16,254,027	50,000	92,485	1,784	10,154	104,424	(5,026)	99,398		0.845	84,011	0.997	83,797	0.000	0.750	0.750	1.000	74,549	0.982	73,171	96,461	(23,290)	
13 Novato (9/1/07)	20,764,278	250,000	62,028	2,279	12,972	77,279	(3,719)	73,560		0.845	62,172	0.997	62,014	0.000	0.750	0.750	0.750	55,170	0.982	54,150	52,205	1,945	
14 Piedmont	16,975,770	50,000	96,592	1,864	10,605	109,061	(5,249)	103,812		0.845	87,741	0.997	87,518	2.710	1.500	1.500	1.406	155,718	0.982	152,840	129,822	23,018	
15 Pleasanton	53,633,832	75,000	277,711	5,888	33,506	317,104	(15,262)	301,842		0.845	255,116	0.997	254,467	1.692	1.500	1.000	0.750	301,842	0.982	296,264	199,898	96,366	
16 San Anselmo	4,614,780	50,000	26,258	507	2,883	29,648	(1,427)	28,221		0.845	23,852	0.997	23,791	0.000	0.750	0.750	0.750	21,166	0.982	20,774	17,782	2,992	
17 Tiburon (7/1/11)	4,350,848	25,000	27,727	478	2,718	30,923	(1,488)	29,434		0.845	24,878	0.997	24,815	1.982	1.500	1.000	0.750	29,434	0.982	28,891	19,322	9,568	
18 Union City	34,807,964	75,000	180,232	3,821	21,745	205,798	(9,905)	195,894		0.845	165,568	0.997	165,147	0.000	0.750	0.750	0.750	146,920	0.982	144,205	126,017	18,188	
Total	\$278,174,133		\$1,345,504	\$30,537	\$173,780	\$1,549,821	(\$74,591)	\$1,475,229		\$1,246,856		\$1,243,684			\$1,267,100				\$1,243,684		\$1,049,051	\$194,632	
(74,591) JPA participation credit																							
\$1,270,912 Net funding									JPA Ex mod calc: 1 X 2 = 3; then 3 X 4 = 5					Individual Ex mod calc: 1 X 8 = 9; then 9 X 10 = 11									

2025/2026 Preliminary Operating Budget CalTIP

1										JPA Experience Mod Calculation (Used in determining the JPA's contribution to ERMA)					Individual Experience Mod Calculation (Used in determining each individual member's contribution to their JPA)														
										2	3	4	5	6	7	8	Info Only:	9	10	11			Prior Year Comparison						
										JPA Experience Modification Factor	Dep Prem Adjusted for Experience Modification	Off-Balance Factor	Dep Prem Adjusted for Off Balance Factor	Individual Experience Modification Factor	Capped Individual Experience Modification	Capped Ind. Ex Mod Including .25 capped change over prior year	Prior Year (2024/2025) Experience Modification	Deposit Adjusted for Experience Modification	Off-Balance Factor	Contribution Adjusted for Off Balance Factor	Excess Insurance \$3M x \$1M	TOTAL Deposit Contribution	Prior Year Deposit Contribution	Increase (Decrease)					
Member	Actual 4Q 23 - 3Q 24 Payroll	SIR Selected	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution		JPA Experience Modification Factor	Dep Prem Adjusted for Experience Modification	Off-Balance Factor	Dep Prem Adjusted for Off Balance Factor	Individual Experience Modification Factor	Capped Individual Experience Modification	Capped Ind. Ex Mod Including .25 capped change over prior year	Prior Year (2024/2025) Experience Modification	Deposit Adjusted for Experience Modification	Off-Balance Factor	Contribution Adjusted for Off Balance Factor	Excess Insurance \$3M x \$1M	TOTAL Deposit Contribution	Prior Year Deposit Contribution	Increase (Decrease)					
1 El Dorado	\$3,343,449	\$50,000	\$19,024	\$367	\$2,089	\$21,480	(\$562)	\$20,918		0.948	\$19,840	0.997	\$19,790	0.000	0.750	1.250	1.500	\$26,147	1.045	\$27,326		\$27,326	\$34,386	(\$7,060)					
2 Humboldt	3,848,286	75,000	19,926	422	2,404	22,753	(595)	22,157		0.948	21,016	0.997	20,962	0.000	0.750	0.750	0.750	16,618	1.045	17,367		17,367	16,811	556					
3 LAVTA	1,878,480	50,000	10,689	206	1,174	12,068	(316)	11,752		0.948	11,147	0.997	11,119	0.000	0.750	0.750	0.750	8,814	1.045	9,212	1,134	10,346	10,731	(386)					
4 Mendocino	3,856,386	50,000	21,943	423	2,409	24,775	(648)	24,127		0.948	22,884	0.997	22,826	0.672	0.750	0.750	0.750	18,095	1.045	18,911	2,328	21,239	21,712	(473)					
5 Morongo	2,522,059	50,000	14,351	277	1,576	16,203	(424)	15,779		0.948	14,966	0.997	14,928	0.000	0.750	0.750	0.750	11,834	1.045	12,368		12,368	12,270	98					
6 San Joaquin (1/1/23)	21,326,609	75,000	110,427	2,341	13,323	126,091	(3,300)	122,792		0.948	116,466	0.997	116,170	0.091	0.750	1.000	1.250	122,792	1.045	128,325	12,876	141,201	175,440	(34,238)					
7 SLORTA	7,356,478	50,000	41,858	808	4,596	47,262	(1,237)	46,025		0.948	43,654	0.997	43,543	0.000	0.750	0.750	0.750	34,519	1.045	36,074	4,441	40,516	44,082	(3,566)					
8 Tahoe	4,061,715	50,000	23,111	446	2,537	26,094	(683)	25,412		0.948	24,103	0.997	24,041	6.391	1.500	1.000	0.750	25,412	1.045	26,557	2,452	29,009	28,682	327					
9 WCCCTA	1,048,299	50,000	5,965	115	655	6,735	(176)	6,559		0.948	6,221	0.997	6,205	0.000	0.750	0.750	0.750	4,919	1.045	5,141		5,141	5,152	(11)					
10 Yolo	1,669,806	50,000	9,501	183	1,043	10,728	(281)	10,447		0.948	9,909	0.997	9,884	0.000	0.750	0.750	0.750	7,835	1.045	8,188	1,008	9,196	9,353	(157)					
Total	\$50,911,567		\$276,795	\$5,589	\$31,805	\$314,189	(\$8,222)	\$305,967			\$290,206		\$289,468					\$276,985		\$289,468	\$24,240	\$313,708	\$358,618	(\$44,910)					
										JPA participation credit																			
										JPA Ex mod calc:					1 X 2 = 3; then 3 X 4 = 5					Individual Ex mod calc:					1 X 8 = 9; then 9 X 10 = 11				
										\$268,573																			

2025/2026 Preliminary Operating Budget CIRA

1									JPA Experience Mod Calculation (Used in determining the JPA's contribution to ERMA)				Individual Experience Mod Calculation (Used in determining each individual member's contribution to their JPA)							Prior Year Comparison	
Member	Actual 4Q 23 - 3Q 24	SIR	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution	JPA Experience Modification Factor	Dep Prem Adjusted for Experience Modification	Dep Prem Adjusted for Off-Balance Factor	Individual Experience Modification Factor	Capped Individual Experience Modification	Capped Ind. Ex Mod Including .25 capped change over prior year	Prior Year (2024/2025) Experience Modification	Deposit Adjusted for Experience Modification	Off-Balance Factor	Contribution Adjusted for Off Balance Factor	Prior Year Deposit Contribution	Increase (Decrease)	
	Payroll	Selected																			
1 Amador	\$92,938	\$250,000	\$278	\$10	\$58	\$346	(\$33)	\$313	1.131	\$354	0.997	\$353	0.000	0.750	0.750	0.750	\$234	1.122	\$263	\$239	\$24
2 Arcata	11,911,267	250,000	35,582	1,308	7,441	44,331	(4,265)	40,066	1.131	45,327	0.997	45,212	6.498	1.500	1.500	1.500	60,098	1.122	67,402	55,494	11,908
3 Avalon	6,469,417	250,000	19,326	710	4,042	24,078	(2,316)	21,761	1.131	24,619	0.997	24,556	0.000	0.750	0.750	0.750	16,321	1.122	18,304	15,699	2,605
4 Belvedere (7/1/15)	2,415,220	250,000	7,215	265	1,509	8,989	(865)	8,124	1.131	9,191	0.997	9,167	0.570	0.750	0.750	0.998	6,093	1.122	6,834	8,250	(1,416)
5 Blue Lake	743,009	250,000	2,220	82	464	2,765	(266)	2,499	1.131	2,827	0.997	2,820	0.000	0.750	0.750	0.750	1,874	1.122	2,102	1,865	238
6 Calimesa	3,328,004	250,000	9,942	365	2,079	12,386	(1,192)	11,194	1.131	12,664	0.997	12,632	4.808	1.500	1.500	1.481	16,791	1.122	18,832	15,904	2,928
7 Calistoga	7,983,926	250,000	23,850	876	4,988	29,714	(2,859)	26,855	1.131	30,382	0.997	30,305	0.000	0.750	0.750	0.750	20,141	1.122	22,589	22,252	337
8 Citrus Heights	22,091,244	250,000	65,992	2,425	13,801	82,218	(7,910)	74,308	1.131	84,066	0.997	83,852	0.675	0.750	0.919	1.169	68,289	1.122	76,588	82,429	(5,841)
9 Clearlake	5,453,084	250,000	16,290	599	3,407	20,295	(1,953)	18,342	1.131	20,751	0.997	20,698	0.000	0.750	0.750	1.000	13,757	1.122	15,429	17,763	(2,334)
10 Cloverdale	4,839,720	250,000	14,457	531	3,023	18,012	(1,733)	16,279	1.131	18,417	0.997	18,370	0.000	0.750	0.750	0.750	12,209	1.122	13,693	12,484	1,209
11 Coalinga	7,849,381	250,000	23,448	862	4,904	29,213	(2,811)	26,403	1.131	29,870	0.997	29,794	0.423	0.750	0.750	1.000	19,802	1.122	22,209	24,632	(2,423)
12 CONFIRE (7/1/24)	6,125,036	250,000	18,297	672	3,826	22,796	(2,193)	20,603	1.131	23,308	0.997	23,249	0.000	0.750	0.750	1.000	15,452	1.122	17,330	22,856	(5,526)
13 Cotati	4,834,197	250,000	14,441	531	3,020	17,992	(1,731)	16,261	1.131	18,396	0.997	18,349	0.000	0.750	0.750	0.750	12,195	1.122	13,678	12,173	1,505
14 Eureka	17,360,956	250,000	51,862	1,906	10,846	64,613	(6,216)	58,397	1.131	66,065	0.997	65,897	0.957	0.957	1.250	1.500	72,996	1.122	81,867	81,609	258
15 Ferndale	941,048	250,000	2,811	103	588	3,502	(337)	3,165	1.131	3,581	0.997	3,572	0.000	0.750	0.750	0.750	2,374	1.122	2,663	2,293	370
16 Foresthill FPD (11/1/22)	1,284,704	250,000	3,838	141	803	4,781	(460)	4,321	1.131	4,889	0.997	4,876	0.000	0.750	0.750	0.750	3,241	1.122	3,635	3,346	289
17 Fort Bragg	5,293,980	250,000	15,814	581	3,307	19,703	(1,896)	17,807	1.131	20,146	0.997	20,094	0.000	0.750	0.750	0.750	13,355	1.122	14,979	11,850	3,128
18 Fortuna	5,947,709	250,000	17,767	653	3,716	22,136	(2,130)	20,006	1.131	22,633	0.997	22,576	1.693	1.500	1.250	1.000	25,008	1.122	28,047	20,406	7,641
19 Grass Valley	10,977,290	250,000	32,792	1,205	6,858	40,855	(3,931)	36,924	1.131	41,773	0.997	41,667	0.000	0.750	0.750	0.750	27,693	1.122	31,059	26,215	4,844
20 Healdsburg	19,940,459	250,000	59,567	2,189	12,457	74,213	(7,140)	67,073	1.131	75,881	0.997	75,688	0.345	0.750	0.750	0.750	50,305	1.122	56,419	49,375	7,044
21 Highland	4,235,707	250,000	12,653	465	2,646	15,764	(1,517)	14,248	1.131	16,118	0.997	16,077	0.000	0.750	0.750	0.750	10,686	1.122	11,984	10,075	1,909
22 Lakeport	4,337,153	250,000	12,956	476	2,709	16,142	(1,553)	14,589	1.131	16,505	0.997	16,463	0.000	0.750	0.750	0.750	10,942	1.122	12,271	9,904	2,367
23 Menifee (10/1/08)	32,106,305	250,000	95,910	3,525	20,057	119,491	(11,496)	107,995	1.131	122,177	0.997	121,866	1.567	1.500	1.500	1.250	161,993	1.122	181,680	125,790	55,890
24 Mosquito FPD (1/1/23)	390,380	250,000	1,166	43	244	1,453	(140)	1,313	1.131	1,486	0.997	1,482	0.000	0.750	0.750	1.000	985	1.122	1,105	1,587	(482)
25 Nevada City	3,286,732	250,000	9,818	361	2,053	12,232	(1,177)	11,055	1.131	12,507	0.997	12,475	2.281	1.500	1.000	0.750	11,055	1.122	12,399	8,039	4,360
26 Placencia	22,184,556	250,000	66,271	2,435	13,859	82,565	(7,944)	74,622	1.131	84,421	0.997	84,206	3.636	1.500	1.500	1.500	111,932	1.122	125,536	103,963	21,572
27 Placerville	8,162,931	250,000	24,385	896	5,100	30,380	(2,923)	27,457	1.131	31,063	0.997	30,984	0.188	0.750	0.750	0.750	20,593	1.122	23,096	19,844	3,252
28 Plymouth	990,309	250,000	2,958	109	619	3,686	(355)	3,331	1.131	3,769	0.997	3,759	0.000	0.750	0.750	0.750	2,498	1.122	2,802	2,468	334
29 Point Arena	385,148	250,000	1,151	42	241	1,433	(138)	1,296	1.131	1,466	0.997	1,462	1.470	1.470	1.250	1.000	1,619	1.122	1,816	1,774	42
30 PRFMA (7/1/24)	487,657	250,000	1,457	54	305	1,815	(175)	1,640	1.131	1,856	0.997	1,851	0.000	0.750	1.000	1.000	1,640	1.122	1,840	1,625	214
31 Rancho Cucamonga	32,939,864	250,000	98,400	3,616	20,578	122,594	(11,795)	110,799	1.131	125,349	0.997	125,030	0.000	0.750	0.750	0.750	83,099	1.122	93,198	77,408	15,790
32 Rancho Cucamonga FPD (7/1/16)	24,238,233	250,000	72,406	2,661	15,142	90,208	(8,679)	81,530	1.131	92,236	0.997	92,001	0.000	0.750	0.750	0.750	61,147	1.122	68,579	63,341	5,238
33 Rancho Santa Margarita (1/1/04)	3,473,487	250,000	10,376	381	2,170	12,927	(1,244)	11,684	1.131	13,218	0.997	13,184	0.000	0.750	0.750	0.750	8,763	1.122	9,828	8,605	1,222
34 Rohnert Park	29,185,781	250,000	87,185	3,204	18,233	108,622	(10,451)	98,171	1.131	111,063	0.997	110,781	0.166	0.750	0.750	0.750	73,629	1.122	82,577	69,970	12,607
35 San Juan Bautista	1,243,153	250,000	3,714	136	777	4,627	(445)	4,182	1.131	4,731	0.997	4,719	0.000	0.750	0.750	0.750	3,136	1.122	3,517	2,911	607
36 Sebastopol	5,990,979	250,000	17,897	658	3,743	22,297	(2,145)	20,152	1.131	22,798	0.997	22,740	9.151	1.500	1.500	1.500	30,228	1.122	33,901	30,261	3,640
37 Sierra Madre	8,715,973	250,000	26,037	957	5,445	32,439	(3,121)	29,318	1.131	33,168	0.997	33,083	0.000	0.750	0.750	0.750	21,988	1.122	24,661	21,217	3,443
38 Sonoma	3,631,834	250,000	10,849	399	2,269	13,517	(1,300)	12,216	1.131	13,821	0.997	13,785	9.640	1.500	1.250	1.000	15,270	1.122	17,126	12,880	4,247
39 South Lake Tahoe	25,701,449	250,000	76,777	2,821	16,056	95,654	(9,203)	86,451	1.131	97,804	0.997	97,555	0.063	0.750	0.750	0.750	64,838	1.122	72,718	60,646	12,072
40 St Helena	9,882,546	250,000	29,522	1,085	6,174	36,780	(3,539)	33,242	1.131	37,607	0.997	37,511	0.000	0.750	0.750	0.750	24,931	1.122	27,961	23,071	4,890
41 Tehama	87,754	250,000	262	10	55	327	(31)	295	1.131	334	0.997	333	0.000	0.750	0.750	0.750	221	1.122	248	204	45

**2025/2026 Preliminary Operating Budget
MBASIA**

1										JPA Experience Mod Calculation (Used in determining the JPA's contribution to ERMA)					Individual Experience Mod Calculation (Used in determining each individual member's contribution to their JPA)													Prior Year Comparison		
Member	Actual 4Q 23 - 3Q 24	SIR	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution		JPA Experience Modification Factor	Dep Prem Adjusted for Experience Modification	Off-Balance Factor	Dep Prem Adjusted for Off Balance Factor	Individual Experience Modification Factor	Capped Individual Experience Modification	8 Capped Ind. Ex Mod Including .25 capped change over prior year	Info Only: Prior Year (2024/2025) Experience Modification	9 Deposit Adjusted for Experience Modification	10 Off-Balance Factor	11 Contribution Adjusted for Off Balance Factor	Excess Insurance \$3M x \$1M	TOTAL Deposit Contribution	Prior Year Deposit Contribution	Increase (Decrease)						
	Payroll	Selected																												
1 Capitola	\$8,039,769	\$500,000	\$10,522	\$883	\$5,023	\$16,427	(\$1,643)	\$14,784		1.032	\$15,262	0.997	\$15,224	0.000	0.750	0.750	1.000	\$11,088	0.949	\$10,517	\$4,854	\$15,371	\$17,649	(\$2,278)						
2 Del Rey Oaks	1,699,832	500,000	2,225	187	1,062	3,473	(347)	3,126		1.032	3,227	0.997	3,219	15.969	1.500	1.500	1.500	4,689	0.949	4,447	1,026	\$5,474	5,386	87						
3 Gonzales	4,628,980	500,000	6,058	508	2,892	9,458	(946)	8,512		1.032	8,787	0.997	8,765	0.000	0.750	0.750	0.750	6,384	0.949	6,055	2,795	\$8,850	8,845	5						
4 Greenfield	10,776,786	500,000	14,104	1,183	6,732	22,019	(2,202)	19,817		1.032	20,458	0.997	20,406	0.000	0.750	0.750	1.000	14,863	0.949	14,098	6,506	\$20,604	21,712	(1,107)						
5 Hollister	25,053,440	500,000	32,787	2,750	15,651	51,189	(5,119)	46,070		1.032	47,561	0.997	47,440	1.523	1.500	1.500	1.500	69,105	0.949	65,548	15,126	\$80,674	72,159	8,515						
6 King City	5,258,802	500,000	6,882	577	3,285	10,745	(1,074)	9,670		1.032	9,983	0.997	9,958	0.000	0.750	0.750	0.750	7,253	0.949	6,879	3,175	\$10,054	8,536	1,518						
7 Marina	13,024,699	500,000	17,045	1,430	8,137	26,612	(2,661)	23,951		1.032	24,726	0.997	24,663	1.022	1.022	1.022	1.000	24,479	0.949	23,219	7,864	\$31,083	27,760	3,323						
8 Sand City	3,049,463	500,000	3,991	335	1,905	6,231	(623)	5,608		1.032	5,789	0.997	5,774	0.000	0.750	0.750	0.750	4,206	0.949	3,989	1,841	\$5,830	5,166	665						
9 Scotts Valley	7,512,088	500,000	9,831	825	4,693	15,349	(1,535)	13,814		1.032	14,261	0.997	14,224	2.731	1.500	1.500	1.500	20,721	0.949	19,654	4,535	\$24,189	21,827	2,363						
10 Soledad	8,089,186	500,000	10,586	888	5,053	16,528	(1,653)	14,875		1.032	15,356	0.997	15,317	0.000	0.750	0.750	0.750	11,156	0.949	10,582	4,884	\$15,466	14,210	1,256						
Total	\$87,133,044		\$114,031	\$9,565	\$54,433	\$178,030	(\$17,803)	\$160,227			\$165,410		\$164,990					\$173,944		\$164,990	\$52,607	\$217,596	\$203,250	\$14,346						
				(17,803) JPA participation credit																										
			\$96,228	Net funding										JPA Ex mod calc: 1 X 2 = 3; then 3 X 4 = 5					Individual Ex mod calc: 1 X 8 = 9; then 9 X 10 = 11											

2025/2026 Preliminary Operating Budget
MPA

1										JPA Experience Mod Calculation (Used in determining the JPA's contribution to ERMA)					Individual Experience Mod Calculation (Used in determining each individual member's contribution to their JPA)												Prior Year Comparison			
Member	Actual 4Q 23 - 3Q 24 Payroll	SIR Selected	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution	JPA Experience Modification Factor	Dep Prem Adjusted for Experience Modification Factor	Off-Balance Factor	Dep Prem Adjusted for Off Balance Factor	Individual Experience Modification Factor	Capped Individual Experience Modification	Capped Ind. Ex Mod Including .25 capped change over prior year	Info Only: Prior Year (2024/2025) Experience Modification	Deposit Adjusted for Experience Modification Factor	Off-Balance Factor	Contribution Adjusted for Off Balance Factor	Excess Insurance \$3M x \$1M	TOTAL Deposit Contribution	Prior Year Deposit Contribution	Increase (Decrease)							
1 Antioch	\$44,474,473	\$50,000	\$253,060	\$4,882	\$27,784	\$285,726	(\$26,293)	\$259,433	0.914	\$237,204	0.997	\$236,601	1.399	1.399	1.250	1.000	\$324,292	0.990	\$321,176	\$26,851	\$348,027	\$239,886	\$108,141							
2 Brentwood	42,085,041	50,000	239,464	4,620	26,291	270,375	(24,880)	245,495	0.914	224,460	0.997	223,889	0.722	0.750	0.750	1.000	184,121	0.990	182,352	25,409	207,761	220,412	(12,651)							
3 Clayton	2,820,557	50,000	16,049	310	1,762	18,121	(1,667)	16,453	0.914	15,043	0.997	15,005	0.000	0.750	0.750	0.750	12,340	0.990	12,221	1,703	13,924	11,643	2,282							
4 Danville	10,368,888	50,000	58,999	1,138	6,478	66,615	(6,130)	60,485	0.914	55,302	0.997	55,162	0.000	0.750	0.750	0.750	45,364	0.990	44,928	6,260	51,188	41,818	9,370							
5 El Cerrito	22,844,272	50,000	129,984	2,508	14,271	146,763	(13,505)	133,258	0.914	121,840	0.997	121,530	0.598	0.750	1.000	1.250	133,258	0.990	131,977	13,792	145,770	150,215	(4,446)							
6 Hercules	8,254,458	50,000	46,968	906	5,157	53,031	(4,880)	48,151	0.914	44,025	0.997	43,913	0.166	0.750	0.750	0.750	36,113	0.990	35,766	4,984	40,750	34,865	5,885							
7 LaFayette	5,814,214	50,000	33,083	638	3,632	37,353	(3,437)	33,916	0.914	31,010	0.997	30,931	0.000	0.750	0.750	0.750	25,437	0.990	25,193	3,510	28,703	24,062	4,641							
8 Manteca	54,285,562	50,000	308,885	5,959	33,913	348,757	(32,093)	316,664	0.914	289,531	0.997	288,795	1.178	1.178	1.250	1.500	395,830	0.990	392,027	32,775	424,802	376,099	48,703							
9 Martinez	19,238,916	50,000	109,469	2,112	12,019	123,600	(11,374)	112,227	0.914	102,611	0.997	102,349	0.292	0.750	0.750	0.750	84,170	0.990	83,361	11,615	94,977	76,804	18,173							
10 Moraga	5,927,986	50,000	33,730	651	3,703	38,084	(3,505)	34,580	0.914	31,617	0.997	31,536	0.000	0.750	1.250	1.500	43,225	0.990	42,809	3,579	46,388	44,436	1,952							
11 Mountain House (7/1/24)	4,062,782	50,000	23,117	446	2,538	26,101	(2,402)	23,699	0.914	21,669	0.997	21,614	0.000	0.750	0.750	1.000	17,775	0.990	17,604	2,453	20,057	22,002	(1,945)							
12 Oakley (7/1/2)	13,112,587	50,000	74,611	1,439	8,192	84,242	(7,752)	76,490	0.914	69,936	0.997	69,758	0.000	0.750	0.750	0.750	57,367	0.990	56,816	7,917	64,733	52,137	12,596							
13 Orinda	4,956,431	50,000	28,202	544	3,096	31,843	(2,930)	28,912	0.914	26,435	0.997	26,368	0.000	0.750	0.750	0.750	21,684	0.990	21,476	2,992	24,468	19,234	5,235							
14 Pacifica (3/9/7)	23,945,830	75,000	123,989	2,629	14,959	141,577	(13,028)	128,549	0.914	117,535	0.997	117,236	0.000	0.750	0.750	0.750	96,412	0.990	95,486	14,457	109,943	87,544	22,399							
15 Pinole	13,687,543	50,000	77,882	1,503	8,551	87,936	(8,092)	79,844	0.914	73,002	0.997	72,817	0.160	0.750	0.750	0.750	59,883	0.990	59,307	8,264	67,571	56,261	11,311							
16 Pittsburg	36,387,028	50,000	207,042	3,994	22,732	233,768	(21,511)	212,257	0.914	194,070	0.997	193,576	0.000	0.750	0.750	0.750	159,193	0.990	157,663	21,969	179,632	145,888	33,744							
17 Pleasant Hill	13,665,863	50,000	77,759	1,500	8,537	87,796	(8,079)	79,717	0.914	72,887	0.997	72,701	4.614	1.500	1.155	0.905	92,073	0.990	91,189	8,251	99,439	66,369	33,070							
18 San Pablo	20,633,536	50,000	117,405	2,265	12,890	132,560	(12,198)	120,362	0.914	110,049	0.997	109,769	3.610	1.500	1.250	1.000	150,452	0.990	149,007	12,457	161,464	110,360	51,104							
19 San Ramon	39,794,582	50,000	226,431	4,369	24,860	255,660	(23,526)	232,134	0.914	212,244	0.997	211,704	0.075	0.750	0.750	0.750	174,101	0.990	172,428	24,026	196,454	159,802	36,651							
20 Walnut Creek	48,159,960	50,000	274,030	5,287	30,086	309,403	(28,471)	280,932	0.914	256,861	0.997	256,207	0.031	0.750	0.750	0.750	210,699	0.990	208,674	29,077	237,751	191,426	46,325							
Total	\$434,520,510		\$2,460,159	\$47,700	\$271,452	\$2,779,312	(\$255,754)	\$2,523,558	\$2,307,330				\$2,301,460				\$2,323,788			\$2,301,460	\$262,342	\$2,563,802	\$2,131,261	\$432,540						
										(255,754) JPA participation credit																				
Estimated										\$2,204,405 Net funding																				
										JPA Ex mod calc: 1 X 2 = 3; then 3 X 4 = 5										Individual Ex mod calc: 1 X 8 = 9; then 9 X 10 = 11										



* Includes Canyon Lake Fire Department

2025/2026 Preliminary Operating Budget PLAN JPA

1										JPA Experience Mod Calculation (Used in determining the JPA's contribution to ERMA)				Individual Experience Mod Calculation (Used in determining each individual member's contribution to their JPA)										Prior Year Comparison		
Actual 4Q 23 - 3Q 24 Payroll		SIR Selected	Payroll/100 Pool Rate	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution	JPA Experience Modification Factor	Dep Prem Adjusted for Experience Modification	Off-Balance Off-Balance Factor	Dep Prem Adjusted for Off Balance Factor	Individual Experience Modification Factor	Capped Individual Experience Modification	Capped Ind. Ex Mod Including .25 capped change over	Info Only: Prior Year (2024/2025) Experience Modification	Deposit Adjusted for Experience Modification	Off-Balance Off-Balance Factor	Contribution Adjusted for Off Balance Factor	Excess Insurance \$3M x \$1M	TOTAL Deposit Contribution	Prior Year Deposit Contribution	Increase (Decrease)		
Member																										
1 American Canyon	\$8,988,737	\$50,000	0.569	\$51,146	\$987	\$5,615	\$57,748	(\$1,188)	\$56,560	0.978	\$55,315	0.997	\$55,174	0.000	0.750	0.750	0.750	\$42,420	1.198	\$50,811	\$5,427	\$56,238	\$54,220	\$2,017		
2 Atherton (7/1/20)	7,755,728	100,000	0.475	36,849	851	4,845	42,545	(876)	41,670	0.978	40,752	0.997	40,649	7.036	1.500	1.250	1.000	52,087	1.198	62,391	4,683	67,073	60,677	6,396		
3 Burlingame (1/1/24)	29,882,990	100,000	0.475	141,979	3,280	18,668	163,927	(3,373)	160,554	0.978	157,020	0.997	156,620	0.000	0.750	0.750	1.000	120,416	1.198	144,235	18,042	162,277	191,085	(28,808)		
4 Los Altos Hills (7/1/23)	3,278,541	75,000	0.518	16,976	360	2,048	19,384	(399)	18,985	0.978	18,567	0.997	18,520	6.716	1.500	1.500	1.250	28,478	1.198	34,111	1,979	36,090	30,403	5,687		
5 Los Gatos (7/1/24)	23,695,621	250,000	0.299	70,785	2,601	14,803	88,189	(1,815)	86,374	0.978	84,473	0.997	84,258	0.000	0.750	0.750	1.000	64,781	1.198	77,595	14,306	91,901	103,581	(11,680)		
6 San Carlos (7/1/24)	13,896,142	50,000	0.569	79,069	1,525	8,681	89,276	(1,837)	87,439	0.978	85,514	0.997	85,296	0.000	0.750	0.750	1.000	65,579	1.198	78,551	8,390	86,941	103,716	(16,775)		
7 Suisun City (7/1/24)	12,249,224	50,000	0.569	69,698	1,345	7,652	78,695	(1,619)	77,076	0.978	75,379	0.997	75,187	0.000	0.750	0.750	1.000	57,807	1.198	69,242	7,395	76,637	91,685	(15,048)		
8 Woodside (7/1/20)	2,536,690	50,000	0.569	14,434	278	1,585	16,297	(335)	15,962	0.978	15,610	0.997	15,571	0.000	0.750	0.750	0.750	11,971	1.198	14,339	1,532	15,871	13,320	2,551		
Total	\$102,283,673			\$480,935	\$11,228	\$63,898	\$556,061	(\$11,443)	\$544,619		\$532,630		\$531,275					\$443,538		\$531,275	\$61,754	\$593,029	\$648,688	(\$55,659)		
				(11,443)	JPA participation credit					JPA Ex mod calc: 1 X 2 = 3; then 3 X 4 = 5					Individual Ex mod calc: 1 X 8 = 9; then 9 X 10 = 11											
				\$469,492	Net funding																					

2025/2026 Preliminary Operating Budget
VCIPA

										JPA Experience Mod Calculation (Used in determining the JPA's contribution to ERMA)				Individual Experience Mod Calculation (Used in determining each individual member's contribution to their JPA)																					
1										2		3		4		5		6		7		8		Info Only: (2024/2025)		9		10		11				Prior Year Comparison	
										JPA Experience	Dep Prem Adjusted for Experience	Off-Balance Factor	Dep Prem Adjusted for Off-Balance Factor	Individual Experience Modification	Capped Individual Experience Modification	Capped Ind. Ex Mod Including .25 capped change over prior year	Prior Year (2024/2025) Experience Modification	Deposit Adjusted for Experience Modification	Off-Balance Factor	Contribution Adjusted for Off-Balance Factor	Excess Insurance \$3M x \$1M	TOTAL Deposit Contribution	Prior Year Deposit Contribution	Prior Year Increase (Decrease)											
Member	Actual 4Q 23 - 3Q 24 Payroll	SIR Selected	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution																											
1 Alameda County	\$2,342,761	\$25,000	\$14,930	\$257	\$1,464	\$16,651	(\$1,648)	\$15,003	0.933	\$13,997	0.997	\$13,961	0.000	0.750	0.750	0.750	\$11,252	1.121	\$12,608	\$1,414	\$14,023	\$11,270	\$2,752												
2 Burney Basin	73,712	25,000	470	8	46	524	(52)	472	0.933	440	0.997	439	0.000	0.750	0.750	0.750	354	1.121	397	45	441	379	62												
3 Butte County	1,625,571	25,000	10,359	178	1,016	11,553	(1,144)	10,410	0.933	9,712	0.997	9,687	0.000	0.750	0.750	0.750	7,807	1.121	8,748	981	9,730	8,267	1,462												
4 Coachella Valley (9/14/00)	6,263,623	25,000	39,917	688	3,913	44,517	(4,406)	40,111	0.933	37,422	0.997	37,326	0.000	0.750	0.750	0.750	30,083	1.121	33,709	3,782	37,491	33,493	3,997												
5 Colusa	210,789	25,000	1,343	23	132	1,498	(148)	1,350	0.933	1,259	0.997	1,256	0.000	0.750	0.750	0.750	1,012	1.121	1,134	127	1,262	1,112	150												
6 Compton Creek	175,161	25,000	1,116	19	109	1,245	(123)	1,122	0.933	1,046	0.997	1,044	0.000	0.750	0.750	0.750	841	1.121	943	106	1,048	942	106												
7 Consolidated	1,775,051	25,000	11,312	195	1,109	12,616	(1,249)	11,367	0.933	10,605	0.997	10,578	0.000	0.750	0.750	1.000	8,525	1.121	9,553	1,072	10,625	14,566	(3,942)												
8 Contra Costa County	3,940,973	25,000	25,115	433	2,462	28,010	(2,772)	25,237	0.933	23,545	0.997	23,485	0.268	0.750	0.750	1.000	18,928	1.121	21,209	2,379	23,589	31,365	(7,776)												
9 Delta VCD (7/1/08)	2,017,356	25,000	12,856	221	1,260	14,338	(1,419)	12,919	0.933	12,053	0.997	12,022	0.957	0.957	0.957	1.050	12,364	1.121	13,855	1,218	15,073	14,190	883												
10 Durham (8/26/02)	75,602	25,000	482	8	47	537	(53)	484	0.933	452	0.997	451	0.000	0.750	0.750	0.750	363	1.121	407	46	453	372	80												
11 Fresno	1,115,006	25,000	7,106	122	697	7,925	(784)	7,140	0.933	6,662	0.997	6,645	0.000	0.750	0.750	0.750	5,355	1.121	6,001	673	6,674	5,064	1,610												
12 Glenn County	122,594	25,000	781	13	77	871	(86)	785	0.933	732	0.997	731	0.000	0.750	0.750	0.750	589	1.121	660	74	734	664	70												
13 Greater Los Angeles	9,269,824	25,000	59,075	1,018	5,791	65,883	(6,521)	59,362	0.933	55,382	0.997	55,241	1.561	1.500	1.000	0.750	59,362	1.121	66,517	5,597	72,113	46,693	25,420												
14 Kings Mosquito A.D. (7/1/09)	1,422,977	25,000	9,068	156	889	10,114	(1,001)	9,112	0.933	8,501	0.997	8,480	0.000	0.750	0.750	0.750	6,834	1.121	7,658	859	8,517	7,579	938												
15 Lake County VCD (2/1/04)	626,851	25,000	3,995	69	392	4,455	(441)	4,014	0.933	3,745	0.997	3,736	0.000	0.750	0.750	0.750	3,011	1.121	3,374	378	3,752	3,087	665												
16 Los Angeles County West	3,880,604	25,000	24,730	426	2,424	27,581	(2,730)	24,851	0.933	23,184	0.997	23,125	3.073	1.500	1.500	1.500	37,276	1.121	41,769	2,343	44,111	42,303	1,809												
17 Marin-Sonoma	4,416,317	25,000	28,144	485	2,759	31,388	(3,107)	28,281	0.933	26,385	0.997	26,318	0.355	0.750	0.750	0.750	21,211	1.121	23,767	2,666	26,434	21,338	5,095												
18 Napa County	978,104	25,000	6,233	107	611	6,952	(688)	6,264	0.933	5,844	0.997	5,829	0.000	0.750	0.750	0.750	4,698	1.121	5,264	591	5,854	4,590	1,264												
19 Northwest	2,254,745	25,000	14,369	248	1,409	16,025	(1,586)	14,439	0.933	13,471	0.997	13,437	0.733	0.750	0.750	0.750	10,829	1.121	12,134	1,361	13,496	10,594	2,901												
20 Orange County	7,632,135	25,000	48,638	838	4,768	54,244	(5,369)	48,875	0.933	45,598	0.997	45,482	0.000	0.750	0.750	0.750	36,656	1.121	41,074	4,608	45,682	41,929	3,753												
21 Placer County	2,308,853	25,000	14,714	253	1,442	16,410	(1,624)	14,785	0.933	13,794	0.997	13,759	0.000	0.750	0.750	0.750	11,089	1.121	12,426	1,394	13,820	11,678	2,141												
22 Sacramento Yolo	6,520,670	25,000	41,555	716	4,074	46,344	(4,587)	41,757	0.933	38,957	0.997	38,858	0.000	0.750	0.750	0.750	31,318	1.121	35,092	3,937	39,029	32,432	6,597												
23 San Gabriel Valley	3,283,557	25,000	20,925	360	2,051	23,337	(2,310)	21,027	0.933	19,617	0.997	19,567	0.000	0.750	0.750	0.750	15,770	1.121	17,671	1,982	19,654	16,260	3,393												
24 San Joaquin County	3,355,996	25,000	21,387	368	2,097	23,852	(2,361)	21,491	0.933	20,050	0.997	19,999	0.000	0.750	0.750	0.750	16,118	1.121	18,061	2,026	20,087	16,480	3,608												
25 San Mateo County	3,266,646	25,000	20,818	359	2,041	23,217	(2,298)	20,919	0.933	19,516	0.997	19,467	0.000	0.750	0.750	0.750	15,689	1.121	17,580	1,972	19,552	16,583	2,969												
26 Santa Barbara County	497,028	25,000	3,167	55	311	3,533	(350)	3,183	0.933	2,969	0.997	2,962	0.000	0.750	0.750	0.750	2,387	1.121	2,675	300	2,975	2,591	384												
27 Shasta	1,494,290	25,000	9,523	164	934	10,620	(1,051)	9,569	0.933	8,928	0.997	8,905	0.000	0.750	0.750	0.750	7,177	1.121	8,042	902	8,944	7,807	1,137												
28 Sutter-Yuba	1,515,433	25,000	9,658	166	947	10,771	(1,066)	9,705	0.933	9,054	0.997	9,031	7.835	1.500	1.000	0.750	9,705	1.121	10,874	915	11,789	7,574	4,215												
29 Tehama County	458,629	25,000	2,923	50	287	3,260	(323)	2,937	0.933	2,740	0.997	2,733	0.000	0.750	0.750	0.750	2,203	1.121	2,468	277	2,745	2,246	499												
30 Turlock	1,125,369	25,000	7,172	124	703	7,998	(792)	7,207	0.933	6,723	0.997	6,706	0.000	0.750	0.750	0.750	5,405	1.121	6,056	679	6,736	5,702	1,034												
31 West Valley	1,746,283	25,000	11,129	192	1,091	12,411	(1,228)	11,183	0.933	10,433	0.997	10,407	0.793	0.793	0.793	1.000	8,871	1.121	9,940	1,054	10,995	15,214	(4,219)												
Total	\$75,792,510		\$483,011	\$8,320	\$47,349	\$538,680	(\$53,318)	\$485,361		\$452,818		\$451,666					\$403,085		\$451,666	\$45,760	\$497,425	\$434,367	\$63,058												
			(53,318)	JPA participation credit																															
			\$429,692	Net funding										JPA Ex mod calc:	1 X 2 = 3; then 3 X 4 = 5		Individual Ex mod calc:	1 X 8 = 9; then 9 X 10 = 11																	

2025/2026 Preliminary Operating Budget Contra Costa County Housing Authority

Member	Actual 4Q 23 - 3Q 24	SIR Selected	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution	Experience Modification Factor	Deposit Contribution Adjusted for Experience Modification	Off-Balance Factor	Deposit Contribution Adjusted for Off Balance Factor	Excess Insurance \$3M x \$1M	TOTAL Deposit Contribution	Prior Year Comparison	
	Payroll														Prior Year Deposit Contribution	Increase (Decrease)
Contra Costa H.A.	\$7,598,406	\$50,000	\$43,235	\$834	\$4,747	\$48,816	N/A	\$48,816	0.957	\$46,724	0.997	\$46,605	\$4,588	\$51,192	\$45,147	\$6,046
Total	\$7,598,406		\$43,235	\$834	\$4,747	\$48,816	\$0	\$48,816		\$46,724		\$46,605	\$4,588	\$51,192	\$45,147	\$6,046

Participation Credit N/A

2025/2026 Preliminary Operating Budget City of Hayward

Member	Actual 4Q 23 - 3Q 24 Payroll	SIR Selected	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution	Experience Modification Factor	Deposit Contribution Adjusted for Experience Modification	Off-Balance Factor	Deposit Contribution Adjusted for Off Balance Factor	TOTAL Deposit Contribution	Prior Year Comparison	
														Prior Year Deposit Contribution	Increase (Decrease)
Hayward (7/1/16)	143,068,137	\$500,000	\$187,233	\$15,706	\$89,377	\$292,316	N/A	\$292,316	0.799	\$233,650	0.997	\$233,056	\$233,056	\$146,949	\$86,106
Total	\$143,068,137		\$187,233	\$15,706	\$89,377	\$292,316	\$0	\$292,316		\$233,650		\$233,056	\$233,056	\$146,949	\$86,106

Participation Credit N/A Member had been a member of ERMAC when budget was approved.

2025/2026 Preliminary Operating Budget Oakland Housing Authority

Member	Actual 4Q 23 - 3Q 24 Payroll	SIR Selected	Funding For Losses	Loss Prevention & Training	Admin. Costs	Deposit Contribution	JPA Participation Credit	Net Deposit Contribution	Experience Modification Factor	Deposit Contribution Adjusted for Experience Modification	Off-Balance Factor	Deposit Contribution Adjusted for Off Balance Factor	Excess Insurance \$3M x \$1M	TOTAL Deposit Contribution	Prior Year Comparison	
															Prior Year Deposit Contribution	Increase (Decrease)
Oakland H.A.	\$43,273,234	\$50,000	\$246,225	\$4,750	\$27,034	\$278,009	N/A	\$278,009	0.976	\$271,205	0.997	\$270,515	\$26,126	\$296,641	\$264,579	\$32,061
Total	\$43,273,234		\$246,225	\$4,750	\$27,034	\$278,009	\$0	\$278,009		\$271,205		\$270,515	\$26,126	\$296,641	\$264,579	\$32,061

Participation Credit N/A

**2025/2026 Preliminary Operating Budget
Experience Modification Calculation**

Calendar Year Payroll					Incurred Losses at 12/31/2024 Individual Losses from \$25k and Capped at \$500k				Experience Modification Calculation											Prior Year
Member	Actual 2019 Payroll	Actual 2020 Payroll	Actual 2021 Payroll	Actual 2022 Payroll	Program Year 2020/2021	Program Year 2021/2022	Program Year 2022/2023	Program Year 2023/2024	4 Year Average Payroll	4 Year Average Losses	4 Year Loss Rate \$100/PR	Average Expected Losses	Member Experience Ratio	Credibility Factor	Deviation from Norm Multiplied by Credibility	Factored Experience Modifier	JPA Capped Factored Experience Modifier	Ind. Capped Ex Mod (No factor applied)	JPA Capped* Factored Experience Modifier	
BCIPIA																				
1 Albany/Albany JPA	\$ 11,273,329	\$ 11,702,836	\$ 11,838,518	\$ 12,750,912	\$ -	\$ -	\$ -	-	\$ 11,891,399	\$ -	-	\$ 23,092	-	0.075	-0.075	0.925		0.750		
2 Brisbane	10,205,927	11,098,373	12,133,826	12,580,449	-	-	-	-	11,504,644	-	-	22,341	-	0.074	-0.074	0.926		0.750		
3 CMFA (1/1/19)	4,119,184	5,969,261	6,162,581	6,173,588	-	-	-	-	5,606,153	-	-	10,887	-	0.052	-0.052	0.948		0.750		
4 Central Marin PA	5,457,093	5,687,342	5,894,737	5,970,283	-	-	-	-	5,752,364	-	-	11,171	-	0.052	-0.052	0.948		0.750		
5 Corte Madera (7/1/17)	3,620,916	3,399,285	3,653,808	4,110,151	-	-	-	-	3,696,040	-	-	7,177	-	0.042	-0.042	0.958		0.750		
6 Emeryville (Includes MESA)	15,107,489	14,716,102	14,557,309	14,978,934	-	-	-	-	14,839,958	-	-	28,818	-	0.084	-0.084	0.916		0.750		
7 Emeryville MESA	Inc.	Inc.	Inc.	Inc.	-	-	-	-												
8 Fairfax	3,019,166	3,279,254	3,241,259	3,412,363	-	-	-	-	3,238,011	-	-	6,288	-	0.039	-0.039	0.961		0.750		
9 Larkspur	4,437,164	3,425,608	3,297,611	3,564,363	-	-	-	-	3,681,187	-	-	7,149	-	0.042	-0.042	0.958		0.750		
10 Los Altos (7/1/12)	13,397,476	14,821,833	15,320,987	16,981,286	-	-	-	-	15,130,395	-	-	29,382	-	0.085	-0.085	0.915		0.750		
11 Menlo Park (7/1/02)	31,900,426	30,667,457	30,033,508	31,790,524	-	-	-	-	31,097,979	-	-	60,389	-	0.122	-0.122	0.878		0.750		
12 Mill Valley (7/1/01)	17,527,967	16,299,869	16,400,686	18,231,393	-	-	-	-	17,114,979	-	-	33,236	-	0.091	-0.091	0.909		0.750		
13 Novato (9/1/07)	19,704,268	17,744,124	17,275,663	13,680,477	-	-	-	-	17,101,133	-	-	33,209	-	0.090	-0.090	0.910		0.750		
14 Piedmont	13,938,268	14,222,007	14,361,525	15,493,330	95,274	-	210,000	-	14,503,782	76,319	0.526	28,165	2.710	0.083	0.142	1.142		1.500		
15 Pleasanton	50,018,700	46,867,185	46,764,786	49,617,784	-	150,000	475,000	10,000	48,317,114	158,750	0.329	93,827	1.692	0.152	0.105	1.105		1.500		
16 San Anselmo +	3,374,056	3,069,317	2,863,971	3,589,014	-	-	-	-	3,224,090	-	-	6,261	-	0.039	-0.039	0.961		0.750		
17 Tiburon (7/1/11)	3,735,038	3,926,313	4,066,973	3,860,641	60,000	-	-	-	3,897,241	15,000	0.385	7,568	1.982	0.043	0.042	1.042		1.500		
18 Union City	26,089,444	27,010,881	26,553,152	29,581,594	-	-	-	-	27,308,768	-	-	53,031	-	0.114	-0.114	0.886		0.750		
BCIPIA Total	236,925,911	233,907,049	234,420,900	246,367,085	155,274	150,000	685,000	10,000	237,905,236	250,069	0.105	461,990	0.541	0.337	-0.155	0.845	0.845		0.786	
CalTIP (7/1/17)																				
1 El Dorado	3,515,292	3,161,997	2,732,511	2,882,468	-	-	-	-	3,073,067	-	-	5,968	-	0.038	-0.038	0.962		0.750		
2 Humboldt	2,532,761	3,017,735	2,821,999	3,121,566	-	-	-	-	2,873,515	-	-	5,580	-	0.037	-0.037	0.963		0.750		
3 LAVTA	1,671,605	1,817,427	1,862,717	1,716,022	-	-	-	-	1,766,943	-	-	3,431	-	0.029	-0.029	0.971		0.750		
4 Mendocino	2,972,395	2,772,977	2,614,505	3,140,732	-	-	-	15,000	2,875,152	3,750	0.130	5,583	0.672	0.037	-0.012	0.988		0.750		
5 Morongo	1,711,324	1,834,939	1,824,235	1,898,831	-	-	-	-	1,817,332	-	-	3,529	-	0.029	-0.029	0.971		0.750		
6 San Joaquin (1/1/23)	13,671,686	12,921,504	13,215,874	16,813,736	-	-	-	10,000	14,155,700	2,500	0.018	27,489	0.091	0.082	-0.075	0.925		0.750		
7 SLORTA *	5,584,595	5,727,046	5,997,209	6,057,539	-	-	-	-	5,841,597	-	-	11,344	-	0.053	-0.053	0.947		0.750		
8 Tahoe	2,914,349	3,296,826	3,024,381	3,253,556	-	-	130,000	25,000	3,122,278	38,750	1.241	6,063	6.391	0.039	0.208	1.208		1.500		
9 WCCCTA	1,059,072	1,098,212	1,131,127	966,011	-	-	-	-	1,063,605	-	-	2,065	-	0.023	-0.023	0.977		0.750		
10 Yolo	964,222	917,541	953,404	1,256,182	-	-	-	-	1,022,837	-	-	1,986	-	0.022	-0.022	0.978		0.750		
CalTIP Total	36,597,301	36,566,205	36,177,962	41,106,643	-	-	130,000	50,000	37,612,028	45,000	0.120	73,039	0.616	0.134	-0.052	0.948	0.948		1.250	
* Includes South County Transit																				

2025/2026 Preliminary Operating Budget
Experience Modification Calculation

Calendar Year Payroll					Incurred Losses at 12/31/2024				Experience Modification Calculation											Prior Year
					Individual Losses from \$25k and Capped at \$500k															JPA Capped*
Member	Actual 2019 Payroll	Actual 2020 Payroll	Actual 2021 Payroll	Actual 2022 Payroll	Program Year 2020/2021	Program Year 2021/2022	Program Year 2022/2023	Program Year 2023/2024	4 Year Average Payroll	4 Year Average Losses	4 Year Loss Rate \$100/PR	Average Expected Losses	Member Experience Ratio	Credibility Factor	Deviation from Norm Multiplied by Credibility	Factored Experience Modifier	JPA Capped Factored Experience Modifier	Ind. Capped Ex Mod (No factor applied)	Factored Experience Modifier	
CIRA																				
1 Amador	39,420	39,540	39,660	59,058	-	-	-	-	44,420	-	-	86	-	0.005	-0.005	0.995		0.750		
2 Arcata (7/1/21)	9,295,493	9,555,644	8,945,064	9,820,522	22,903	375,000	1,758	75,000	9,404,181	118,665	1.262	18,262	6.498	0.067	0.369	1.369		1.500		
3 Avalon	6,598,744	5,445,158	4,763,892	5,472,937	-	-	-	-	5,570,183	-	-	10,817	-	0.052	-0.052	0.948		0.750		
4 Belvedere (7/1/15)	2,141,612	2,244,081	2,359,252	2,290,765	-	-	10,000	-	2,258,928	2,500	0.111	4,387	0.570	0.033	-0.014	0.986		0.750		
5 Blue Lake	517,148	537,023	488,904	604,435	-	-	-	-	536,878	-	-	1,043	-	0.016	-0.016	0.984		0.750		
6 Calimesa	1,919,936	2,176,608	2,359,537	2,394,593	47,636	-	-	35,000	2,212,669	20,659	0.934	4,297	4.808	0.033	0.124	1.124		1.500		
7 Calistoga	6,425,210	6,639,191	7,032,098	7,972,358	-	-	-	-	7,017,215	-	-	13,627	-	0.058	-0.058	0.942		0.750		
8 Citrus Heights	19,535,966	18,707,681	18,543,725	19,490,831	23,799	66,142	-	10,000	19,069,551	24,985	0.131	37,031	0.675	0.096	-0.031	0.969		0.750		
9 Clearlake	4,470,339	4,675,251	4,795,097	5,019,153	-	-	-	-	4,739,960	-	-	9,205	-	0.048	-0.048	0.952		0.750		
10 Cloverdale (7/1/21)	3,865,970	4,508,206	4,544,285	4,344,749	-	-	-	-	4,315,802	-	-	8,381	-	0.045	-0.045	0.955		0.750		
11 Coalinga	4,863,578	5,605,176	7,127,140	6,737,618	-	-	-	20,000	6,083,378	5,000	0.082	11,813	0.423	0.054	-0.031	0.969		0.750		
12 CONFIRE (7/1/24)					-	-	-	-												
13 Cotati (7/1/21)	3,639,220	4,017,641	4,186,582	4,371,469	-	-	-	-	4,053,728	-	-	7,872	-	0.044	-0.044	0.956		0.750		
14 Eureka (7/1/21)	15,498,467	13,633,910	12,772,261	14,365,252	19,522	85,000	-	-	14,067,473	26,131	0.186	27,318	0.957	0.082	-0.004	0.996		0.957		
15 Ferndale	695,638	760,266	768,202	829,502	-	-	-	-	763,402	-	-	1,482	-	0.019	-0.019	0.981		0.750		
16 Foresthill FPD (11/1/22)	832,262	1,282,322	1,211,373	1,242,974	-	-	-	-	1,142,233	-	-	2,218	-	0.023	-0.023	0.977		0.750		
17 Fort Bragg (7/1/21)	3,770,080	3,482,902	3,324,954	4,266,981	-	-	-	-	3,711,229	-	-	7,207	-	0.042	-0.042	0.958		0.750		
18 Fortuna (7/1/21)	4,989,529	5,217,344	4,997,383	5,517,879	-	68,125	-	-	5,180,534	17,031	0.329	10,060	1.693	0.050	0.035	1.035		1.500		
19 Grass Valley	7,815,626	8,649,990	8,906,430	9,424,084	-	-	-	-	8,699,032	-	-	16,893	-	0.065	-0.065	0.935		0.750		
20 Healdsburg (7/1/21)	16,570,387	16,615,489	17,360,623	17,706,201	35,755	-	-	10,000	17,063,175	11,439	0.067	33,135	0.345	0.090	-0.059	0.941		0.750		
21 Highland	3,142,495	3,489,735	3,496,061	3,651,542	-	-	-	-	3,444,958	-	-	6,690	-	0.041	-0.041	0.959		0.750		
22 Lakeport (7/1/21)	3,333,027	3,437,869	3,208,087	3,639,514	-	-	-	-	3,404,624	-	-	6,611	-	0.040	-0.040	0.960		0.750		
23 Menifee (10/1/08)	8,540,141	14,915,995	19,932,044	25,419,799	-	-	39,376	170,000	17,201,995	52,344	0.304	33,405	1.567	0.091	0.051	1.051		1.500		
24 Mosquito FPD (1/1/23)	277,699	292,372	1,056,806	393,234	-	-	-	-	505,028	-	-	981	-	0.016	-0.016	0.984		0.750		
25 Nevada City	2,675,062	2,729,700	2,167,929	2,588,219	-	-	-	45,000	2,540,228	11,250	0.443	4,933	2.281	0.035	0.045	1.045		1.500		
26 Placentia	12,908,301	16,488,966	18,565,202	19,317,581	475,000	-	-	-	16,820,012	118,750	0.706	32,663	3.636	0.090	0.237	1.237		1.500		
27 Placerville	6,892,317	6,866,007	6,413,314	7,177,274	-	-	-	10,000	6,837,228	2,500	0.037	13,277	0.188	0.057	-0.046	0.954		0.750		
28 Plymouth	614,150	689,651	789,775	837,969	-	-	-	-	732,886	-	-	1,423	-	0.019	-0.019	0.981		0.750		
29 Point Arena	378,120	430,874	445,709	496,934	-	5,000	-	-	437,909	1,250	0.285	850	1.470	0.014	0.007	1.007		1.470		
30 PRFMA (7/1/24) NEW ENTITY SO NO PAST DATA	-	-	-	-	-	-	-	-								1.000		0.750		
31 Rancho Cucamonga	31,354,233	28,856,863	27,046,389	28,810,319	-	-	-	-	29,016,951	-	-	56,348	-	0.118	-0.118	0.882		0.750		
32 Rancho Cucamonga FPD (7/1/16)	17,606,332	20,323,453	20,958,185	21,086,506	-	-	-	-	19,993,619	-	-	38,826	-	0.098	-0.098	0.902		0.750		
33 Rancho Santa Margarita (1/1/04)	2,779,123	2,816,136	2,789,483	3,069,024	-	-	-	-	2,863,442	-	-	5,561	-	0.037	-0.037	0.963		0.750		
34 Rohnert Park (7/1/21)	20,931,655	22,968,906	23,529,796	25,656,130	-	-	-	30,000	23,271,622	7,500	0.032	45,191	0.166	0.106	-0.088	0.912		0.750		
35 San Juan Bautista	729,841	799,052	816,173	969,345	-	-	-	-	828,603	-	-	1,609	-	0.020	-0.020	0.980		0.750		
36 Sebastopol (7/1/21)	5,517,445	6,161,737	6,137,256	6,121,814	405,391	10,000	-	10,000	5,984,563	106,348	1.777	11,621	9.151	0.054	0.436	1.436		1.500		
37 Sierra Madre (7/1/21)	6,381,759	7,105,732	7,275,662	7,317,729	-	-	-	-	7,020,220	-	-	13,633	-	0.058	-0.058	0.942		0.750		
38 Sonoma (7/1/21)	3,047,007	3,264,026	3,313,245	3,463,666	-	-	245,000	-	3,271,986	61,250	1.872	6,354	9.640	0.040	0.342	1.342		1.500		
39 South Lake Tahoe	19,379,930	20,917,691	20,092,774	21,363,090	-	-	10,000	-	20,438,371	2,500	0.012	39,689	0.063	0.099	-0.093	0.907		0.750		
40 St Helena (7/1/21)	7,026,537	7,761,649	7,463,865	7,646,183	-	-	-	-	7,474,559	-	-	14,515	-	0.060	-0.060	0.940		0.750		
41 Tehama	34,072	49,230	59,554	83,761	-	-	-	-	56,654	-	-	110	-	0.005	-0.005	0.995		0.750		
42 Trinidad	373,150	379,001	404,973	455,802	-	2,198	10,000	-	403,231	3,050	0.756	783	3.894	0.014	0.040	1.040		1.500		
43 Truckee	10,297,968	11,054,419	10,726,963	11,712,430	-	-	-	40,000	10,947,945	10,000	0.091	21,260	0.470	0.072	-0.038	0.962		0.750		
44 Twentynine Palms	2,671,257	2,793,715	2,683,337	2,878,596	-	-	-	-	2,756,726	-	-	5,353	-	0.036	-0.036	0.964		0.750		
45 Ukiah (7/1/21)	19,254,375	20,006,990	20,239,458	23,853,922	375,000	-	52,407	-	20,838,686	106,852	0.513	40,467	2.640	0.100	0.164	1.164		1.500		
46 Upland (7/1/24)					-	-	-	-								1.000		0.750		
47 Watsonville	32,235,209	33,956,878	34,496,161	36,029,679	-	-	475,000	80,000	34,179,482	138,750	0.406	66,373	2.090	0.128	0.139	1.139		1.500		
48 Wheatland	1,788,939	1,825,924	1,821,323	1,878,853	-	-	-	-	1,828,760	-	-	3,551	-	0.030	-0.030	0.970		0.750		
49 Wheatland FA (11/1/22)	334,760	543,964	592,896	389,991	-	-	-	-	465,403	-	-	904	-	0.015	-0.015	0.985		0.750		
50 Wildomar (7/1/08)	1,346,748	1,459,862	2,193,481	3,022,610	-	-	-	-	2,005,675	-	-	3,895	-	0.031	-0.031	0.969		0.750		
51 Willits (7/1/21)	3,343,277	3,279,667	3,310,405	3,930,515	475,000	-	10,000	20,000	3,465,966	126,250	3.643	6,731	18.758	0.041	0.723	1.723		1.500		
52 Windsor (7/1/21)	9,335,539	9,265,310	10,047,645	11,360,754	-	-	-	-	10,002,312	-	-	19,424	-	0.069	-0.069	0.931		0.750		
53 Yountville	3,675,605	3,710,270	3,560,453	3,955,465	-	-	-	-	3,725,448	-	-	7,234	-	0.042	-0.042	0.958		0.750		
54 Yucaipa	5,533,147	4,929,286	5,632,884	6,911,406	-	-	-	-	5,751,681	-	-	11,169	-	0.052						

**2025/2026 Preliminary Operating Budget
Experience Modification Calculation**

Calendar Year Payroll					Incurred Losses at 12/31/2024 Individual Losses from \$25k and Capped at \$500k				Experience Modification Calculation											Prior Year
	Actual 2019 Payroll	Actual 2020 Payroll	Actual 2021 Payroll	Actual 2022 Payroll	Program Year 2020/2021	Program Year 2021/2022	Program Year 2022/2023	Program Year 2023/2024	4 Year Average Payroll	4 Year Average Losses	4 Year Loss Rate \$100/PR	Average Expected Losses	Member Experience Ratio	Credibility Factor	Deviation from Norm Multiplied by Credibility	Factored Experience Modifier	JPA Capped Factored Experience Modifier	Ind. Capped Ex Mod (No factor applied)	JPA Capped* Factored Experience Modifier	
CSJVRMA																				
1 Angels Camp	2,348,605	2,349,846	2,399,873	2,535,480	-	-	-	-	2,408,451	-	-	4,677	-	0.034	-0.034	0.966		0.750		
2 Atwater (7/1/00)	5,192,561	5,921,819	5,896,561	6,767,621	-	-	-	10,000	5,944,641	2,500	0.042	11,544	0.217	0.053	-0.042	0.958		0.750		
3 Ceres	15,762,823	16,698,584	15,981,737	14,743,505	-	-	-	-	15,796,662	-	-	30,676	-	0.087	-0.087	0.913		0.750		
4 Chowchilla (7/1/01)	4,489,822	4,740,272	4,928,932	5,173,048	-	-	-	-	4,833,019	-	-	9,385	-	0.048	-0.048	0.952		0.750		
5 Corcoran	4,297,812	4,443,287	4,848,713	5,551,018	-	-	-	-	4,785,207	-	-	9,292	-	0.048	-0.048	0.952		0.750		
6 Delano	20,346,087	18,751,950	15,299,430	15,605,085	-	-	27,287	10,000	17,500,638	9,322	0.053	33,985	0.274	0.092	-0.066	0.934		0.750		
7 Dinuba (7/1/16)	9,977,747	10,132,327	10,695,776	11,146,273	-	-	-	10,000	10,488,031	2,500	0.024	20,367	0.123	0.071	-0.062	0.938		0.750		
8 Dos Palos (12/1/10)*	1,455,597	1,704,204	1,643,049	2,135,480	-	-	-	20,000	1,734,583	5,000	0.288	3,368	1.484	0.029	0.014	1.014		1.484		
9 Escalon	2,169,803	2,165,097	2,228,238	2,417,056	-	-	40,000	-	2,245,049	10,000	0.445	4,360	2.294	0.033	0.042	1.042		1.500		
10 Exeter (7/1/21)	2,648,021	2,674,088	2,824,217	3,003,064	-	-	-	-	2,787,348	-	-	5,413	-	0.037	-0.037	0.963		0.750		
11 Farmersville (7/1/16)	2,534,516	2,561,304	3,061,431	3,127,378	-	-	130,000	-	2,821,157	32,500	1.152	5,478	5.932	0.037	0.181	1.181		1.500		
12 Fowler	2,048,543	2,116,593	2,318,565	2,555,198	-	-	-	10,000	2,259,725	2,500	0.111	4,388	0.570	0.033	-0.014	0.986		0.750		
13 Gustine	1,666,735	1,630,763	1,870,837	1,972,613	-	-	-	-	1,785,237	-	-	3,467	-	0.029	-0.029	0.971		0.750		
14 Hughson	986,819	925,137	1,041,179	1,214,081	20,000	-	-	-	1,041,804	5,000	0.480	2,023	2.471	0.022	0.033	1.033		1.500		
15 Huron (7/1/10)	1,122,407	1,305,056	1,283,402	1,314,668	-	-	-	-	1,256,383	-	-	2,440	-	0.025	-0.025	0.975		0.750		
16 Kerman	4,197,823	4,417,230	4,543,248	4,790,792	-	-	-	-	4,487,273	-	-	8,714	-	0.046	-0.046	0.954		0.750		
17 Kingsburg (7/1/05)	3,970,486	4,707,709	5,010,403	5,909,873	-	-	-	-	4,899,618	-	-	9,515	-	0.048	-0.048	0.952		0.750		
18 Lathrop (10/4/05)	7,346,922	7,931,830	8,588,380	13,649,612	-	-	-	-	9,379,186	-	-	18,214	-	0.067	-0.067	0.933		0.750		
19 Lemoore (7/1/13)	7,986,606	7,765,911	8,039,623	7,365,663	291	-	-	-	7,789,451	73	0.001	15,126	0.005	0.061	-0.061	0.939		0.750		
20 Livingston	4,852,236	4,640,642	4,874,636	4,908,166	475,000	173,331	120,000	20,000	4,818,920	197,083	4.090	9,358	21.061	0.048	0.964	1.964		1.500		
21 Madera	17,546,597	17,292,668	17,280,855	18,152,130	-	-	-	-	17,568,062	-	-	34,116	-	0.092	-0.092	0.908		0.750		
22 McFarland	2,507,354	2,464,969	2,644,130	3,102,494	-	-	-	-	2,679,737	-	-	5,204	-	0.036	-0.036	0.964		0.750		
23 Mendota (7/1/13)	2,427,588	2,431,809	2,962,007	2,969,631	-	-	-	-	2,697,759	-	-	5,239	-	0.036	-0.036	0.964		0.750		
24 Merced (7/1/03)	36,186,516	39,205,677	38,584,922	40,832,510	10,000	38,789	10,000	-	38,702,406	14,697	0.038	75,156	0.196	0.136	-0.109	0.891		0.750		
25 Newman	2,813,698	2,991,561	3,169,037	3,389,358	-	-	-	-	3,090,914	-	-	6,002	-	0.038	-0.038	0.962		0.750		
26 Oakdale (8/1/12)	6,700,086	6,541,692	7,193,367	8,059,225	-	-	-	-	7,123,593	-	-	13,833	-	0.058	-0.058	0.942		0.750		
27 Orange Cove (7/7/07)	1,992,845	2,250,697	2,480,857	2,764,735	-	-	-	20,000	2,372,283	5,000	0.211	4,607	1.085	0.034	0.003	1.003		1.085		
28 Parlier (1/1/25)																				
29 Patterson (7/1/13)	9,481,497	9,754,944	10,666,710	11,514,675	-	-	-	-	10,354,457	-	-	20,107	-	0.070	-0.070	0.930		0.750		
30 Porterville	22,223,862	24,426,291	25,083,635	27,412,220	40,000	475,000	21,767	-	24,786,502	134,192	0.541	48,133	2.788	0.109	0.195	1.195		1.500		
31 Reedley	8,737,363	8,956,111	9,696,142	9,570,953	-	-	-	-	9,240,142	-	-	17,944	-	0.067	-0.067	0.933		0.750		
32 Riverbank (7/1/12)	3,585,662	3,791,774	3,924,827	4,404,490	-	-	-	11,964	3,926,688	2,991	0.076	7,625	0.392	0.043	-0.026	0.974		0.750		
33 Sanger (4/18/16)	9,203,184	9,043,155	9,655,795	9,427,351	-	44,731	-	10,000	9,332,371	13,683	0.147	18,123	0.755	0.067	-0.016	0.984		0.755		
34 San Joaquin (8/8/03)*	562,218	640,235	739,831	927,612	-	-	-	-	717,474	-	-	1,393	-	0.019	-0.019	0.981		0.750		
35 Selma	7,339,842	8,105,554	9,055,747	10,175,119	233,500	-	36,123	-	8,669,065	67,406	0.778	16,835	4.004	0.064	0.194	1.194		1.500		
36 Shafter	14,094,940	13,940,524	9,686,378	9,689,674	-	-	-	-	11,852,879	-	-	23,017	-	0.075	-0.075	0.925		0.750		
37 Sonora 7/1/13)	3,274,105	3,254,908	3,579,602	3,783,447	-	-	-	-	3,473,016	-	-	6,744	-	0.041	-0.041	0.959		0.750		
38 Taft	7,825,578	8,000,630	5,524,736	3,777,364	-	-	-	-	6,282,077	-	-	12,199	-	0.055	-0.055	0.945		0.750		
39 Tehachapi (7/1/13)	5,447,707	5,603,822	5,872,391	6,143,505	-	161,584	-	-	5,766,856	40,396	0.700	11,199	3.607	0.053	0.137	1.137		1.500		
40 Tracy (7/1/22)	54,509,607	56,478,657	41,023,558	49,680,145	-	-	20,000	20,000	50,422,992	10,000	0.020	97,917	0.102	0.155	-0.139	0.861		0.750		
41 Tulare (7/1/12)	24,813,620	26,647,620	26,746,716	27,732,788	-	-	-	-	26,485,186	-	-	51,432	-	0.113	-0.113	0.887		0.750		
42 Wasco	3,783,912	4,028,106	4,103,809	3,864,973	-	-	-	-	3,945,200	-	-	7,661	-	0.043	-0.043	0.957		0.750		
43 Woodlake (7/1/16)	1,980,470	1,992,280	2,231,022	2,451,838	-	-	-	-	2,163,902	-	-	4,202	-	0.032	-0.032	0.968		0.750		
CSJVRMA Total	352,440,222	365,427,333	349,284,303	375,711,910	778,791	893,436	405,177	141,964	360,715,942	554,842	0.154	700,477	0.792	0.416	-0.086	0.914	0.914		1.005	

**2025/2026 Preliminary Operating Budget
Experience Modification Calculation**

Calendar Year Payroll					Incurred Losses at 12/31/2024 Individual Losses from \$25k and Capped at \$500k				Experience Modification Calculation											Prior Year
	Actual 2019 Payroll	Actual 2020 Payroll	Actual 2021 Payroll	Actual 2022 Payroll	Program Year 2020/2021	Program Year 2021/2022	Program Year 2022/2023	Program Year 2023/2024	4 Year Average Payroll	4 Year Average Losses	4 Year Loss Rate \$100/PR	Average Expected Losses	Member Experience Ratio	Credibility Factor	Deviation from Norm Multiplied by Credibility	Factored Experience Modifier	JPA Capped Factored Experience Modifier	Ind. Capped Ex Mod (No factor applied)	JPA Capped* Factored Experience Modifier	
MBASIA (7/1/11)																				
1 Capitola	6,421,510	6,194,164	6,822,107	6,785,905	-	-	-	-	6,555,921	-	-	12,731	-	0.056	-0.056	0.944		0.750		
2 Del Rey Oaks	1,612,490	1,459,024	1,424,757	1,620,388	179,681	-	10,000	-	1,529,165	47,420	3.101	2,969	15.969	0.027	0.405	1.405		1.500		
3 Gonzales	4,006,408	4,053,383	4,564,941	4,843,822	-	-	-	-	4,367,139	-	-	8,481	-	0.046	-0.046	0.954		0.750		
4 Greenfield	5,959,984	6,779,110	7,759,850	7,778,529	-	-	-	-	7,069,368	-	-	13,728	-	0.058	-0.058	0.942		0.750		
5 Hollister	17,320,133	18,147,545	17,808,033	20,132,044	177,138	10,000	-	30,000	18,351,939	54,284	0.296	35,638	1.523	0.094	0.049	1.049		1.500		
6 King City	2,986,810	3,188,426	3,482,980	4,126,847	-	-	-	-	3,446,266	-	-	6,692	-	0.041	-0.041	0.959		0.750		
7 Marina	9,611,831	10,353,395	10,800,588	11,082,135	55,000	28,059	-	-	10,461,987	20,765	0.198	20,316	1.022	0.071	0.002	1.002		1.022		
8 Sand City	2,702,236	2,727,512	2,983,122	2,793,200	-	-	-	-	2,801,517	-	-	5,440	-	0.037	-0.037	0.963		0.750		
9 Scotts Valley	5,456,068	5,145,170	4,762,536	6,047,785	113,570	-	-	-	5,352,890	28,392	0.530	10,395	2.731	0.051	0.088	1.088		1.500		
10 Soledad	4,748,518	5,168,379	6,078,949	7,067,937	-	-	-	-	5,765,946	-	-	11,197	-	0.053	-0.053	0.947		0.750		
MBASIA Total	60,825,988	63,216,106	66,487,863	72,278,593	525,388	38,059	10,000	30,000	65,702,137	150,862	0.230	127,587	1.182	0.177	0.032	1.032	1.032		1.231	
MPA																				
1 Antioch	33,598,988	42,345,945	42,716,768	43,257,130	365,000	15,000	20,000	40,000	40,479,708	110,000	0.272	78,608	1.399	0.139	0.056	1.056		1.399		
2 Brentwood	34,674,871	35,460,143	37,120,298	39,973,934	60,741	-	115,652	30,000	36,807,312	51,598	0.140	71,476	0.722	0.133	-0.037	0.963		0.750		
3 Clayton	2,419,519	2,445,121	2,446,671	2,897,231	-	-	-	-	2,552,136	-	-	4,956	-	0.035	-0.035	0.965		0.750		
4 Danville	8,835,462	8,414,317	8,300,584	8,820,471	-	-	-	-	8,592,709	-	-	16,686	-	0.064	-0.064	0.936		0.750		
5 El Cerrito	22,060,903	21,779,663	20,037,891	20,822,849	-	75,149	23,261	-	21,175,327	24,602	0.116	41,121	0.598	0.101	-0.040	0.960		0.750		
6 Hercules	7,660,894	7,780,378	7,841,522	7,807,133	-	-	-	10,000	7,772,482	2,500	0.032	15,093	0.166	0.061	-0.051	0.949		0.750		
7 LaFayette	4,539,389	4,408,933	4,863,651	5,246,607	-	-	-	-	4,764,645	-	-	9,253	-	0.048	-0.048	0.952		0.750		
8 Manteca	42,054,691	45,243,136	47,618,778	52,401,493	428,335	-	-	-	46,829,525	107,084	0.229	90,939	1.178	0.150	0.027	1.027		1.178		
9 Martinez	14,816,049	15,310,499	14,827,796	16,688,531	25,000	-	-	10,000	15,410,719	8,750	0.057	29,926	0.292	0.086	-0.061	0.939		0.750		
10 Moraga	4,442,241	4,441,757	4,244,403	5,375,626	-	-	-	-	4,626,007	-	-	8,983	-	0.047	-0.047	0.953		0.750		
11 Mountain House (7/1/24)					-	-	-	-								1.000		0.750		
12 Oakley (7/1/02)	9,961,975	10,042,060	10,287,048	10,797,877	-	-	-	-	10,272,240	-	-	19,948	-	0.070	-0.070	0.930		0.750		
13 Orinda	3,754,713	3,760,432	3,795,506	4,012,953	-	-	-	-	3,830,901	-	-	7,439	-	0.043	-0.043	0.957		0.750		
14 Pacifica (3/9/07)	19,060,055	19,303,972	20,489,492	21,058,673	-	-	-	-	19,978,048	-	-	38,796	-	0.098	-0.098	0.902		0.750		
15 Pinole	9,682,100	11,143,507	11,654,031	13,600,050	-	14,315	-	-	11,519,922	3,579	0.031	22,371	0.160	0.074	-0.062	0.938		0.750		
16 Pittsburg	28,785,660	29,434,181	29,371,054	32,071,248	-	-	-	-	29,915,536	-	-	58,093	-	0.120	-0.120	0.880		0.750		
17 Pleasant Hill	12,813,263	13,140,989	13,627,759	14,544,955	475,000	-	10,000	-	13,531,742	121,250	0.896	26,277	4.614	0.080	0.291	1.291		1.500		
18 San Pablo	16,936,406	16,868,398	17,280,331	18,414,857	-	475,000	-	12,277	17,374,998	121,819	0.701	33,741	3.610	0.091	0.238	1.238		1.500		
19 San Ramon	32,808,007	34,068,902	34,615,081	36,358,406	-	-	-	20,000	34,462,599	5,000	0.015	66,923	0.075	0.128	-0.119	0.881		0.750		
20 Walnut Creek	40,981,431	42,084,206	39,261,971	41,746,886	-	-	-	10,000	41,018,624	2,500	0.006	79,654	0.031	0.140	-0.136	0.864		0.750		
21 MPA JPA Staff	1,856,755	2,123,692	2,084,213	2,212,293	-	-	75,000	-	2,069,238	18,750	0.906	4,018	4.666	0.031	0.115	1.115		1.500		
MPA Total	351,743,372	369,600,231	372,484,848	398,109,203	1,354,076	579,463	243,913	132,277	372,984,414	577,432	0.155	724,301	0.797	0.423	-0.086	0.914	0.914		0.822	

**2025/2026 Preliminary Operating Budget
Experience Modification Calculation**

Calendar Year Payroll					Incurred Losses at 12/31/2024 Individual Losses from \$25k and Capped at \$500k				Experience Modification Calculation											Prior Year
	Actual 2019 Payroll	Actual 2020 Payroll	Actual 2021 Payroll	Actual 2022 Payroll	Program Year 2020/2021	Program Year 2021/2022	Program Year 2022/2023	Program Year 2023/2024	4 Year Average Payroll	4 Year Average Losses	4 Year Loss Rate \$100/PR	Average Expected Losses	Member Experience Ratio	Credibility Factor	Deviation from Norm Multiplied by Credibility	Factored Experience Modifier	JPA Capped Factored Experience Modifier	Ind. Capped Ex Mod (No factor applied)	JPA Capped* Factored Experience Modifier	
PERMA																				
1 Banning (2/14/02)	17,834,938	19,330,395	20,790,967	23,644,349	208,353	20,000	100,000	475,000	20,400,162	200,838	0.984	39,615	5.070	0.099	0.402	1.402		1.500		
2 Barstow (2/04/02)	14,151,898	15,113,929	15,789,586	16,454,945	50,392	475,000	100,000	-	15,377,589	156,348	1.017	29,862	5.236	0.086	0.363	1.363		1.500		
3 Canyon Lake (7/1/11)	543,956	740,552	892,825	2,100,832	-	-	-	-	1,069,541	-	-	2,077	-	0.023	-0.023	0.977		0.750		
4 Cathedral City (2/14/01)	23,656,831	22,874,716	23,565,957	25,917,968	-	10,000	-	-	24,003,868	2,500	0.010	46,613	0.054	0.107	-0.101	0.899		0.750		
5 Coachella (10/01/00)	6,335,648	6,399,918	6,870,836	6,657,724	-	-	150,000	25,000	6,566,031	43,750	0.666	12,751	3.431	0.056	0.136	1.136		1.500		
6 Colton (7/1/22)	27,521,965	28,797,153	29,170,475	32,985,119	-	-	-	-	29,618,678	-	-	57,517	-	0.119	-0.119	0.881		0.750		
7 Desert Hot Springs	6,820,411	7,901,306	9,072,007	10,746,213	-	-	-	-	8,634,984	-	-	16,768	-	0.064	-0.064	0.936		0.750		
8 Eastvale (7/1/15)	2,313,936	2,649,838	3,511,690	4,715,416	-	117,473	70,000	10,000	3,297,720	49,368	1.497	6,404	7.709	0.040	0.267	1.267		1.500		
9 Hesperia (7/1/10)	12,657,105	12,054,461	12,057,616	13,826,471	-	10,000	10,000	-	12,648,913	5,000	0.040	24,563	0.204	0.078	-0.062	0.938		0.750		
10 Hesperia RP&D (7/1/24)	2,012,373	1,593,644	1,695,703	2,082,526	-	-	-	475,000	1,846,061	118,750	6.433	3,585	33.125	0.030	0.955	1.955		1.500		
11 Holtville (7/1/08)	1,293,076	1,402,246	1,454,155	1,628,842	-	-	-	-	1,444,580	-	-	2,805	-	0.026	-0.026	0.974		0.750		
12 ICTC (7/1/12)	738,110	705,839	775,810	625,818	-	-	-	-	711,394	-	-	1,381	-	0.018	-0.018	0.982		0.750		
13 Jurupa Valley (11/2/15)	1,657,942	2,342,660	4,483,298	7,291,031	-	-	-	-	3,943,733	-	-	7,658	-	0.043	-0.043	0.957		0.750		
14 La Mesa (7/1/02)	24,949,893	27,441,181	28,186,015	29,177,536	9,611	-	275,000	20,000	27,438,656	76,153	0.278	53,283	1.429	0.115	0.049	1.049		1.429		
15 Morena Valley (7/1/24)	26,836,077	25,594,243	23,556,156	27,868,612	-	54,238	-	235,664	25,963,772	72,475	0.279	50,419	1.437	0.111	0.049	1.049		1.437		
16 Murrieta (7/1/01)	39,596,587	41,335,161	44,962,080	49,396,495	-	190,363	10,000	10,000	43,822,581	52,591	0.120	85,099	0.618	0.145	-0.055	0.945		0.750		
17 Norco (7/1/23)	4,702,373	4,943,326	5,162,052	5,870,219	-	-	-	-	5,169,493	-	-	10,039	-	0.050	-0.050	0.950		0.750		
18 Palm Sps Tram (11/1/05)	4,909,205	3,957,934	3,622,804	5,222,401	55,168	50,000	15,000	-	4,428,086	30,042	0.678	8,599	3.494	0.046	0.115	1.115		1.500		
19 Perris (9/25/00)	8,333,606	9,144,474	10,493,641	11,430,121	162,827	30,398	10,000	10,000	9,850,461	53,306	0.541	19,129	2.787	0.069	0.123	1.123		1.500		
20 Rancho Mirage (12/31/19)	8,066,651	7,682,358	7,701,017	8,189,727	-	-	-	10,000	7,909,938	2,500	0.032	15,360	0.163	0.062	-0.052	0.948		0.750		
21 San Jacinto (7/1/18)	4,385,847	5,193,931	5,381,447	6,600,273	-	-	-	-	5,390,375	-	-	10,468	-	0.051	-0.051	0.949		0.750		
22 SDRTC (11/4/13)	545,756	559,148	641,463	684,740	-	-	-	-	607,777	-	-	1,180	-	0.017	-0.017	0.983		0.750		
23 Sunline (11/4/13)	17,408,813	18,629,160	18,967,339	18,911,966	-	475,000	20,000	40,000	18,479,319	133,750	0.724	35,885	3.727	0.094	0.257	1.257		1.500		
24 Victorville (7/1/01)	34,626,579	39,239,427	40,186,087	45,499,056	475,000	43,907	11,079	-	39,887,787	132,496	0.332	77,458	1.711	0.138	0.098	1.098		1.500		
25 VVTA (7/1/12)	1,488,528	1,450,770	1,761,936	1,914,747	-	-	-	-	1,653,995	-	-	3,212	-	0.028	-0.028	0.972		0.750		
26 PERMA Staff	655,581	787,777	662,460	541,722	-	-	-	-	661,885	-	-	1,285	-	0.018	-0.018	0.982		0.750		
PERMA Total	294,043,685	307,865,548	321,415,422	359,984,869	961,352	1,476,378	771,079	1,310,664	320,827,381	1,129,868	0.352	623,017	1.814	0.392	0.319	1.319	1.250		1.220	
PLAN JPA																				
1 American Canyon (7/1/20)	7,193,051	7,327,450	7,367,464	7,830,910	-	-	-	-	7,429,719	-	-	14,428	-	0.060	-0.060	0.940		0.750		
2 Atherton (7/1/20)	4,799,844	4,824,688	6,119,480	6,545,300	-	304,563	-	-	5,572,328	76,141	1.366	10,821	7.036	0.052	0.312	1.312		1.500		
3 Burlingame (1/1/24)	-	25,871,271	26,209,716	26,883,468	-	-	-	-	19,741,114	-	-	38,335	-	0.097	-0.097	0.903		0.750		
4 Los Altos Hills (7/1/23)	2,622,805	3,051,289	2,786,498	3,155,702	-	151,503	-	-	2,904,073	37,876	1.304	5,639	6.716	0.037	0.213	1.213		1.500		
5 Los Gatos (7/1/24)	-	20,432,017	20,194,889	21,397,544	-	-	-	-	15,506,113	-	-	30,111	-	0.086	-0.086	0.914		0.750		
6 San Carlos (7/1/24)	-	9,176,275	9,537,925	10,796,554	-	-	-	-	7,377,689	-	-	14,327	-	0.059	-0.059	0.941		0.750		
7 Suisun City (7/1/24)	-	7,504,120	8,112,632	9,258,465	-	-	-	-	6,218,804	-	-	12,076	-	0.055	-0.055	0.945		0.750		
8 Woodside (7/1/20)	2,202,980	2,067,249	2,201,254	2,311,034	-	-	-	-	2,195,629	-	-	4,264	-	0.032	-0.032	0.968		0.750		
	16,818,680	80,254,358	82,529,857	88,178,976	-	456,066	-	-	66,945,468	114,016	0.170	130,002	0.877	0.179	-0.022	0.978	0.978		1.232	

**2025/2026 Preliminary Operating Budget
Experience Modification Calculation**

Calendar Year Payroll				Incurred Losses at 12/31/2024 Individual Losses from \$25k and Capped at \$500k				Experience Modification Calculation											Prior Year
Actual 2019 Payroll	Actual 2020 Payroll	Actual 2021 Payroll	Actual 2022 Payroll	Program Year 2020/2021	Program Year 2021/2022	Program Year 2022/2023	Program Year 2023/2024	4 Year Average Payroll	4 Year Average Losses	4 Year Loss Rate \$100/PR	Average Expected Losses	Member Experience Ratio	Credibility Factor	Deviation from Norm Multiplied by Credibility	Factored Experience Modifier	JPA Capped Factored Experience Modifier	Ind. Capped Ex Mod (No factor applied)	JPA Capped* Factored Experience Modifier	
409,035	437,782	463,643	509,433	-	-	-	-	454,973	-	-	884	-	0.015	-0.015	0.985		0.750		
791,853	786,691	724,632	774,258	-	-	-	-	769,358	-	-	1,494	-	0.019	-0.019	0.981		0.750		
842,510	819,256	1,081,042	760,104	-	-	-	-	875,728	-	-	1,701	-	0.020	-0.020	0.980		0.750		
1,352,814	1,623,377	1,604,807	1,827,359	-	-	-	-	1,602,089	-	-	3,111	-	0.028	-0.028	0.972		0.750		
1,148,076	1,201,962	1,234,630	1,329,489	-	-	-	-	1,228,539	-	-	2,386	-	0.024	-0.024	0.976		0.750		
2,434,448	2,472,916	2,437,096	2,846,205	-	-	-	20,000	2,547,666	5,000	0.196	4,947	1.011	0.035	0.000	1.000		1.011		
878,576	837,892	908,114	836,296	-	-	-	-	865,220	-	-	1,680	-	0.020	-0.020	0.980		0.750		
1,181,113	1,190,818	1,388,041	1,545,344	-	-	-	-	1,326,329	-	-	2,576	-	0.025	-0.025	0.975		0.750		
4,174,281	4,657,055	4,778,843	5,038,920	-	-	-	-	4,662,275	-	-	9,054	-	0.047	-0.047	0.953		0.750		
4,291,749	4,430,033	4,298,660	4,821,728	-	-	-	-	4,460,543	-	-	8,662	-	0.046	-0.046	0.954		0.750		
411,085	415,345	449,117	529,703	-	-	-	-	451,313	-	-	876	-	0.015	-0.015	0.985		0.750		
2,203,702	1,870,081	1,929,343	2,261,104	-	-	-	-	2,066,058	-	-	4,012	-	0.031	-0.031	0.969		0.750		
3,710,444	3,919,913	4,186,183	4,547,941	275,814	51,571	10,000	10,000	4,091,120	86,846	2.123	7,945	10.931	0.044	0.440	1.440		1.500		
23,829,686	24,663,120	25,484,151	27,627,884	275,814	51,571	10,000	30,000	25,401,210	91,846	0.362	49,327	1.862	0.110	0.095	1.095	1.095		1.117	
1,784,987	1,793,829	1,896,928	2,081,579	-	-	-	-	1,889,331	-	-	3,669	-	0.030	-0.030	0.970		0.750		
54,731	54,945	61,280	66,279	-	-	-	-	59,309	-	-	115	-	0.005	-0.005	0.995		0.750		
1,423,406	1,503,986	1,478,193	1,502,412	-	-	-	-	1,476,999	-	-	2,868	-	0.027	-0.027	0.973		0.750		
5,051,735	5,091,490	5,494,131	5,989,694	-	-	-	-	5,406,762	-	-	10,499	-	0.051	-0.051	0.949		0.750		
210,566	208,559	201,416	202,346	-	-	-	-	205,722	-	-	399	-	0.010	-0.010	0.990		0.750		
136,784	146,746	151,628	144,852	-	-	-	-	145,002	-	-	282	-	0.008	-0.008	0.992		0.750		
1,722,267	1,482,462	1,475,950	1,703,245	-	-	-	-	1,595,981	-	-	3,099	-	0.028	-0.028	0.972		0.750		
3,069,445	3,439,706	3,419,534	3,598,359	-	7,050	-	-	3,381,761	1,763	0.052	6,567	0.268	0.040	-0.029	0.971		0.750		
1,551,225	1,747,563	1,671,173	1,872,998	12,718	-	-	-	1,710,740	3,180	0.186	3,322	0.957	0.029	-0.001	0.999		0.957		
68,168	67,904	71,628	73,163	-	-	-	-	70,216	-	-	136	-	0.006	-0.006	0.994		0.750		
812,859	810,434	835,173	883,305	-	-	-	-	835,443	-	-	1,622	-	0.020	-0.020	0.980		0.750		
102,238	114,272	107,391	116,615	-	-	-	-	110,129	-	-	214	-	0.007	-0.007	0.993		0.750		
7,229,368	7,562,957	8,007,992	8,529,966	-	-	95,000	-	7,832,571	23,750	0.303	15,210	1.561	0.061	0.034	1.034		1.500		
1,075,568	1,130,510	1,056,723	1,079,355	-	-	-	-	1,085,539	-	-	2,108	-	0.023	-0.023	0.977		0.750		
591,444	610,603	652,243	700,237	-	-	-	-	638,632	-	-	1,240	-	0.017	-0.017	0.983		0.750		
3,749,765	4,122,290	4,401,326	4,483,686	-	-	100,000	-	4,189,267	25,000	0.597	8,135	3.073	0.045	0.093	1.093		1.500		
3,301,334	3,540,226	3,673,537	4,003,209	-	-	10,000	-	3,629,576	2,500	0.069	7,048	0.355	0.042	-0.027	0.973		0.750		
831,080	863,836	833,899	962,005	-	-	-	-	872,705	-	-	1,695	-	0.020	-0.020	0.980		0.750		
1,727,184	1,692,381	1,828,122	1,779,603	-	-	-	10,000	1,756,822	2,500	0.142	3,412	0.733	0.029	-0.008	0.992		0.750		
7,496,063	7,153,118	7,277,469	7,587,785	-	-	-	-	7,378,609	-	-	14,329	-	0.059	-0.059	0.941		0.750		
1,761,246	1,953,423	1,867,664	1,940,203	-	-	-	-	1,880,634	-	-	3,652	-	0.030	-0.030	0.970		0.750		
5,003,924	5,092,143	5,263,526	5,324,547	-	-	-	-	5,171,035	-	-	10,042	-	0.050	-0.050	0.950		0.750		
2,423,533	2,743,447	3,093,067	3,056,348	-	-	-	-	2,829,099	-	-	5,494	-	0.037	-0.037	0.963		0.750		
2,591,603	2,682,261	2,761,101	3,019,740	-	-	-	-	2,763,676	-	-	5,367	-	0.036	-0.036	0.964		0.750		
2,400,213	2,672,232	2,505,122	2,785,387	-	-	-	-	2,590,738	-	-	5,031	-	0.035	-0.035	0.965		0.750		
414,039	407,395	420,405	450,090	-	-	-	-	422,982	-	-	821	-	0.014	-0.014	0.986		0.750		
1,168,703	1,247,589	1,296,223	1,316,123	-	-	-	-	1,257,160	-	-	2,441	-	0.025	-0.025	0.975		0.750		
1,073,033	1,070,837	1,155,454	1,301,654	-	-	-	70,000	1,150,244	17,500	1.521	2,234	7.835	0.023	0.160	1.160		1.500		
362,519	377,235	391,270	398,081	-	-	-	-	382,276	-	-	742	-	0.014	-0.014	0.986		0.750		
922,044	987,396	965,506	892,479	-	-	-	-	941,856	-	-	1,829	-	0.021	-0.021	0.979		0.750		
1,642,988	1,583,780	1,543,059	1,721,568	-	-	-	10,000	1,622,849	2,500	0.154	3,151	0.793	0.028	-0.006	0.994		0.793		
61,754,062	63,955,555	65,858,133	69,566,910	12,718	7,050	205,000	90,000	65,283,665	78,692	0.121	126,775	0.621	0.177	-0.067	0.933	0.933		0.878	

**2025/2026 Preliminary Operating Budget
Experience Modification Calculation**

Calendar Year Payroll					Incurred Losses at 12/31/2024 Individual Losses from \$25k and Capped at \$500k				Experience Modification Calculation											Prior Year
Member	Actual 2019 Payroll	Actual 2020 Payroll	Actual 2021 Payroll	Actual 2022 Payroll	Program Year 2020/2021	Program Year 2021/2022	Program Year 2022/2023	Program Year 2023/2024	4 Year Average Payroll	4 Year Average Losses	4 Year Loss Rate \$100/PR	Average Expected Losses	Member Experience Ratio	Credibility Factor	Deviation from Norm Multiplied by Credibility	Factored Experience Modifier	JPA Capped Factored Experience Modifier	Ind. Capped Ex Mod (No factor applied)	JPA Capped* Factored Experience Modifier	
Contra Costa H.A.	5,552,285	6,099,076	6,185,608	6,731,514	-	-	10,000	-	6,142,121	2,500	0.041	11,927	0.210	0.054	-0.043	0.957	0.957		0.958	
Hayward (7/1/16)	100,929,988	103,033,584	106,943,827	114,825,426	81,685	-	-	10,000	106,433,207	22,921	0.022	206,683	0.111	0.226	-0.201	0.799	0.799		0.750	
Oakland H.A.	30,966,730	32,406,354	34,697,899	38,819,932	-	125,000	90,000	-	34,222,729	53,750	0.157	66,457	0.809	0.128	-0.024	0.976	0.976		0.971	
Totals	#####	#####	#####	#####	\$ 6,025,103	\$ 4,417,019	\$ 3,423,710	\$ 2,359,905	\$ 2,088,891,435	\$ 4,056,434	0.194	\$ 4,056,434	1.000	1.000	0.000	1.000				

Recently joined members - years before they participated in ERMA

Capped Ex mod (Both Individual and JPA) Calculation that includes the credibility factor, as has been traditionally used. Low end cap is .750 and high end cap is 1.250.

Individual Capped Ex mod Calculation that does not include the credibility factor, the methodology developed by ERMA's Restructuring Committee.

Low end cap is .750 and high end cap is 1.500.

New members are given an ex mod of 1.0 for their first year.

ADMINISTRATIVE MATTERS

SUBJECT: Discuss and Review the Strategic Goals and Initiatives for the 2025/26 Program Year - *Presented by Rob Kramer, Executive Director*

RECOMMENDATION: *Staff recommends the Executive Committee provide feedback and direction.*

BACKGROUND AND STATUS:

Following the ERMA Annual Workshop conducted in January 2025, Staff prepared the attached Draft Strategic Action Plan for consideration and input from the Executive Committee. Staff will review the plan with the Executive Committee and solicit feedback as to whether it properly reflects the discussion at the most recent workshop.

REFERENCE MATERIALS ATTACHED:

- 2025/26 Strategic Goals and Initiatives Matrix

ERMA 2025/26 Goals & Objectives

1. Ensure Financial Stability and Alternative Financing Arrangements		
	Objectives	Comments, Responsibilities and Timeline
	A. Evaluate ERMA Underlying Member SIR Options: Consider whether or not members are properly placed with respect to their SIR selections based on member size and losses. Also evaluate the process for members requesting a change in SIR as well as whether the \$25K SIR option should continue to be allowed.	<ul style="list-style-type: none"> Engage actuary to evaluate current underlying member SIR attachments - COMPLETE Evaluate whether or not ERMA should continue to maintain a \$25K SIR option Evaluate the process for members requesting SIR changes In Progress
	B. Evaluate the Development of an ERMA Captive: Consider whether or not ERMA is of a sufficient size to develop and implement a captive with the goal of increasing investment earnings on ERMA assets.	<ul style="list-style-type: none"> Education of EC and Board Development of a Feasibility Study – Bickmore Actuarial/PFM
	C. Analyze the Possibility of having ERMA Manage all Claims from Dollar \$1: Consider the feasibility and costs related to having manage all claims from Dollar \$1 and either charge members their SIR once the threshold is met or the claim is closed.	<ul style="list-style-type: none"> Analyze whether there is a need for individual member deposits to offset interest earning losses Analyze operational requirements Analyze Sedgwick staffing needs Consider whether exceptions should be allowed for high SIR members

2. Enhance Member Services, Training, and Loss Mitigation		
	Objectives	Comments, Responsibilities and Timeline
	<p>A. Complete the ERMA Policy and Procedures Review Program. Continue evaluating the offering and adding elements to help support members in updating their policies once the new comprehensive review is performed</p>	<ul style="list-style-type: none"> • Continue to work with primary JPAs to get all members to complete the new policy review survey • Work with LCW and JL on the survey review process • Identify a HR vendor(s) to potentially serve as an ERMA approved resource to assist members in making needed updates to personnel policies • Establish criteria and funding for additional member support • Begin review process after formal consideration at April 2024 BOD meeting • Continue to evaluate how best to develop model policies • In Progress
	<p>B. Implement an ERMA Elected Officials Training Curriculum: Determine training scope, costs and penalties for lack of compliance</p>	<ul style="list-style-type: none"> • Work with Ad Hoc Training Committee to establish the outlines of the program • Determine how compliance will be handled • Determine costs and time frame for implementation • Consider whether or not this training should be MANDATED • In Progress
	<p>C. Continue to Evaluate ERMA Investigators Panel: the entirety of the employment practices investigation process</p>	<ul style="list-style-type: none"> • Evaluate current panel • Determine where to find additional qualified firms • Consider an ERMA Investigators Forum to bring all panel and defense counsel together to discuss ERMA expectations • Evaluate hourly rates

		<ul style="list-style-type: none"> Consider a process for ensuring top tier investigators are assigned the most complicated cases with streamlined timeline expectations and results. In Progress
	D. Review the Collective Risk Management Team and Employee Protection Line Concepts:	<ul style="list-style-type: none"> Evaluate potential alternatives Evaluate cost-benefit of maintaining current structure/program Analyze what refresher training would be required if CRMT concept is maintained In Progress
	E. Evaluate the Potential of Regional Leadership Training: Consider development of a regional training program that would more proactively focus on helping members develop leaders that understand how to extract “wedges”, actively intervene to reduce misconduct and mistakes and improve member entity cultures.	<ul style="list-style-type: none"> Consider the regional training model being utilized for the elected official trainings Analyze potential budget costs
	F. Continue to work on Internal Marketing of ERMA by offering to attend Primary Member JPA meetings: Ensure primary members understand the value and new initiatives of ERMA	<ul style="list-style-type: none"> Coordinate with JPA Executive Directors

3. Other		
	Objectives	Comments, Responsibilities and Timeline
	A. Continue to be Mindful of How Best to Gather and Benchmark ERMA Loss and Underwriting Information to Determine Trends and Pro-Active Risk Management Solutions: Evaluate Information Management System Options	<ul style="list-style-type: none"> In Progress

ADMINISTRATIVE MATTERS

SUBJECT: Review and Discussion of Draft ERMA By-Laws and Master Program Document- *Presented by Rob Kramer, Executive Director*

RECOMMENDATION: *Staff recommends the Executive Committee provide feedback and direction.*

BACKGROUND AND STATUS:

Based on several agenda items and recommendations above, Staff and Board Counsel once again reviewed the Bylaws and Master Program Document to determine if any additional changes should be considered. These documents were both reviewed last year as part of a comprehensive review of ERMA's governing documents.

This matter is for discussion purposes only at this time. 30-day notice is required to make changes to the ERMA Bylaws and Staff plans to provide that notice and have these documents available for formal consideration at the June Board of Directors meeting.

REFERENCE MATERIALS ATTACHED:

- Draft Bylaws and Master Program Document – Redline/Strike-out

EMPLOYMENT RISK MANAGEMENT AUTHORITY

(ERMA)

BYLAWS

AS AMENDED EFFECTIVE June 3, 2024

**EMPLOYMENT RISK MANAGEMENT AUTHORITY
(ERMA)
BYLAWS
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BYLAWS

ARTICLE I

PREAMBLE

The Employment Risk Management Authority (*ERMA*) is established for the purpose of operating and maintaining a cooperative program of self-insurance and risk management in the area of Employment Practices Liability and to provide a forum for the discussion, study, development, training and implementation of practices and procedures in that area.

ARTICLE II

PURPOSES

The purposes of *ERMA* are:

- A. To provide a self-insurance and risk management program, a system that will achieve the following objectives for the benefit of *ERMA's Members*:
 - 1. Reduced costs of pooled coverage and of excess commercial insurance or reinsurance through effective loss prevention and control practices and combined purchasing power;
 - 2. Reduced cost of claims administrative services through central management, volume, and combined purchasing power;
 - 3. Increased stability of pooled rates and rates in the excess commercial insurance or reinsurance markets through the size of combined membership, longer duration of commercial insurance or reinsurance agreements, and effective loss control practices; and

4. Reduced severity and frequency of losses of members through training and the implementation of standard practices and procedures.
- B. To achieve through training, loss prevention and audit compliance techniques:
1. Established reserve funds for easing the financial impact of large losses on the *Members*; and
 2. Increased awareness of policies and practices causing losses and providing guidance in the alleviation of such policies and practices.
- C. To provide funding programs:
1. To pay claims and benefits as authorized by *ERMA's Members*;
 2. To establish reserves for expected future claims payment;
 3. To jointly purchase reinsurance or excess commercial insurance, where such purchase is advantageous to the *Members* as a whole; and
 4. To jointly purchase administrative and other services including risk management, consulting, brokerage, claims administration, claims adjusting, safety and loss prevention, data processing, legal, and related services.

ARTICLE III

DEFINITIONS

The terms in these Bylaws shall be as defined herein and in the *Agreement* creating the Employment Risk Management Authority, unless otherwise specified herein.

- A. "Agreement" shall mean the Joint Powers Agreement creating the Employment Risk Management Authority.
- B. "Alternate" shall mean the person designated by the *Member* to act as a director of *ERMA* in the absence of the *Representative*. The *Alternate* shall have the same responsibility, power and authority as the *Representative*.
- C. "ERMA" shall mean the Employment Risk Management Authority, an agency created by the *Agreement*.
- D. "Board" or "Board of Directors" shall mean the governing body of *ERMA* composed of one *Representative* of each *Member*.
- E. "Coverage Programs" shall mean coverages provided by *ERMA* pursuant to a *Memorandum of Coverage* and/or provided by a purchased *Excess Insurance* or reinsurance.
- F. "Deposit Premium" shall mean the annual dollar amount determined by the *Board of Directors* or Executive Committee which is payable by each *Member* as its established share of the funding required to cover the financial obligations of a *Coverage Program* in which the *Member* participates.
- G. "Excess Insurance" shall mean that commercial insurance or reinsurance purchased by *ERMA* to cover losses in excess of *ERMA's Coverage Program* limits and/or each *Member's Retained Limit*.
- H. "Master Program Document" shall mean the document that sets forth the operations, policies and procedures of a given *Coverage Program*.

- I. "Member" shall mean a governmental entity, including any commissions, agencies, districts, authorities, boards, or other similar government entity under the direct control of the governmental entity, that is eligible to participate in a joint powers authority. A Member is one who has been accepted into ERMA and is a Named Covered Party in the Memorandum of Coverage and Endorsements thereto.
- J. "Memorandum of Coverage" shall mean the negotiated agreement among the Members of the Authority adopted annually by the Board of Directors specifying the type, amount, and conditions of coverage provided to each participant.
- K. "Program Year" shall mean a period of time determined by the *Board* or Executive Committee, usually 12 months, into which each *Coverage Program* shall be segregated for purposes of accounting and record-keeping.
- L. "Representative" shall mean the person designated by the *Member* to act as a director of *ERMA*. The *Representative* shall have the authority to bind the *Member* on any and all matters relating to the business of *ERMA*.
- M. "Retained Limit" shall mean the amount of a claim, including all defense fees, investigation costs, expert costs, vendor costs and any other related costs which the *Member* must incur or become liable for before *ERMA*, or any applicable purchased *Coverage Program*, is obligated to pay.

ARTICLE IV

OFFICES

The principal office for the transaction of business of *ERMA* and receipt of all notices is hereby fixed and located as described in Appendix A attached hereto and incorporated herein by reference. The *Board* or Executive Committee shall have the authority to change the location of the principal office.

Other business offices may at any time be established by the *Board* or Executive Committee at any place or places where *ERMA* is authorized to do business.

ARTICLE V

DIRECTORS

Each Participating JPA in *ERMA* ~~and the Oakland Housing Authority, and Housing Authority of the County of Contra Costa~~ shall appoint a *Representative* to the *Board of Directors*. The appointment shall be in writing, directed to *ERMA* at its designated principal office and shall remain in effect until the receipt of a notice designating a replacement. Each Participating JPA in *ERMA*, ~~the Oakland Housing Authority, and the Housing Authority of the County of Contra Costa~~ shall also designate an *Alternate*, in the manner described above, to act in the absence of its duly appointed *Representative*.

Any newly approved Participating JPA shall also appoint a Representative and an Alternate. Any newly approved individual *Members* shall not be allowed a Representative and Alternate.

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~~Individual *Members* such as the Oakland Housing Authority, the Housing Authority of the County of Contra Costa and the City of Hayward shall elect one Representative and one Alternate to represent the pool of individual *Members*.~~

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ARTICLE VI

ELECTION, APPOINTMENT AND DUTIES OF OFFICERS

A. ELECTION OF OFFICERS

The President, Vice President, and Treasurer/Auditor shall be elected, as individuals, from among the *Representatives* to the *Board of Directors* and serve for a term of two years.

Voting for officers will be conducted at the *Board* meeting immediately preceding July 1 of each odd numbered year. Each Representative shall cast one vote for each office. The *Board* or

Executive Committee may designate a nominating committee to facilitate this process. The candidate receiving a plurality of votes for the particular office will be elected and will assume the

office upon his/her election. In the event of a tie vote, with no candidate receiving a plurality, those not involved in the tie vote will be eliminated and the remaining candidates will draw lots.

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

All information received by the *Board of Directors* in a closed session shall be confidential. However, a *Representative*, or an *Alternate* acting in the place of a *Representative*, who is also on the *Member's* legislative body may disclose information obtained in a closed session that has direct financial or liability implications for that *Member* to the following individuals:

1. Legal counsel of that *Member* for purposes of obtaining advice on whether the matter has direct financial or liability implications for that *Member*.
2. Other individuals of the *Member's* legislative body present in a closed session of that *Member*.

B. APPOINTMENT OF OFFICERS

The President will appoint such other officers as deemed appropriate subject to approval of the *Board* or Executive Committee.

C. DUTIES OF OFFICERS

1. President - The President will preside at all meetings of *ERMA*. The President shall appoint the members of committees as necessary or appropriate for carrying out the activities of *ERMA*. Committees appointed by the President may hold office

beyond the President's term subject to the approval of the new President. The President shall execute documents on behalf of *ERMA* as authorized by the *Board of Directors* or Executive Committee and shall serve as the primary liaison between this and any other organization.

2. Vice President - In the absence of or temporary incapacity of the President, the Vice-President shall exercise the functions covered in "1" above. The Vice-President shall also serve as the auditor/controller of *ERMA*.
3. Treasurer/Auditor - The duties of the Treasurer/Auditor shall be those specified in Sections 6505.5 or 6505.6 of the California Government Code, to receive and safekeep all money coming into the treasury, and to comply with all laws governing the deposit and investment of funds. Per Section 53607, the Treasurer will submit a monthly report of investment transactions to the *Board* or Executive Committee, as well as a report to the *Board* or Executive Committee on a regular basis that shall disclose the information as outlined in Section 53646.
4. Administrator - The Administrator shall perform all duties specified in *the Master Program Document*, and shall be present at all meetings to perform such duties as the *Board* or Executive Committee may specify.

ARTICLE VII

BOARD OF DIRECTORS MEETINGS

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

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

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

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

Official minutes of the *Board* meetings shall be kept by *ERMA* at its principal office.

ARTICLE VIII

DUTIES OF DIRECTORS

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

ARTICLE IX
EXECUTIVE COMMITTEE

There may be an Executive Committee, pursuant to Article IX of the Joint Powers *Agreement*. The members of the Committee shall be the President, Vice President, Treasurer/Auditor, and two other *Representatives* of the *Board of Directors*. The *Representatives* who are not officers shall be elected by the *Board* in the same manner as the elected officers and shall serve a two-year term; provided, however, that they shall be elected to serve terms in even numbered years. Their terms shall end sooner than two years if their employment or office with a *Member* terminates or if they are removed from office by the affirmative vote of two-thirds of the members of the entire *Board of Directors*.

One-half of the *Representatives* who are not officers shall be elected by the *Board* in the same manner and at the same time as the elected officers and shall serve a two-year term commensurate with the terms of the officers. The other one-half of the *Representatives* who are not officers shall be elected in the same manner as the officers. However, their two-year terms shall commence on July 1 of each alternate year.

The Executive Committee will meet as required by business, but not less than two times a year. Such meetings will be duly noticed and an agenda will be distributed to all *Board* members. The *Board* Secretary, or other designated officer, will keep minutes of the meetings and send copies of such minutes to all *Board* members.

All meetings of the Executive Committee shall be conducted in accordance with the Ralph M. Brown Act (Government Code § 54950, et seq.)

The Executive Committee shall have the same authority as that of the *Board* except for those authorities specifically reserved unto the *Members* in Article VII. A. of the Joint Powers *Agreement*.

Any action taken by the Executive Committee may be appealed to the *Board* by filing a written request with the *Administrator* within sixty (60) days from the date of such action. Upon receipt of such request, the Administrator shall place the request for appeal on the agenda of the next regularly scheduled or special *Board* meeting. The decision of the *Board* shall be final.

ARTICLE X

ADMINISTRATOR

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

The Administrator, either personally or through delegation, shall:

1. Monitor the status of *ERMA*'s programs and operations, losses, administrative and operational costs, service companies' and brokers' performance and report to the *Board* or Executive Committee;
2. Prepare a budget in accordance with Article XII;
3. Prepare a report at least annually that compares each fiscal year's budgeted to actual expenditures;
4. Engage the services of an independent financial auditor selected by the *Board* or Executive Committee and present the findings to the *Board* or Executive Committee;
5. Invoice *Members* for *Deposit Premiums* and other amounts due;

6. Report to the Board or Executive Committee any invoices not paid and outstanding for more than thirty (30) days;
7. Prepare vouchers, invoices, or other demands for payment, and submit the demands to the Treasurer/Auditor and/or another authorized signer for payment;
8. Maintain detailed financial records of all income, expenses, cash deposits, and withdrawals;
9. Maintain financial records according to generally accepted accounting principles including the Governmental Accounting Standards Board guidelines;
10. Present timely quarterly and annual financial statements to the *Board* or Executive Committee;
11. Assist the *Board* or Executive Committee in selecting brokers, insurance companies, actuaries, auditors, loss control service providers, investment advisors, and claims administrators;
12. Select and supervise *ERMA* employees and agents as authorized by the *Board* or Executive Committee;
13. Conduct the business of *ERMA* in a manner consistent with the standards set forth by the California Association of Joint Powers Authorities (CAJPA) for their accreditation program; and
14. Perform whatever functions necessary and within the Administrator's authority to manage the daily activities of *ERMA* and its *Coverage Programs*.

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

ARTICLE XI
COVERAGE PROGRAM

ERMA shall establish a *Coverage Program* in the area of Employment Practices Liability. The *Board* or Executive Committee shall establish the levels of coverage to be offered for the program, determine the financial contributions to be required of participants at each level, and establish procedures for the administration of the program.

ARTICLE XII
BUDGET

On or before June 20 of each year, the *Board* or Executive Committee shall adopt the budget for the next fiscal year.

ARTICLE XIII
RECEIPT AND DISBURSEMENT OF FUNDS

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

The Board of Directors shall establish all bank accounts and authorized signers by resolution. All checks disbursing funds of *ERMA* shall be signed by the appropriate number of officers as established by action of the *Board* or Executive Committee.

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

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

ARTICLE XIV

BILLINGS

A. ANNUAL BILLINGS

Each year, not later than July 1, *ERMA* shall bill each *Member* for all *Deposit Premiums* for the next *Program Year*. The annual billing shall be due and payable on July 15, and shall be delinquent if not paid on or before the last working day in July.

B. ADDITIONAL BILLINGS

There may be additional billings in accordance with *ERMA*'s governing documents, which billings may include but are not limited to those portions of a *Member's Retained Limit* which a *Member* has failed to pay or is habitually late in paying.

C. INTEREST ON DELINQUENT AMOUNTS PAYABLE

Interest shall accrue on all delinquent amounts due and payable to *ERMA* at a rate of two (2) percent per annum unless otherwise approved by the *Board*. The Board shall have the discretion to waive interest due on a delinquent amount but only one time per member every five years.

D. FAILURE TO PAY BILLINGS OR INTEREST

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

E. DUTIES OF WITHDRAWN OR EXPELLED *MEMBERS*

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Withdrawn or expelled *Members*, or individual participants of a *Member*, which have formerly participated in a *Coverage Program* shall be required to pay all applicable billings for the *Program Years* in which they participated and such subsequent years for which continuing services are required. Delinquent billings shall be treated in the same manner as set forth above as if the withdrawn or expelled *Member*, or individual participants of a *member*, still participated in a *Coverage Program*.

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

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

ARTICLE XV

AUDITS

A. FINANCIAL AUDIT

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

In accordance with Government Code Section 6505 and within six (6) months of the end of each

fiscal year, a copy of the annual audit shall be filed with the State Controller and with the county where *ERMA* conducts its principal operations.

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

ARTICLE XVI

NEW MEMBERS

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

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

ARTICLE XVII

EXECUTION OF CONTRACTS

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

ARTICLE XVIII

NOTICES

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

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

ARTICLE XIX

EFFECTIVE DATE

These amended Bylaws shall be effective immediately upon adoption. These amended Bylaws shall revoke and supersede any prior versions of the Bylaws.

ARTICLE XX

AMENDMENTS

These Bylaws may be amended by a majority vote of the entire *Board of Directors* or Executive Committee provided that any amendment is compatible with the purposes of *ERMA*, is not in conflict with the *Agreement*, and has been submitted to the *Board of Directors* or Executive Committee at least thirty (30) days in advance. Any such amendment shall be effective immediately, unless otherwise designated.

ARTICLE XXI

SEVERABILITY

Should any portion, term, condition or provision of these Bylaws be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms,

conditions and provisions shall not be affected thereby.

ARTICLE XXII
SUBORDINATION

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

ARTICLE XXIII
RECORD RETENTION POLICY

ERMA's records will be retained in accordance with the policy adopted by the *Board* or Executive Committee.

APPENDIX "A"

The principal address of the Employment Risk Management Authority (*ERMA*) for the transaction of business and receipt of all notices shall be:

Employment Risk Management Authority (*ERMA*)

1750 Creekside Oaks Drive, Suite 200

Sacramento, CA 95833

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

EMPLOYMENT RISK MANAGEMENT AUTHORITY
(ERMA)
MASTER PROGRAM DOCUMENT
FOR THE
POOLED EMPLOYMENT PRACTICES LIABILITY PROGRAM
(PEPLP)

AS AMENDED EFFECTIVE June ~~23~~, 202~~5~~⁴

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EMPLOYMENT RISK MANAGEMENT AUTHORITY
MASTER PROGRAM DOCUMENT
FOR THE
POOLED EMPLOYMENT PRACTICES LIABILITY PROGRAM
(PEPLP)

ARTICLE I - GENERAL

A. PURPOSE

1. The primary purpose in forming the Employment Risk Management Authority, hereinafter *ERMA*, is to create a method for providing coverage for legal damages incurred by the *Members* because of *Wrongful Employment Practices*. The Joint Exercise of Powers Agreement and the Bylaws have been created and duly approved to provide the *Members* with this coverage. This *Master Program Document*, hereinafter the MPD, for the Pooled Employment Practices Liability Program, hereinafter the PEPLP, sets forth the manner in which these services shall be delivered to the membership. In the event of a conflict among these governing documents, the Joint Exercise of Powers Agreement controls over the Bylaws, and the Bylaws control over this MPD.
2. The PEPLP shall use pooled sharing of operating costs and losses above the *Members' Retained Limits*. The PEPLP may purchase excess coverage or reinsurance above those limits provided by ERMA.
3. The PEPLP shall provide various *Retained Limits* from which the *Members* may choose, subject to the approval of the *Board of Directors*.
4. The *Board of Directors* has the right to alter the terms and conditions of the pooled underlying coverage in response to the needs and abilities of the PEPLP, the *Members*, and the availability of coverage from outside sources.
5. A summary of the *Limits of Coverage* and *Retained Limits* provided in *Program Years* is set forth in Appendix B.

B. PROGRAM YEARS

1. A *Program Year* shall be defined as the losses incurred during the period from 12:01 a.m. Pacific time on July 1st of each year to 12:00am Pacific time on June 30th of the following year. The income and expenses of each *Program Year* shall be accounted separately from any other *Program Year's*

Commented [RK1]: No changes needed here to add the \$150K SIR as it is already broad enough. We WILL need to send a notice to the members that there is a new SIR option following the April EC meeting.

income or expenses.

2. The PEPLP shall charge a *Deposit Contribution* to each *Member* at inception of each *Program Year* to fund the cost of losses and expenses anticipated for the life of the *Program Year*. The *Deposit Contribution* shall consist of a contribution to cover pooled losses, based on an actuarial projection of losses for the year and the exposure of loss presented by each *Member* plus a reasonable margin for contingencies, as well as *administrative expenses* and training expenses based on expected costs.
3. After a *Program Year* is at least five years old, *Retrospective Adjustments* may be made annually, subject to the discretion of the Executive Committee or the *Board*, and subject to criteria set forth in this MPD. The process for determining *Retrospective Adjustments* is set forth in Appendix A.
4. A *Program Year* cannot be completed until all *Claims* incurred during that *Program Year* are closed and it is probable that no new *Claims* for that *Program Year* will be made. The *Program Year* shall remain open until the *Board of Directors* authorizes closure based on its determination that known *Claims* for the year are closed, and no further *Claims* will be made.
5. To maintain the actuarial soundness of the PEPLP, the *Board of Directors* shall have actuarial studies done periodically and shall take appropriate action, as set forth in Article III – Contributions, Rates and *Assessments*, if a *Program Year* is found to be actuarially deficient.

C. FINANCING THE PROGRAM

1. DEPOSIT CONTRIBUTIONS

Deposit Contributions shall be established as set forth in Article III.A.1.

2. CAPITAL CONTRIBUTION

In addition to the *Deposit Contribution*, in ERMA's early years, each *Member* was required to make a capital contribution annually for the first five years of participation, which equated to 15% of loss funding contribution collected, to provide a margin for greater confidence in the program and to build a fund that could be used for program years in need. The capital contribution was equal to the *Board*-approved capitalization rate per \$100 of payroll and was paid over a five-year period. All original funds have been allocated.

The capital contribution fund was reactivated in 2014 to receive funds dedicated to future training initiatives.

Capital contributions will not be dedicated to any one specific *Program Year*, but will be considered when determining the overall actuarial soundness of the PEPLP. The capital contribution amounts will be maintained in a separate equity account and will be returned in the same proportion as the return of other equity at the discretion of the *Board of Directors*. Capital contributions may be applied at the discretion of the *Board of Directors* to any *Program Year*.

3. NON-EQUITY FUNDS

The *Board of Directors*, at its discretion, may create one or more non-equity funds to support the operations of the ERMA program. A non-equity fund is a pool of dollars that *Members* have no specific equity rights to while those funds are being utilized on behalf of the organization as a whole. A non-equity fund can be funded either through the budget process or through the return of equity in the Retrospective Adjustment process.

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3.4 BONDS OR DEBT INSTRUMENTS AND CAPTIVES

(a) Bonds or other debt instruments may be used to fund one or more *Program Years*. However, *Members* shall be responsible only for the retirement of such debt for the *Program Years* in which they participate. Such retirement of debt shall be calculated into the rates and deposit contributions.

(b) Upon a two-thirds vote of the *Board of Directors*, debt financing can be authorized for any legal purpose; however, any debt so incurred shall be the debt of *ERMA* and not the debt of any *Member*, unless each *Member*, in writing, authorizes the debt and accepts responsibility for its payment.

(c) Any monies collected or earned by *ERMA* may be used to retire such debts.

~~(e)(d)~~ The *Board of Directors* as the ability to may, in its discretion, form a captive insurance company in a domicile outside of California if it is deemed beneficial to *ERMA*.

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4.5 ASSESSMENTS

Assessments may be made at the discretion of the *Board of Directors*, when the PEPLP, as a whole, is found to be actuarially unsound. *Assessments* shall be determined as set forth in Article III, C. 2.

D. AMENDMENTS TO THIS MASTER PROGRAM DOCUMENT

1. This MPD may be amended by a two-thirds vote of the Executive Committee or *Board of Directors*, provided prior written notice has been given to the *Members*.
2. The *Members* may repeal such amendments by a majority vote at the next regular or

special meeting of the *Board* after the effective date of the amendment.

ARTICLE II - COVERAGE

A. GENERAL DESCRIPTION

1. COVERAGE PROVIDED

The Memorandum of Coverage, and any endorsements thereto, shall provide the terms, conditions, limitations and exclusions for the defense and indemnification of covered parties, as defined, for liability because of *Wrongful Employment Practices*. The Memorandum of Coverage shall be reviewed annually and approved by the *Board of Directors*.

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- (a) An account shall be established from which losses and expenses of the PEPLP shall be paid. Although the intent of the PEPLP is to provide pooled coverage, coverage may be obtained, either partly or wholly, from commercial insurance or reinsurance if it is to the financial advantage of the PEPLP as determined by the *Board of Directors*. In making its determination, the *Board* shall consider the objectives of security, minimizing costs to the PEPLP, and the desire of the *Members* for a particular type of coverage. Any such commercial insurance shall have an A.M. Best Rating Classification of A or better and an A.M. Best Financial Rating of VII or better, or their equivalents.

2. LIMITS OF COVERAGE

- (a) The PEPLP shall provide, where economically practical, *Limits of Coverage* of at least \$2,000,000 per occurrence.
- (b) The *Board of Directors* may authorize choices of limits less than \$1,000,000 by the *Members*.

3. RETAINED LIMITS

- (a) The pooled coverage shall be excess of the *Retained Limits* as recommended by the Administrator, chosen by each *Member*, and approved by the *Board of Directors*. The Administrator shall consider, among other factors, the financial needs of the *Members* when establishing the choices of *Retained Limits*. The *Board of Directors* may alter the choices of *Retained Limits*, increase *Retained Limits* for *Members* which do not substantially comply with elements of the PEPLP, and institute Aggregate Stop Loss coverage, as described below, or other forms of retentions as the financial strength of the PEPLP dictates.
- (b) The *Board of Directors* may offer annual aggregate limitations to the repeated cost of the *Retained Limit* payments by a *Member* in any *Program*

Commented [RK2]: This is likely already broad enough to encompass any change to requiring members to increase their SIR if they meet those thresholds in the actuarial study and discussed at the workshop. We just need to finalize what the actual trigger(s) will be.

Commented [DRA3R2]: Agree.

Year. This form of coverage shall be called Aggregate Stop Loss and is further defined in Article II, A, 3, (b).

- (c) A participating *Member* may elect to change its *Retained Limit* after its first year in the program, but any request to lower a *Retained Limit* is effective only with approval of the *Board of Directors*. Any change in the *Retained Limit* shall be for a complete *Program Year* and must be received by the *Board of Directors* at least thirty (30) days prior to the inception of the new *Program Year* in which the change is to be effective.

Commented [RK4]: Not sure if it is necessary to mandate that new members join the program at no less than a \$50K SIR. Maybe better that it be an informal Board policy so that exceptions can be made if need be?

The *Board of Directors* may require a *Member* to increase its *Retained Limit* at the inception of a new *Program Year* by providing written notice of such change to the *Member* at least sixty (60) days prior to the increase.

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Commented [RK5]: See comment above, this is already broad enough and its likely it is better to keep it like this rather than be more specific

- (d) Each *Member* shall bear the costs of its *Claims*, including defense and related costs, including but not limited to attorneys' fees, investigation costs, expert costs, vendor costs and any other related costs up to the amount of its *Retained Limit*. This expense shall be borne by the individual *Member* to the extent such costs are not limited by an *Aggregate Stop Loss*. *Members* shall report all payments made within their *Retained Limits* to ERMA to ensure efficient claims control and actuarial analysis.

~~(e)~~ The *Board of Directors*, at its discretion, may choose to set up a system whereby ERMA pays all costs from the inception of any *Claims*, and charges the individual *Member* back at scheduled intervals for amounts paid within the *Member's Retained Limit*. This in no way alters the responsibilities of a *Member* in 3 (d) above.

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4. COVERAGE TERM, RENEWAL, AND CANCELLATION

The coverage term shall be the same period of time as the *Program Year*. Cancellation of coverage by withdrawal of a *Member* shall be permitted only at the end of any *Program Year*. The timing of cancellation of coverage by expulsion of a *Member* shall be as determined by the *Board of Directors*.

B. MEMORANDUM OF COVERAGE

1. The President shall appoint a Coverage Committee, which may consist of up to three (3) members of the *Board of Directors*. The members of the Committee shall remain as members until such time as the President relieves them of their duties. Each year, prior to the last *Board of Directors* meeting of the *Program Year*, the Committee shall review, as necessary, the Memorandum of Coverage and recommend changes, where appropriate, for the next *Program Year*. The Committee shall consider the desires of the *Members* for coverage as well as the financial impact such coverage may have on the PEPLP. The *Board of Directors* shall evaluate and, if appropriate, approve the recommendations of the Committee and adopt the Memorandum of Coverage for the next *Program Year* prior to or at the last regular or special meeting of the expiring *Program Year*.
2. The *Board of Directors* shall evaluate and, if appropriate, approve the recommendations of the Committee and adopt the Memorandum of Coverage for the next *Program Year* prior to or at the last regular or special meeting of the expiring *Program Year*.

Notwithstanding Section B.1., above, the *Board of Directors* may, from time to time, amend the coverage provided in the Memorandum of Coverage, purchase excess insurance or reinsurance, or participate in other pooling arrangements authorized by the Government

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Code, based on the needs of the PEPLP and the *Members*, costs, funding, available insurance, and other relevant factors.

C. DISTRIBUTION

A copy of this MPD and the current Memorandum of Coverage shall be provided to each *Member* in each year that changes are adopted. All endorsements or other changes to the PEPLP shall be distributed to the *Members as made*. All documents shall be deemed to be provided to the *Member* if the representative for the *Member* personally receives a copy of such document, if the document has been duly mailed in the U.S. Postal system, or if the document is posted to the official ERMA website and notice thereof has been mailed in the U.S. Postal system or sent via email to the *Member*.

**ARTICLE III - CONTRIBUTIONS, RATES AND
ASSESSMENTS**

A. ADMINISTRATIVE EXPENSES, TRAINING EXPENSES AND DEPOSIT
CONTRIBUTION CALCULATIONS

1. DEPOSIT CONTRIBUTIONS

- (a) The Administrator, in conjunction with an actuary, shall annually establish rates and *Deposit Contributions*, subject to *Board* approval, adequate to fund the actuarially determined losses in the pooled layer of the PEPLP, including defense costs and other claims-related expenses, the cost of excess coverage, and the projected administrative costs and training costs, including retirement of debt, if any, of the PEPLP.
- (b) The annual *Deposit Contribution* for each *Member* shall be calculated utilizing (1) the actuarially determined expected losses for the PEPLP, (2) a capital contribution during the first five years of participation equal to or exceeding 15% of the amount needed to cover defense and indemnity (if applicable – required in ERMA’s early years, but not currently applied), (3) a charge for excess insurance or reinsurance, if any, (4) a charge for the *Administrative Expense* of the PEPLP, and (5) a charge for the Training Expense of the PEPLP as determined by the Administrator.
- (c) The *Administrative Expense* charged to each *Member* is calculated by allocating the total *Administrative Expenses* required for the upcoming *Program Year* among the *Members* based on the payroll for each *Member*. This expense may be modified by experience at the discretion of the *Board of Directors*.
- (d) The training expense charged to each *Member* is calculated by allocating the total training expenses required for the upcoming *Program Year* among the

Members based on the payroll for each *Member*. This expense may be modified by experience at the discretion of the *Board of Directors*.

- (c) Payroll as of ~~September 30th~~ ~~December 31st~~ of the year preceding the commencement date of a new *Program Year*, inflated by no more than 5%, will be utilized in determining the *Deposit Contribution* calculation. Payroll shall be submitted for the four calendar year quarters using reported payroll on DE-9C payroll reports by February 15th of the new program year.

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Commented [RK6]: We are proposing pushing this back one quarter so we can attempt to get actuarial studies and excess rates done and get a budget out in a more timely fashion.

2. EXPERIENCE MODIFICATION

- (a) Each *Member* may be evaluated each year for an experience modification credit or debit based on no more than the past six years of experience. At the discretion of the Board of Directors, all or a portion of the six years of experience may be used in the calculation of the experience modification factor.
- (b) The calculation of the credit or debit shall include the actual loss experience of each individual *Member* as it relates to the average loss experience of the group as a whole. The criteria which shall be used is the relationship of actual average loss experience over the period being rated as it relates to the average payroll for the same period.
- (c) The Board has the discretion to apply a credibility factor and to establish upper and lower limitations on the maximum and minimum experience modifications.

3. PROGRAM ADMINISTRATIVE BUDGET

Each *Program Year* shall have its own administrative budget to cover the costs of operating and maintaining the administrative functions of the PEPLP for that year. This budget shall include, but not be limited to, the following expenses:

- (a) Financial and claims auditing;
- (b) Program management services;
- (c) Legal services;
- (d) Claims adjusting for *Claims* which exceed the *Retained Limits*;
- (e) Actuarial services;
- (f) Insurance expense;
- (g) Investment and banking fees;
- (h) The cost of administrative materials; and

- (i) A provision for other minor miscellaneous costs.

4. PROGRAM TRAINING BUDGET

Each *Program Year* shall have its own training budget which shall cover the costs of operating and maintaining the training and loss control functions of the PEPLP for that year. This budget shall include, but not be limited to, the following expenses:

- (a) Costs for training workshops and loss prevention programs;
- (b) Costs for employment related legal assistance; and
- (c) Costs for compliance auditing for (a) and (b) above, if deemed necessary.

5. UNDERWRITING CREDITS/DEBITS

The *Board of Directors*, at its discretion, may impose credits or debits where warranted because of some inequity that would otherwise be encountered.

B. ADJUSTMENTS TO ACCOUNT BALANCES

1. ESTABLISHMENT OF THE LEVEL OF FUNDING

- (a) The confidence level used for determining the funding requirements of the PEPLP and the *Program Year Deposit Contributions* will be determined by the Administrator and approved by the *Board of Directors*; however, the confidence level shall not be lower than 70 percent or the amount needed to cover expected losses.
- (b) Interest rates for the type of investments utilized by the PEPLP may be used to determine the amount of funds necessary to meet the selected confidence level for the PEPLP, but such interest rate shall not exceed seven percent.
- (c) Reserves for each *Program Year* shall be actuarially determined and shall be sufficient to maintain the overall funding to meet the approved confidence level.

2. ASSESSMENTS

- (a) When a *Program Year* is actuarially unsound, the Administrator, with the assistance of an actuary, will determine to what extent, if any, the PEPLP as a whole is not *actuarially sound*.
- (b) The PEPLP is not *actuarially sound* when the available reasonably estimable

reserves are less than the amount of reserves required at the expected confidence level, including expected interest earnings. Reserves are reasonably estimable on a *Program Year* when it is at least three years old.

- (c) If the PEPLP is not *actuarially sound*, the *Board of Directors* may, at its discretion, impose an *Assessment* against all *Members* participating in the deficient *Program Year(s)*. Each *Member's Assessment* shall be determined by the proportion which that *Member's Deposit Contribution* for that year relates to the total *Deposit Contribution* paid by all *Members* for that year.
- (d) If the PEPLP as a whole is *actuarially sound*, the *Board of Directors* may, at its sole discretion, assess the *Members* who participated in any *Program Year* that is not *actuarially sound*.
- (e) A program year or years that are not *actuarially sound* will be adjusted annually with the Retrospective Adjustment Process discussed in the next section.

3. RETROSPECTIVE ADJUSTMENTS

The Retrospective Adjustment Process defines the methodology by which program years that are a full five years old are adjusted annually. The Retrospective Adjustment Process is defined in ERMA's Financial Stability Plan, as approved by the *Board of Directors*, and appears in its entirety in Appendix A.

C. CLOSED PROGRAM YEARS

- 1. The *Board of Directors* may close a *Program Year* as described in Article I, B.
- 2. Upon closure of a *Program Year*, a final calculation of account balances shall be made as described in ERMA's Financial Stability Plan, specifically the Retrospective Adjustment Process, and found in Appendix A. The account balances shall be returned to the *Members* at the discretion of the *Board of Directors* based on the percentage of *Deposit Contribution* paid by each *Member* for that *Program Year*.
- 3. The *Board of Directors* retains the right to assess *Members* which participated in a closed *Program Year* if such *Program Year* incurs additional expenses after closure.

ARTICLE IV - ADMINISTRATION

A. ORGANIZATION AND RESPONSIBILITIES

- 1. RELATION TO *ERMA* STRUCTURE

- (a) This MPD supplements the Bylaws. In the event of a conflict between the Bylaws and this MPD, the Bylaws control. From time to time, resolutions of the Executive Committee or *Board of Directors* may be adopted which may take precedence over this MPD for a limited period of time; however, any change thus enacted by resolution that is intended to last beyond six months shall be expressly incorporated into and amend this MPD.
- (b) The Administrator shall be the Program Administrator for the PEPLP and shall report to the Executive Committee or *Board of Directors* of *ERMA*.
- (c) A Litigation Manager shall be selected by the Program Administrator and approved by the *Board of Directors* to supervise the handling of *Claims* and report to the Program Administrator and the *Board of Directors*, as requested by the *Board*.

2. *BOARD OF DIRECTORS' RESPONSIBILITIES*

- (a) The *Board of Directors* shall meet at least one (1) time per year to review the developments and performance of this PEPLP as part of a general or special *Board of Directors* meeting.
- (b) The *Board of Directors* may delegate to the Executive Committee any of its responsibilities not otherwise reserved to the Board in the Joint Exercise of Powers Agreement or Bylaws.
- (c) The *Board of Directors* shall review and have authority to override all decisions made by the Executive Committee.

3. *EXECUTIVE COMMITTEE RESPONSIBILITIES*

An Executive Committee may be established and, if so, shall have the following duties with respect to the PEPLP:

- (a) Direct proposals for outside service contracts including, but not limited to, program administration, claims adjusting, actuarial services, and financial and claims audit services.
- (b) Supervise the management of claims including, but not limited to, the review of loss reserves and claims expenses.
- (c) Provide policy and guidance to the Litigation Manager with regard to management of specific claims where the Litigation Manager requests such direction or where he or she lacks authority to establish such policy.
- (d) Settle any claim equal to or less than the limit of coverage for *ERMA*.

However, such authority shall only apply to those claims for which the Ultimate Net Loss is in excess of the settlement authority given to the Litigation Manager and above the *Retained Limit* of the *Member*.

- (e) Hear all disputes regarding the selection of defense counsel on a particular case brought to it by the *Member* for which such defense counsel was chosen.

4. ADMINISTRATOR'S DUTIES AND RESPONSIBILITIES

(a) GENERAL

- (i) The Program Administrator shall use his or her best efforts to administer the PEPLP so as to achieve the objectives and goals of the PEPLP and *ERMA*.
- (ii) The Program Administrator shall administer the PEPLP in a manner that will provide claim and cost accountability for each *Program Year*, separate and apart from all other *Program Years*, and from other programs of *ERMA*.

(b) CLAIMS ADMINISTRATION

The Program Administrator shall:

- (i) Resolve disputes between a *Member* and the Litigation Manager, Claims Adjustor or Investigator;
- (ii) Prepare an annual report showing claims activity, paid claims, case reserves, *obligated reserves*, and status of pooled funds of each *Program Year* for each *Member*;
- (iii) Obtain the services of a claims auditor and present the findings to the Executive Committee or *Board of Directors*, if the cost of these services is within the approved annual budget; and
- (iv) Coordinate with the Litigation Manager, whose duties are outlined in Section 5, Litigation Manager.

(c) FINANCIAL DUTIES

The Program Administrator shall:

- (i) Prepare a budget for each *Program Year* for approval by the *Board of Directors* before the beginning of the *Program Year*;
- (ii) Prepare an annual report comparing each *Program Year*'s budgeted to actual expenditures;

- (iii) Ensure that *Retrospective Adjustments* for previous *Program Years* and rates and *Deposit Contributions* for each new *Program Year* are calculated in the manner described in Article III;
 - (iv) Obtain actuarial services and present the findings to the Executive Committee or *Board of Directors*, provided the cost of such services is within the approved annual budget;
 - (v) Evaluate and present to the Executive Committee or *Board of Directors* the recommendations of the actuarial studies with recommended actions where *Program Years* are, or are likely to be, actuarially unsound in the near future;
 - (vi) Engage the services of an independent financial auditor selected by the Executive Committee or *Board of Directors* and present the findings to the Executive Committee or *Board of Directors*, provided the cost of these services is within the approved annual budget; and
 - (vii) Present financial audits to the Executive Committee or *Board of Directors*.
- (d) ACCOUNTING RESPONSIBILITIES
- The Program Administrator shall:
- (i) Invoice *Member Entities* for *Deposit Contributions* and other amounts due;
 - (ii) Report to the Executive Committee or *Board of Directors* any invoices not paid and outstanding for more than thirty (30) days;
 - (iii) Prepare vouchers, invoices, or other demands for payment for approval by the President and, upon approval, submit the demands to the Treasurer for payment;
 - (iv) Maintain detailed financial records of all income, expenses, cash deposits, and withdrawals;
 - (v) Maintain financial records according to generally accepted accounting principles; and
 - (vi) Present timely quarterly and annual financial statements to the Executive Committee or *Board of Directors*.

(c) LOSS CONTROL SERVICES/TRAINING/COMPLIANCE AUDIT

The Program Administrator shall:

- (i) Assist the *Members* in the evaluation of their employment related policies, practices and procedures regarding exposures that may result in claims, and report the evaluations to the Executive Committee or *Board of Directors*;
- (ii) Recommend to the Executive Committee or *Board of Directors* loss control and training programs for adoption;
- (iii) Assist the *Members* in establishing loss control programs and training programs;
- (iv) Evaluate the efficiency of the loss control and training programs and report such findings to the Executive Committee or *Board of Directors*; and
- (v) Establish compliance auditing standards to ensure participation in the established loss control and training programs adopted by the *Board of Directors* or Executive Committee.

5. LITIGATION MANAGER

The Litigation Manager shall:

- (a) Oversee, generally, all liability claims administration and management, supervise the daily operations of handling *claims* for the PEPLP, and report to the Program Administrator on such operations.
- (b) Have the authority to settle any claim with an Ultimate Net Loss, as defined in the Memorandum of Coverage applicable to that claim, equal to or less than one hundred fifty thousand dollars (\$150,000), per claimant, in excess of the *Retained Limit* of the *Member* involved.
- (c) Assist the Program Administrator in the selection of an approved defense counsel, claims adjusting, loss prevention and investigation services, if those services are required, including evaluation of quality and price of services in the defense, claims handling, investigation and reporting services;
- (d) Oversee performance of the approved defense counsel, claims adjustor, and loss prevention and investigation services, with special emphasis on the handling of open claims, including:
 - (i) review all open claims valued in excess of 50 percent of the

individual *Member's Retained Limit* and, if necessary, recommend action on such claims;

- (ii) Review all open claims in which an outside investigator has been retained by the *Member* or *ERMA*, and
 - (iii) Review monthly claims reports and relate to the Executive Committee or *Board of Directors* any significant trends that may be developing.
- (e) Assist the Program Administrator in presenting claims audits to the Executive Committee or *Board of Directors*, with recommendations of changes in claims procedures where appropriate.
 - (f) Perform a quarterly review of claims files including new claims likely to exceed 50 percent of the *Member's Retained Limit*, claims in which an outside investigator has been retained by the *Member* or *ERMA*, and those claims for which a *Member*, the Executive Committee, or the *Board of Directors* has requested a specific review;
 - (g) Review, at least quarterly, all open claims in excess of the involved *Member's Retained Limit* and, if necessary, recommend action on such claims;
 - (h) Report to the Executive Committee or *Board of Directors* at each meeting, summarizing the active claims of general interest to the *Members* and claims for which a *Member*, the Executive Committee, or the *Board of Directors* has specifically requested a review;
 - (i) Assist the *Members* in training their personnel in the correct procedures for response to employees and reporting of incidents or claims
 - (j) Advise, where needed, on the setting and changing of reserves for claims;
 - (k) Report to any excess insurance or reinsurance obtained by ERMA all claims that meet the reporting requirements of such excess insurance or reinsurance;
 - (l) For those *Members* with excess insurance or reinsurance other than that obtained by ERMA, provide notice to the *Member* in the acknowledgement of the claim that the claim may need to be reported to the *Member's excess* insurance or reinsurance, and suggest the *Member* check the reporting requirements of any such excess carrier or reinsurance; and provide notice to the *Member* and its pool administrator, if any, when the claim has reached 50 percent of the ERMA layer.

- (m) Ensure the *Member* is advised of ERMA's coverage position on a claim as soon as practicable.
- (n) Monitor and evaluate the effectiveness of the defense firms:
- (o) Advise the Board on recommendations for settlement of claims in excess of the settlement authority given to the Litigation Manager;
- (p) Answer inquiries from *Members* regarding claims or procedures;
- (q) Establish a list of attorneys who have demonstrated proficiency in defending employment actions against public agencies;
- (r) Establish a list of investigators who have demonstrated proficiency in investigating employment actions against public agencies;
- (s) After consultation with the *Member* as set forth in Article VI F, select defense counsel, if needed, for each claim where the Ultimate Net Loss, as defined in the Memorandum of Coverage, is at least 50 percent of the involved *Member's Retained Limit*;
- (t) Review the performance of the claims adjuster or investigator's personnel assigned to *ERMA's* account with special emphasis in the handling of open claims;
- (u) Advise and assist the Program Administrator in the selection of claims adjusting and investigation providers/companies;
- (v) Determine, consistent with the requirements of the Memorandum of Coverage and using reasonable discretion based on the particular facts and circumstances, whether a claim has been timely reported to *ERMA* as a condition precedent to coverage under the Memorandum of Coverage; ;
- (w) Annually provide to the Executive Committee or *Board of Directors* a review and evaluation of all panel defense counsel, including performance and costs; and
- (x) Provide other services as may reasonably be requested by the *Member*, Executive Committee or the *Board of Directors*.

B. REPORTS AND SCHEDULES

1. FINANCIAL REPORTS

- (a) Unaudited, annual financial statements shall be presented to the Executive Committee or *Board of Directors* within 150 days after the end of the fiscal year. These reports will include:
 - (i) A balance sheet,
 - (ii) An income statement, and
 - (iii) A statement of account balances for each *Program Year* by *Member*.
- (b) Unaudited, quarterly financial statements shall be presented to the Executive Committee or *Board of Directors* within 60 days after the end of the quarter. These reports will include a balance sheet and income statement.
- (c) A signed audited financial statement for the *Program Year* shall be presented to the Executive Committee or *Board of Directors* within 150 days after the end of the *Program Year*.

2. CLAIMS REPORTS

- (a) Quarterly claims reports shall be presented to the *Members* within 30 days after the end of the quarter. These reports will include:
 - (i) Status of each claim by *Program Year* including case reserves, allocated claims reserves, amounts paid for indemnity, and allocated claims expense; and
 - (ii) Summary of number of claims, total claims reserves, and total paid expenses by *Program Year* for each *Member*.
- (b) Special reports shall be prepared when reasonably requested by the Executive Committee or *Board of Directors*.
- (c) A claims audit report shall be obtained at least every other year, including a statement of adequacy of claims procedures and accuracy of the claims data.

3. ACTUARIAL STUDIES

- (a) An actuarial report shall be obtained as determined by the Executive Committee or *Board of Directors*, which shall evaluate the adequacy of reserves for each open *Program Year*.

- (b) The actuarial report shall also include loss projections for future *Program Years* based on the experience of the PEPLP.

C. LOSS CONTROL SERVICES/TRAINING/COMPLIANCE AUDITING

ERMA will provide loss control services, training, and compliance auditing to the *Members*, as needed, to minimize claims expenses and reduce loss exposures for the PEPLP.

ARTICLE V - PARTICIPATION

A. ELIGIBILITY AND APPLICATION

1. ELIGIBILITY

- (a) Only *Members* of ERMA may participate in the PEPLP.
- (b) Each *Member* must initially commit to at least three full *Program Years* of participation in the PEPLP.
- (c) Each prospective *Member* of ERMA must submit an application along with a non-refundable application fee of \$2,500 and provide a completed and signed resolution obligating the prospective *Member* to participate for the required three years and accepting the rules and policies set forth in the PEPLP governing documents. The resolution shall also state the *Retained Limit* desired by the prospective *Member*. The prospective *Member* shall, if practicable, submit five years of wrongful employment practices loss experience, complete an Underwriting Information Sheet, complete an Exposure Analysis Questionnaire, and provide copies of the last four quarterly DE-9C, Federal 941 or J200 payroll reports, if required, or, upon approval of the Executive Committee or *Board of Directors*, the current number of full-time equivalent employees.

For the initial *Program Year* or for latter years at the discretion of the *Board of Directors*, the underwriting and submission of data requirements listed above may be waived.

- (d) The prospective *Member* shall provide the application and applicable fee, resolution form, the experience and underwriting information, and the DE-9C, Federal 941 or J200 payroll information at least 60 days prior to the inception of the *Program Year* in which its participation will commence, or on which it desires coverage to commence.

- (e) Those *Members* affiliated with a primary JPA shall be provided extended coverage under the Memorandum of Coverage for their primary JPA's Board of Directors and JPA employees, provided at least 50%, by payroll, of that primary JPA's members participate in *ERMA* and/or 50% of the primary JPA's total members participate in *ERMA*. This coverage shall be added by endorsement to the Memorandum of Coverage.

2. APPROVAL OF APPLICATION

- (a) An Underwriting Committee, appointed by the President, shall review the membership application and other underwriting and experience criteria of the prospective *Member*. The Underwriting Committee shall make a recommendation to the Executive Committee or *Board of Directors* regarding approval of the prospective *Member*.
- (b) The Executive Committee or *Board of Directors* shall, from a review of the membership application, other underwriting and experience criteria, and the advice of the Underwriting Committee and Program Administrator, determine the acceptability of the exposures presented by the prospective *Member*.
- (c) The Administrator shall advise the prospective *Member*, in writing, of the decision of the Executive Committee or *Board of Directors* within 15 business days after the decision.

3. DATE OF MEMBERSHIP

It is preferable that a new *Member* enter the PEPLP at the commencement of a *Program Year*. If the new *Member* enters at any other time, the *Deposit Contribution* may be prorated for the remainder of the *Program Year*, and covered losses of the new *Member* which occur on or after the date of membership will be paid; however, the new *Member* shall be required to share losses for the pool for the entire year, just as if it had begun its membership at the commencement of the *Program Year*.

4. APPLICATION FEE CREDIT

Following completion of the first *Program Year*, the *Member* will receive a credit in an amount equal to the fee remitted upon application for membership. This will be issued in the form of a contribution credit, applicable to the *Members'* second year *Deposit Contribution*.

B. MEMBERS' DUTIES

1. PROVIDE UNDERWRITING INFORMATION

- (a) Each *Member* shall provide payroll information based on the State DE-9C, Federal 941, or J200 payroll reports, and if practicable provide copies of the DE-9C, Federal 941, or J200 payroll reports quarterly within fifteen days after filing with the State or Federal Government; or upon approval of the Executive Committee or *Board of Directors*, provide the full-time equivalent number of employees for the *Member* on an annual basis.
- (b) Each *Member* shall cooperate with *ERMA* in the claims management, loss control, training, underwriting, and actuarial activities of *ERMA*.

2. PAYMENT OF CONTRIBUTIONS AND OTHER CHARGES

- (a) Each year, no later than July 1st, *ERMA* shall bill each *Member* its *Deposit Contribution* for the next *Program Year*. The annual billing shall be due and payable on July 15th, and shall be delinquent if not paid on or before the last working day in July.
- (b) A *Member* may be billed an additional amount because of *Assessments* to bring a *Program Year* into a state of actuarial soundness, or amounts due for other items. This billing is due and payable upon receipt, and delinquent if not paid on or before thirty (30) calendar days after receipt. The date of receipt shall be determined as the date the billing was presented in person to a representative of the *Member*, or posting the billing in the U.S. Mail, or the date sent via electronic mail.
- (c) Any *Member* which has formerly participated in the PEPLP, but has withdrawn as a *Member*, shall be required to pay all applicable billings for the *Program Years* in which it participated. Delinquent billings shall be treated in the same manner as set forth above, as if the withdrawn *Member* were still a *Member*.
- (d) The penalties and interest described below will be strictly enforced. *Members* may only use those payment methods specifically approved by the Executive Committee or *Board of Directors*.
- (e) Interest on Delinquent Amounts Due and Payable - Interest shall accrue on all delinquent amounts due and payable to *ERMA* at the rate as prescribed in the Bylaws.
- (f) Failure to Pay Billings, Penalties, or Interest - Failure to pay billings, penalties, or the accrued interest shall be considered grounds for removal of

the *Member* from the PEPLP and may result in the expulsion of the *Member* from *ERMA* according to the *ERMA* Agreement.

- (g) Failure to Pay Defense and Related Costs - Failure to pay defense and related costs including but not limited to attorneys' fees, investigation costs, expert costs, vendor costs and any other related costs incurred within the *Retained Limit* shall be considered grounds for removal of the *Member* from the PEPLP and may result in the expulsion of the *Member* from *ERMA* according to the *ERMA* Agreement
- (h) Penalties for Non-Payment by Former Members - Failure to pay billings, penalties, or accrued interest thereon shall constitute a breach of the agreement between the former *Member* and *ERMA*. The former *Member* shall be liable for the billings, penalties, accrued interest, and all costs incurred by *ERMA* in the enforcement of all provisions set forth in this MPD, the Bylaws, and the Joint Exercise of Powers Agreement.

C. DUTY TO REPORT CLAIMS

Timely reporting of claims is essential to efficient claims and litigation management. Failure to timely report any claim, as defined in the Memorandum of Coverage, to *ERMA* may result in denial of that claim or other penalties, as set forth in the Memorandum of Coverage.

D. TERMINATION OF PARTICIPATION

1. A *Member* in one *Program Year* shall participate in the next *Program Year* unless, at least six months before the commencement of the next *Program Year*:
 - (a) a written request to terminate participation is received from the *Member*, or
 - (b) a written termination notice from the Executive Committee or *Board of Directors* has been sent to the *Member*.
2. Termination of participation in future *Program Years* does not relieve the terminated *Member* of any benefits or obligations of those *Program Years* in which the *Member* participated. These obligations include payment of *Assessments*, *Retrospective Adjustments*, wrap up costs, or any other amounts due and payable.
3. The Executive Committee or *Board of Directors* may terminate future participation by a *Member* for the following reasons:
 - (a) Termination as a *Member* of *ERMA*;
 - (b) Declination to cover the *Member* by the organization, if any, providing excess insurance or reinsurance or pooled excess coverage;

- (c) Nonpayment of past billings, *Assessments*, *Retrospective Adjustments*, or other charges;
- (d) Habitual late payment of billings, *Assessments*, *Retrospective Adjustments*, and/or other charges, or habitual late response in submitting data required by *ERMA*;
- (e) Nonpayment or habitual late payment of defense and related costs, including but not limited to attorneys' fees, investigation costs, expert costs, vendor costs and any other related costs that are incurred within the *Retained Limit*;
- (e) Failure to provide underwriting information as defined herein;
- (f) Development of an extraordinarily poor loss history;
- (g) A substantial change in exposures which are not acceptable in the PEPLP;
- (h) Financial impairment, including bankruptcy, which may jeopardize the PEPLP's ability to collect amounts due in the future;
- (i) Failure to comply with loss control services, training, or compliance auditing programs adopted by *ERMA*;
- (j) Conduct detrimental to *ERMA*; and/or
- (k) Termination of the *Member* by its primary joint powers authority.

ARTICLE VI - CLAIMS ADMINISTRATION

A. SELECTION OF ADJUSTOR OR INVESTIGATION FIRM

The *Board of Directors* or Executive Committee shall review proposals for claims adjusting and investigation services, if those services are deemed necessary. The Executive Committee will make recommendations if necessary to the *Board of Directors* regarding the qualifications of the proposals. The adjusting and investigation company shall have the capacity and shall report claims activities in such a manner that the segregated accounting requirement of the PEPLP can be easily administered.

B. CLAIMS AUDIT

1. At least once every two years, the adequacy of claims adjusting shall be examined by an independent auditor who specializes in claims auditing.

2. The Administrator shall obtain the services of a claims auditor and present the findings to the Executive Committee or *Board of Directors*, if the cost of these services is within the approved annual budget.
3. The claims audit report shall address the issues of adequacy of claims procedures and accuracy of claims data.

C. AUTHORITY'S RIGHT AND DUTY TO DEFEND

The Authority's right and duty to defend a claim shall be defined in the Memorandum of Coverage.

D. SETTLEMENT AUTHORITY

1. Each *Member* shall have input with regard to settlement authority for its claims that do not exceed its *Retained Limit*; however, when a claim's incurred costs reach one-half of the *Member's Retained Limit*, or when a *Member* retains an outside investigator to investigate a claim, all information concerning the claim shall be provided to the Litigation Manager. The Litigation Manager shall continue to keep the *Member* fully informed on the progress of the claim, and shall consult with the *Member* regarding any settlement within or above the *Member's Retained Limit*. The *Member* shall fully cooperate in all matters pertaining to the claim.

The *Authority* shall have the right to assume the control of the negotiation, investigation, defense, appeal, or settlement of any *Claim* the *Authority* determines, in its sole discretion, to have reasonable probability of resulting in an *Ultimate Net Loss* in excess of the applicable *Retained Limit*. The *Covered Parties* shall fully cooperate in all matters pertaining to such *Claim* or proceeding.

2. The Litigation Manager shall have the authority to settle any claim with an Ultimate Net Loss, as defined in the Memorandum of Coverage applicable to that claim, equal to or less than one hundred fifty thousand dollars (\$150,000) in excess of the *Member's Retained Limit*.
3. The Executive Committee or *Board of Directors* shall have the authority to settle any claim in an amount equal to or less than the limit of coverage of *ERMA*. However, such authority shall only apply to those claims whose Ultimate Net Loss is in excess of the settlement authority given to the Litigation Manager and above the *Member's Retained Limit*.

E. DISPUTES REGARDING MANAGEMENT OF A CLAIM

1. Any dispute between a *Member* and the Litigation Manager, claims adjuster or investigator shall be brought to the attention of the Program Administrator who shall attempt to resolve the dispute and/or refer it to the Executive Committee or *Board of Directors*. Any decision by the Program Administrator may be appealed to the Executive Committee or *Board of Directors*, however, such appeal shall be in writing

and shall be made within 30 calendar days of the Program Administrator's decision.

2. Any settlement decision or other decision made by the Litigation Manager may be appealed; however, such appeal shall be in writing to the Executive Committee or *Board of Directors* within 30 calendar days of the date of the Litigation Manager's decision.
3. When an appeal has been filed, the Executive Committee or *Board of Directors* shall hear the appeal within 60 calendar days, or at the next scheduled Executive Committee or *Board of Directors* meeting, whichever is later.

F. SELECTION OF DEFENSE COUNSEL

1. A panel of approved defense attorneys shall be proposed by the Litigation Manager, with input from the Members, and approved by the *Board of Directors*. The Executive Committee or *Board of Directors*, at its discretion, may periodically review the panel of defense attorneys and remove or add attorneys to that panel.
2. Nothing in this section shall be construed to limit the right of a *Member* to retain its own defense counsel to represent the *Member* in any litigation. If, however, a *Member* retains counsel other than the counsel assigned by the Litigation Manager, or, in the case of an appeal of the Litigation Manager's decision, a decision by the Board, the *Member* shall be solely responsible for that counsel's attorney's fees and costs, and the *Member* shall be deemed to have waived any rights to defense and indemnity coverage from *ERMA* for that particular litigation.
3. Assignment to defense counsel shall be made from the approved defense panel by the Litigation Manager after consultation with the *Member*. In the event the Litigation Manager assigns the case to a firm or individual other than the one expressly preferred by the *Member*, the Litigation Manager shall advise the *Member* in writing of the reasons for the change, and the *Member* shall have the right to appeal the decision to the *Board of Directors*. The decision of the *Board of Directors* shall be binding and final, with no further right of appeal.
4. Regardless of the selection process, the *Member* shall bear the financial responsibility of all defense expenses, including fees, until such time as its *Retained Limit* is exhausted.

ARTICLE VII - DEFINITIONS

1. **Actuarially Sound** means that the *Program Year* has sufficient funds to pay the *Administrative Expenses* and the expected cost of *Claims* at a sixty (60) percent confidence level as determined by a certified actuary for the *Program Year*.
2. **Administrative Expenses** means those expenses incurred by the PEPLP that are not incurred due to any specific *Claim* and does not constitute a reserve for future expected changes in the size of existing *Claims* or discovery of previously unknown *Claims*. Administrative Expenses shall include expenses of ERMA that are allocated to the PEPLP.
3. **Assessments** means charges to *Members* in excess of their contributions, which are not part of a *Retrospective Adjustment*, for the purpose of raising sufficient funds to reach an *Actuarially Sound* condition.
4. **Claim** means, if not otherwise defined within the context of the Memorandum of Coverage, to be all demands for compensation by third party claimants against a covered party arising out of one occurrence.
5. **Retrospective Adjustment** means the allocation of funds and liabilities to the accounts of each *Member* for each *Program Year* and the process of returning excess funds, or charging deficiencies of funds, in the accounts of each *Member*.
6. **Limits of Coverage** means the maximum amount of financial protection afforded any *Member* as the result of a single occurrence.
7. **Member** means a governmental entity, including any commissions, agencies, districts, authorities, boards, or other similar government entity under the direct control of the governmental entity, that is eligible to participate in a joint powers authority. A Member is one who has been accepted into ERMA and is a Named Covered Party in the Memorandum of Coverage and Endorsements thereto.
8. **Obligated Reserves** means reserves for expected claims expenses, determined by an actuarial study, not attributable to any known *Claim*. This is sometimes called IBNR.
9. **Program Year** means the period of coverage provided by the Memorandum of Coverage, usually a 12-month period. However, any renewals, by endorsement, for a new term shall constitute a new Program Year.
10. **Open Program Year** means a *Program Year* for which the *Executive Committee or Board of Directors*, due to *Claims* within the *Program Year* that are not finalized and/or the possibility of new *Claims* arising, has not authorized the final *retrospective adjustment*.
11. **Closed Program Year** means a *Program Year* that the *Executive Committee or Board of Directors* has declared closed and for which it has authorized final *retrospective adjustments*.

12. **End of Program Year** means that time when the coverage period of the Memorandum of Coverage lapses.
13. **Retained Limit** means the amount of all *Claims* arising out of one *Occurrence* which will be paid directly by the *Member*.

APPENDIX A

RETROSPECTIVE ADJUSTMENTS

ERMA's Financial Stability Plan, Section II, defines the Retrospective Adjustment Process as follows:

As each program year is independent from the others, it is possible to assess each program's year's deficit, or surplus, independently on an annual basis as each program year reaches a certain maturity threshold.

The Retrospective Adjustment Process was approved unanimously at ERMA's February 22, 2008, Board of Directors meeting. This process calls for the retrospective adjustment (assessment for a deficit year or return of surplus contributions for a surplus year) for each program year that is a full five years old according to the following methodology:

- Each year at its ~~June~~May Board of Directors' meeting, the ERMA Board would formally retrospectively adjust a program year's retained earnings balance five full years after the inception of that program year and each year thereafter until the program year is closed (all claims have been settled, and no case or IBNR reserves remain).
- A deficit (in whole or part at the Board's discretion) would be assessed to increase the equity in each eligible program year to the expected confidence level.
- Alternatively, if an open program year is in a surplus position, the Board would consider returning surplus (in whole or part at the Board's discretion) for any equity amount that exceeds the 90% confidence level to allow for continuing claims development in future years.
- If a current program year not yet eligible to receive a retrospective adjustment is in a deficit position at any confidence level, the negative equity at that confidence level will be subtracted from the "Total Distribution Available" at that confidence level.
- If no IBNR remains in a year in which all claims are closed, the Board would consider returning surplus or levying an assessment to officially close out that year.

Additional considerations:

- It is possible for program years to re-open, in which case a later assessment is possible.
- In the event of an overall program surplus, an individual program year or multiple program years would not be adjusted via a return of surplus, unless the ERMA program as a whole remained funded at the 90% confidence level after the return of surplus.
- The current year March 31 financial statements will be utilized to determine each program year's retained earnings balance, and net assessments/net return of surplus (due to the possibility of several program years being adjusted) will be invoiced/released on or before June 30.

APPENDIX B

EMPLOYMENT PRACTICES LIABILITY COVERAGE

A. GENERAL DESCRIPTION

1. COVERAGE PROVIDED

The Memorandum of Coverage will provide defense and indemnity for *Wrongful Employment Practices*.

2. LIMITS OF LIABILITY

The Limits of Liability of the coverage will be Combined Single Limits of at least \$1,000,000 less the amount of the individual *Member's Retained Limit* for each *Occurrence*. The Executive Committee or *Board of Directors* may authorize choices of limits other than \$1,000,000 to the Members, and excess insurance or reinsurance may be provided to provide protection in layers above \$1,000,000.

3. RETAINED LIMITS

The *Retained Limits* available to the *Members* will be \$25,000, \$50,000, \$75,000 \$100,000, \$150,000, \$250,000, \$350,000 and \$500,000.

4. RATES

The contribution rates will be based on an actuarial report and adopted by the Executive Committee or *Board of Directors*.

5. CONCLUSION

It is important that each *Member* understand the coverage provided under the Memorandum of Coverage, and any exclusions thereto, as each *Member* is individually responsible or must make other arrangements for any *Claim* not covered by the Memorandum.

ADMINISTRATIVE MATTERS

SUBJECT: Consideration of Amendment to the Contract for Administration, Finance, and Litigation Management Services Agreement between ERMA and Sedgwick - Presented by Rob Kramer, Executive Director

RECOMMENDATION: *Staff makes no recommendation on this item as Sedgwick has a financial interest in the outcome.*

BACKGROUND AND STATUS:

Over the course of the last six months, the ERMA Executive Committee and Board of Directors have heard from Sedgwick regarding the relatively significant claims increase in the program over the course of the last couple of years.

Pursuant to these discussions, and in response to Sedgwick's request for a pricing increase under Section 5 of the current agreement (for Administration, Litigation Management, and Financial Services), the following is an updated proposal from Sedgwick and answers to the Board of Directors questions regarding the initial proposal.

- Current Contract Pricing:
 - The current program year 2024/25 annual pricing is \$1,179,947.00.
 - This reflects an annual increase of 3.5% over 2023/24.
 - It also includes net new membership of 8 public agencies under various member pools with \$50,353.00 in fee contribution for 2024/25.
 - The CPI change for the calendar year 2024 over 2023 equates to approximately 3.1% or a projected fee increase in 2025/26 of \$35,398.00.
- Claims Trends Since 2023/24 Contract Renewal:
 - From January 2023 strategic planning to 2025 strategic planning, all claim metrics have increased dramatically and outpaced the fee escalators and new member increases referenced above:
 - Open cases increase >100% (140 to 300+)
 - New claims increase >30% (240 to 300+) over the prior two-year periods
 - Open litigated claims now >60 (64 at January 2025)
 - Average claimant age and case jurisdiction still under review

- Claims and Litigation Management (CLM) Resources and Staffing Plan:
 - Proposed CLM Staffing for the 2023/24 program year (and forward) was a full-time, dedicated ERMA litigation manager and litigation consultant, both supported by a litigation analyst (shared) and support from a claims manager (shared). These resources were committed as agreed.
 - Proposed CLM Staffing for the 2025/26 program year is a full-time, dedicated ERMA litigation manager, litigation consultant, and litigation analyst, with support from an additional litigation analyst (shared) and support from a claims manager (shared). Workload will be redistributed to allow for the litigation manager to concentrate primarily on litigated claims only.
- CLM Staffing Thresholds:
 - Sedgwick is proposing this Staffing model is sufficient to meet total capacity for up to 500 total open cases (40%+ over current or ~3 years at current trend).
 - Litigation manager capacity is proposed to meet up to 100 open litigated claims (~60% increase or ~3+ years at current trend).
- Proposed Contract Pricing:
 - Pricing under the contract for 2025/26, without adjustment, is approximately \$1,215,345.00 or 3.1% over 2024/25.
 - Sedgwick is proposing an additional increase of 14.4% or \$175,000.00 based on the significant claims volume increases noted above. This would bring the total 2025/26 fee to \$1,390,345.00. The additional increase equates to approximately 1.3% of estimated member contributions in 2025/26.

Mr. Jon Paulsen, Senior Vice-President, Self-Insurance Pooling from Sedgwick will be in attendance and available to answer questions at the meeting.

Should the Executive Committee recommend approval to the Board, an Amendment #4 to the current contract will be prepared by Sedgwick and reviewed by ERMA Board counsel prior to the June, Board of Directors meeting.

REFERENCE MATERIALS ATTACHED:

- None

ADMINISTRATIVE MATTERS

SUBJECT: Review and Consideration of Financial Audit Services
Presented by Rob Kramer, Executive Director

RECOMMENDATION: *Staff recommends the Executive Committee provide direction, as necessary.*

BACKGROUND AND STATUS:

ERMA's current three-year agreement with Sampson & Sampson, LLP (Sampson) to provide financial audit services will expire with the conclusion of the June 30, 2024, audit.

Staff requests direction from the Executive Committee regarding the desire to 1) execute a new contract with Sampson & Sampson, LLP or 2) issue a Request for Proposal from other financial audit service firms.

Following is the schedule of fees under the two most recent agreements with Sampson & Sampson, LLP:

2022 - 2025 Agreement	
Year end 6/2022	\$11,025
Year end 6/2023	\$11,550
Year end 6/2024	\$12,100
2019 - 2021 Agreement	
Year end 2019	\$9,950
Year end 2020	\$10,200
Year end 2021	\$10,500

REFERENCE MATERIALS ATTACHED:

- Agreement for Financial Audit Services through June 30, 2027



February 3, 2025

Rob Kramer, Executive Director and Board of Directors
Employment Risk Management Authority (ERMA)
1750 Creekside Oaks Dr., Suite 200
Sacramento, CA 95833

Dear Mr. Kramer and Board Members:

We are pleased to respond to your request for services to be provided to Employment Risk Management Authority (ERMA) for the years ended June 30, 2025 through June 30, 2027.

Audit Scope and Objectives

We will audit the statement of net position, the statement of revenues, expenses, and changes in net position, and statement of cash flows, and the related notes to the financial statements, which collectively comprise the basic financial statements of ERMA as of and for the years ended June 30, 2025 through June 30, 2027. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement ERMA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to ERMA's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Claims Development Information

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and the *State Controller's Minimum Audit Requirements for California Special Districts*. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *State Controller's Minimum Audit Requirements for California Special Districts*, and will include tests of the accounting records of ERMA and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to ERMA or to acts by management or employees acting on behalf of ERMA. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ERMA's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

We have identified the following significant risks of material misstatement as part of our audit planning:

- 1) Management override of controls
- 2) Significant estimates used in determining claims liabilities

Audit Procedures – Internal Controls

We will obtain an understanding of ERMA and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of ERMA's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of ERMA in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objective are met; following laws and regulations, and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and agreements.

You are also responsible for making available to us all financial records and related information and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within ERMA from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting ERMA involving (1) management, 2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting ERMA received in communications from employees, former employees, members, regulators, or others. In addition, you are responsible for identifying and ensuring that ERMA complies with applicable laws, regulations, contracts, and agreements and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, or agreements that we report.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

Katy Sampson is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We will provide copies of our reports to ERMA; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Sampson & Sampson, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to regulators or their designees, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Sampson & Sampson, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release or for any additional period requested by the ERMA. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our firm maintains accountant's professional liability insurance with policy limits of \$2,000,000 per claim and \$2,000,000 aggregate and a \$5,000 deductible. This insurance is provided by Aspen American Insurance Company.

Our firm regularly performs electronic back-up to tape drives which are stored offsite. We retain hard copies of audit work papers and permanent file documents as required by Government Auditing Standards. All records, whether electronic or paper have appropriate security.

Our fee for the audits of the June 30, 2025 through June 30, 2027 financial statements of ERMA will be \$12,700, 13,300, and \$13,900 respectively, including any out-of-pocket expenses. The fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagements. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Reporting

We will issue a written report upon completion of our audit of ERMA's financial statements. Our report will be addressed to the Executive Director and the Board of Directors of ERMA. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of ERMA's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ERMA's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that ERMA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to ERMA and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Very truly yours,

Sampson & Sampson, LLP

RESPONSE:

This letter correctly sets forth the understanding of ERMA.

Signature: _____

Title: _____

Date: _____

ADMINISTRATIVE MATTERS

SUBJECT: Review and Consideration of Actuarial Services
Presented by Rob Kramer, Executive Director

RECOMMENDATION: *Staff recommends the Executive Committee
provide direction, as necessary.*

BACKGROUND AND STATUS:

Bickmore Actuarial (Bickmore) has provided ERMA's actuarial services since 1999. The most recent service contract will expire on June 30, 2025.

Staff requests direction from the Executive Committee regarding the desire to 1) execute a new contract with Bickmore Actuarial or 2) issue a Request for Proposal from other actuarial firms.

Following is the schedule of fees under the two most recent agreements with Bickmore:

2022/23 - 2024/25 Agreement	
2022/23	\$11,000
2023/24	\$11,350
2024/25	\$11,700
2019/20 - 2021/22 Agreement	
2019/20	\$10,200
2020/21	\$10,450
2021/22	\$10,700

REFERENCE MATERIALS ATTACHED:

- Agreement for Actuarial Services through June 30, 2027

March 10, 2025

Mr. Rob Kramer
Pool Manager
Employment Risk Management Authority
c/o Sedgwick
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

RE: Actuarial Services Engagement Letter

Dear Mr. Kramer:

Thank you for the opportunity to provide actuarial services to Employment Risk Management Authority (ERMA). ERMA is seeking professional actuarial advice with regard to its self-insured Employment Practices Liability program. The following is a brief outline of our understanding of the scope of work to be performed and our fees for the studies.

The objective of the studies is to provide an estimate of outstanding liabilities as well as projections of loss costs, cash flow and investment income. Our report will provide the following:

- Calculate program funding levels for the upcoming program year at the expected level as well as at various confidence levels.
- Determine appropriate rates for claims incurred during the upcoming program year at the expected level as well as at various confidence levels.
- Estimate required funding for the programs' outstanding losses and loss adjustment expenses for all preceding fiscal years as of June 30. The outstanding losses and loss adjustment expenses are to be stated at the expected level as well as at various confidence levels.
- Provide each of the estimates specified above on both discounted and full-value bases.
- Provide a statement of compliance with GASB 10 and 30.
- Estimate the program's cash flow requirements for a given number of fiscal years, separately identified for each accident year.

We propose the following flat fees for the scope of services summarized above:

<u>Project Component</u>	<u>Cost</u>
2025-26 Employment Practices Liability Study	\$12,275
2026-27 Employment Practices Liability Study	\$12,900
2027-28 Employment Practices Liability Study	\$13,550

Should other services beyond the scope of work outlined above be required, we will bill for our time and out of pocket expenses at the rates specified below.

<u>Consultant</u>	<u>Hourly Rate</u>
Principal	\$300
Manager	250
Actuarial Staff	150
Administrative Staff	75

Upon delivery of a draft report, consultant shall be entitled to the entire fee. If this agreement is terminated prior to delivery of a draft report, client agrees to pay contractor for all hours incurred through the date notice of termination is given. Such amount shall be limited to the maximum fees stated in this agreement.

Our delivery date for the draft report is typically 4 to 5 weeks after receiving all requested data to complete the draft report.

Please call me at (916) 244-1167 with any questions you may have with regard to our proposal.

Respectfully Submitted,



Derek Burkhalter, ACAS, MAAA
Senior Manager, Bickmore Actuarial

Accepted By:
Bickmore Actuarial



Mike Harrington, FCAS, MAAA
President and Principal, Bickmore Actuarial

Accepted By:
ERMA

ADMINISTRATIVE MATTERS

SUBJECT: 26th Annual Workshop – Napa Valley Marriott Proposal
Presented by Yvette Flama, Board Secretary

RECOMMENDATION: *Staff recommends the Executive Committee provide direction, as necessary.*

BACKGROUND AND STATUS:

Staff requests direction from the Executive Committee regarding the desired venue for ERMA's 26th Annual Workshop. Staff has obtained a proposal from the Napa Valley Marriott Hotel and Spa in Napa, CA. The hotel is proposing a second two-year contract. The pricing is listed below (subject to availability at the time of signing):

- 2026 - \$259.00/night plus tax; \$6,000 banquet minimum
- 2027 - \$269.00 - \$299.00/night plus tax; \$6,000 banquet minimum

The range given for 2027 depends on when the annual workshop will be held. If the workshop is in the first quarter, as it typically is, we will be contracted at the lower rate. If the Board of Directors decides on a different time of the year, the rate will increase.

In addition to the nightly rate, the hotel charges a \$30 Daily Destination Amenity per room. The fee includes a daily \$30 food & beverage credit, complimentary coffee in the lobby, daily morning yoga class, complimentary fitness access, 1-hour complimentary electric bike rental (per stay, per guest), daily S'mores kits, daily Vintner pour, & wireless in-room high-speed internet in all guestrooms. The room rates **with** the amenity fee are:

- 2026 - \$289.00/night plus tax; \$6,000 banquet minimum
- 2027 - \$299.00 - \$329.00/night plus tax; \$6,000 banquet minimum

A summary of room costs for the previous four workshops is as follows:

VENUE	ROOM RATE
Napa Valley Marriott (2025)	\$259/night plus tax
Napa Valley Marriott (2024)	\$249/night plus tax
Napa Valley Marriott (2023)	\$219/night plus tax
Santa Cruz Dream Inn (2022)	\$289/night plus tax

REFERENCE MATERIALS ATTACHED:

- Hotel Overview and Proposed Rates

Thank you for considering the Napa Valley Marriott for your upcoming program!

At this time, we do have availability for the following dates:

Hotel Overview

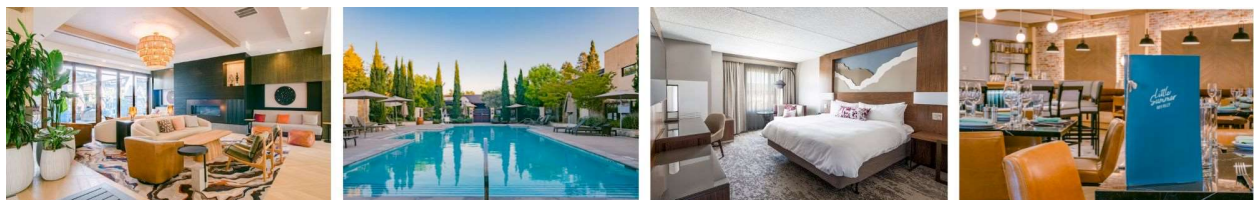
We are ideally located at the gateway to legendary Napa Valley wine country! The hotel features 275 well-appointed accommodations, fresh outdoor garden spaces and a luxurious resort-style swimming pool.

Within our newly redesigned lobby is the restaurant [Little Summer](#), featuring locally sourced ingredients and inspired by the beauty and bounty of Napa.

On our “backyard” patio, you will find South Yard, an outdoor patio and lawn with TVs, fire pits, darts, and lawn games. Additional amenities include [SpaWell](#), our full-service spa, a 24-hour fitness center, daily yoga, daily evening wine pour, and electric bicycle rentals.

The hotel features 3 large ballrooms that open to our light-filled foyers with floor to ceiling windows surrounding our Pool Patio. Groups can enjoy open air events in 3 unique outdoor venues including the Redwood Grove, the Pool Patio, & the South Yard Patio.

Events are serviced by an experienced, award-winning conference services and banquet staff that will ensure your event is seamlessly executed.



Take a Virtual Tour

Can't make it for an in-person site tour? Take a [TRUETOUR](#)!

Best experienced on Google Chrome

Click **Open Menu** for Tour options and hotel information!

Guestrooms

Please take a moment to review the following proposed dates & rates: Rates in 2024 were \$249 and in 2025 were \$259

Day of week	Dates	Room Type	Total Rooms	Group Rate	Group Rate Including Destination Amenity Fee
Wednesday/Thursday	March 2026	Run Of House	20-35	\$259 - \$289	\$289 - \$319
		Run Of House			
Wednesday/Thursday	March 2027	Run Of House	20- 35	\$269 - \$299	\$299 - \$329

Hotel room rates above are subject to state and local taxes (currently 15.24%; consisting of a 12% occupancy tax, a California Tourism Assessment Fee of 0.24%, and the Napa Valley Tourism Improvement Fee of 3%) in effect at the time of time of check-out.

Destination Amenity Fee

Our \$30 Daily Destination Amenity fee includes a daily \$30 Food & Beverage credit, Complimentary Coffee in the Lobby, Daily morning Yoga Class, Complimentary Fitness Access, 1-Hour Complimentary Electric Bike Rental (per stay, per guest), Daily S'mores Kits, Daily Vintner Pour, & Wireless in-room high speed internet in all guestrooms.

*Please note that use of the Food & Beverage credit does not apply to the contracted Food & Beverage minimum. **We are unable to accommodate group dining in our restaurant**, and any scheduled meals must utilize the provided banquet menus.*

Events

Schedule of events:

Day of week	Meeting Hours	Attendees	Function	Set-Up	Food & Beverage	Meeting Room Rental
Thursday	10am – 5pm	40	Meeting	U-Shape	Breakfast/Lunch	Waived
Friday	8:30am – 5pm	40	Meeting	U-Shape	Breakfast/Lunch	Waived

*Meeting room rental is quoted **inclusive of the mandatory 25% service charge**. Tax is not included.*

Required food and beverage minimum:

We do require a food and beverage minimum of \$6,000

The food & beverage minimum is subject to a 25% Service charge, and 8.75% tax.

Outdoor Event Space

The hotel features 3 unique outdoor spaces that your group can utilize.



Audio Visual

Our onsite A/V partner **Napa Valley Media** would be happy to provide you with a custom quote. Please share your Audio-Visual requirements and I will connect you!

Transportation

Our exclusive transportation partner is **True Elegance**. All our groups receive special pricing on local transportation, tours, and airport transfers.

Our hotel is the Napa stop for the **Wine Country Airporter!** The shuttles will make 4 round trips to SFO Airport daily, and costs just \$69 per person! Check out their [website](#) to reserve your seat.

Marriott Bonvoy Events

Get rewarded for booking your program with us! Planners who are Marriott Bonvoy members can earn up to 60,000 points on qualifying events. Points can be redeemed for VIP experiences with Marriott Bonvoy Moments™, free nights, flights, car rentals, shopping and more!

Not a Member? [Click here](#) to join!

Concessions

We would like to offer your group the following concessions:

- Two (2) Upgrades to Garden View Room at the group rate.
- Two (2) complimentary VIP welcome amenity.
- Basic Wireless Internet in all meeting rooms at 3MBPS
- Complimentary Self Parking

Thank you for this opportunity to potentially host your upcoming event at the Napa Valley Marriott. As a reminder, no guestrooms or meeting spaces are on hold unless a contract is requested by the client.

If you're interested in selecting the Napa Valley Marriott, please let me know by **April 11, 2025**.

Tim Kennedy

SALES MANAGER

Napa Valley Marriott Hotel & Spa

3425 Solano Ave Napa, CA 94558

T: 707.254.3385 **D:** 707.287.7464

tim.kennedy@napavalleymarriott.com

marriott.com/SFONP

MEMBERSHIP MATTERS

SUBJECT: Update of Member Participation Conditions for the Town of Los Altos Hills (PLAN JPA), the City of Burlingame (PLAN JPA), and Hesperia RPD (PERMA) - Presented by Rob Kramer, Executive Director

RECOMMENDATION: *Staff recommends the Executive Committee formally approve those members who have completed their conditional requirements and consider providing extensions on a case-by-case basis at the June Executive Committee meeting for those requesting additional time.*

BACKGROUND AND STATUS:

Pursuant to the ERMA Underwriting Guidelines, approval for membership is contingent upon the review of a formal submission of required documents by the Underwriting Committee (Committee). These documents include:

1. Completed ERMA Liability Coverage Application and the entity's most recent audited financial statements;
2. Payroll for the most current seven calendar years;
3. Seven completed fiscal years, and including the partial current fiscal year, of currently valued loss runs for wrongful employment practices coverage, employment practices liability insurance, and self-insured losses, including self-insured retentions (SIR) and deductibles;
4. Completed Intent to Participate, including statement of desired SIR; and
5. Signed Resolution acknowledging acceptance of the rules and regulations set forth in the ERMA Governing Documents and the minimum three-year participation period.

Upon receipt of a prospective member's formal application to participate in ERMA, Staff reviews and prepares a report and recommendation to the ERMA Underwriting Committee, who provides a recommendation to the Board of Directors for final consideration related to participation of potential new members. At its discretion, the Committee may include recommended conditions of participation such as an abbreviated risk assessment within 60-days of joining ERMA, requirements regarding updates to, or review of, personnel policies and procedures, and/or an increased SIR from that which was requested at the time of application.

To ensure agencies are advancing toward meeting participation conditions and assisting those requiring support, Staff issued a reminder to the four agencies approaching their compliance deadline of July 1, 2025. Staff requested those agencies with participation requirements provide an email update Staff to notify them they are working towards meeting the requirement and will give a formal update at the June Board of Directors meeting.

REFERENCE MATERIALS ATTACHED:

- ERMA – New Member Conditions Tracking

JPA	Agency	Join Effective Date	Condition	Due Date	Notes	Completed?
PLAN	Town of Los Altos Hills	7/1/2023	The town's personnel policies and procedures are updated, reviewed by legal counsel with expertise in public sector employment law, and approved by governing council	7/1/2025	Sent reminder letter on 10/8/24;	
PLAN	City of Burlingame	1/1/2024	The city's performance evaluation, hiring process, termination, and violence in the workplace policies and procedures be reviewed by legal counsel with public sector employment law expertise, and approved by city council	7/1/2025		
PERMA	Hesperia RPD	7/1/2024	a) The conditions of having the personnel policies and procedures be required to be created by legal counsel with expertise in public sector employment law, and approved by Governing Council within 12 months of joining ERMA; b) Fill the GM position c) Fill the HR Director position d) Have an HR plan in place e) Complete a risk assesment by July 1, 2025 f) Review of member performance at end of program year in June 2025	7/1/2025		

Updated: 3/28/2025

TRAINING AND LOSS PREVENTION MATTERS

SUBJECT: Update Regarding Employment Practices Policies & Procedures Survey - Presented by Rob Kramer, Executive Director

RECOMMENDATION: *Staff will provide an overview of the work done to date and the project plan for this initiative.*

BACKGROUND AND STATUS:

At the January 2024 ERMA Annual Workshop, the Board of Directors established goals and objectives related to ensuring all ERMA members are provided support related to the review and update of their agency Employment Practices Policies.

Staff and various service partners have been working diligently to get this accomplished by the end of the 2nd quarter of 2025.

Please recall that ERMA asked each member to complete a survey and upload the eight (8) previously identified policies the group felt were most critical to ensure the success of the members and the program.

To date, one hundred and fourteen (114) out of two hundred and thirty-seven (237) members have completed the survey, that is 48% of our members. Of the members who completed the surveys, LCW has now completed the review of about fifty (50) of the one hundred and fourteen (114) responses.

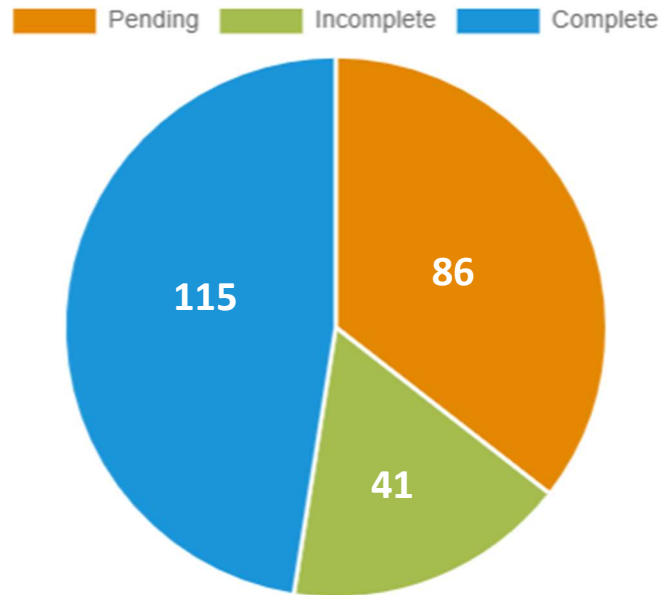
Staff has been following up with each of the JPA Administrators to encourage further participation in the survey. In early March, JPA Administrators were asked for permission to contact individual members. Some administrators agreed, and some did not. They shared with Staff that they prefer to send the communication directly to their members.

For the JPA's that were comfortable with Staff contacting individual members, emails were sent to members reminding them of the March 31, 2025 due date and assisted them if they needed help accessing the survey. Staff will continue to work with members who have completed the survey and received a memorandum from LCW to make sure they are aware of the grant fund program as well as the other resources and service providers available to assist with policy changes should they be needed.

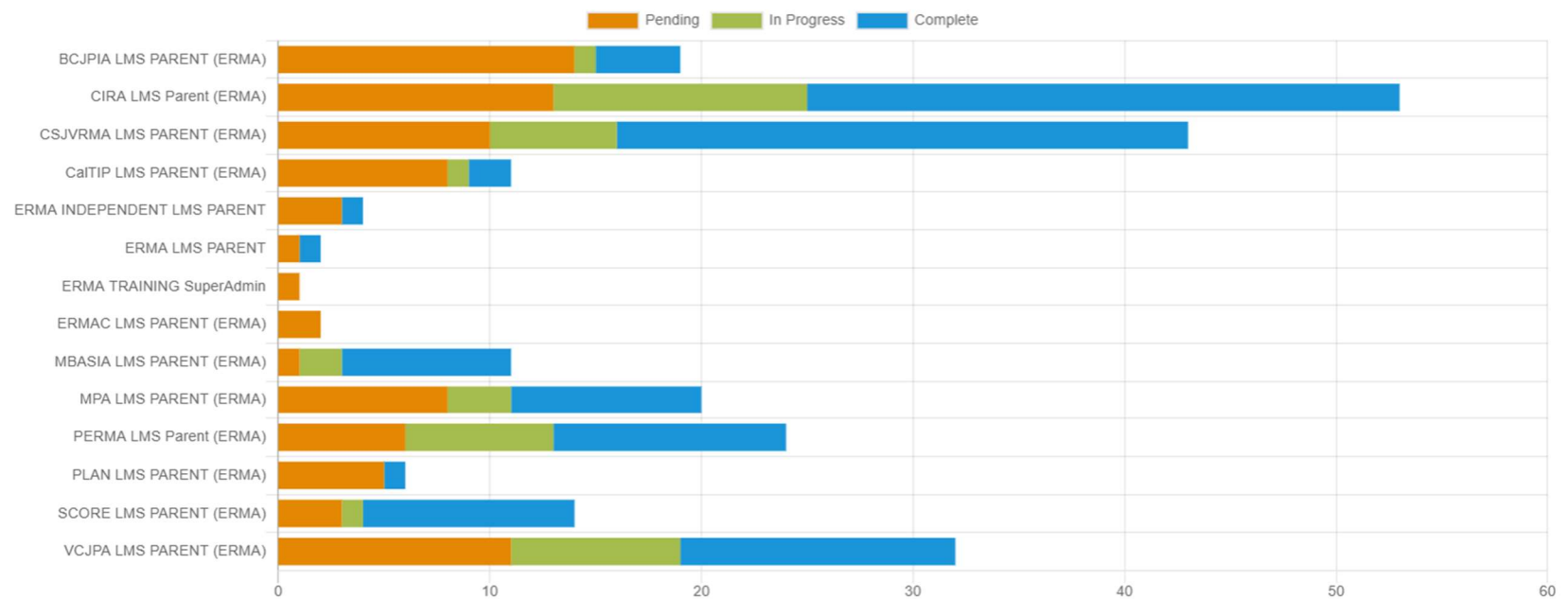
REFERENCE MATERIALS ATTACHED:

- Employment Practices Policy Data

Employment Practices Policy Data



Assignment Status by Parent Organization



TRAINING AND LOSS PREVENTION MATTERS

SUBJECT: Update Regarding Elected Officials Training
Presented by Rob Kramer, Executive Director

RECOMMENDATION: *Staff will provide a recommendation at the meeting after attending the first training in the City of Selma on April 3, 2025, and open discussion with the Executive Committee.*

BACKGROUND AND STATUS:

At the ERMA annual workshop in January 2025, Staff presented their plan for executing sixteen (16) regional trainings across the state of California. Following the meeting, Staff immediately began working with JPA administrators, Liebert Cassidy Whitmore (LCW), Jackson Lewis (JL), and various member locations to schedule these trainings. Since January, staff has successfully scheduled four (4) trainings and is continuing to schedule the remaining.

The four (4) training sessions scheduled are:

- City of Ukiah, March 11, 2025 (Cancelled)
- City of Hollister, March 26, 2025 (Cancelled)
- City of Selma, April 3, 2025
- City of Union City, April 16, 2025

Unfortunately, staff did not receive the anticipated response rate for the City of Ukiah and the City of Hollister trainings and, therefore, has had to reschedule those trainings. Staff has received relatively positive feedback and response rate for the City of Union and the City of Selma trainings.

Additionally, staff met with the JPA Administrators on Wednesday, March 26, 2025, to let them know of the slow up-take on this project to date and solicit feedback on how we might improve the registration counts moving forward.

Staff is seeking direction from the Committee regarding adding a virtual component for members in remote areas versus largely populated ones as well as additional thoughts regarding the future of this initiative.

REFERENCE MATERIALS ATTACHED:

- Elected & Appointed Official Training Summary of Staff Actions Implemented
- Elected & Appointed Official Training Flyers
- Elected & Appointed Official Marketing Email

March 25, 2025

TO: ERMA Executive Committee
FROM: Rob Kramer, Executive Director
SUBJECT: Elected & Appointed Official Training Summary of Staff Actions Implemented

Staff would like to provide an update to the Executive Committee about the steps staff has taken to prepare, promote, and encourage registrations for the Elected and Appointed Official Trainings:

1. Staff met with the JPA Administrators to seek assistance in locating training facilities and to discuss challenges and solutions for overcoming them
2. Staff created two (2) different promotional flyers with the intent of capturing the attention of various readers
3. Staff updated the ERMA website with informative information about the initiative and how to register
4. Staff developed a registration website for each scheduled training session
5. Staff disseminated three (3) training bulletins to the ERMA membership focused on the initiative
6. Staff sent weekly email reminders to the ERMA representatives and council members within the designated training radius
7. Staff researched to find the direct email addresses of each council member within the ERMA membership and emailed them directly
8. Staff contacted the ERMA representatives via telephone and shared the initiative with them and requested that they distribute it within their organizations

Best regards,



Rob Kramer
Executive Director

ERMA 2024.25.13

WORKSHOP ANNOUNCEMENT

Elected Officials - Best Practices in Public Service – Comprehensive Two-Part Training

Elected and appointed officials and members of legislative bodies play a critically important role in their service to the public. Because of this, they are held to high standards and expectations under California law. To ensure these standards are met and to promote a culture of professionalism and respect, **the Government Code requires at least two hours of harassment prevention training and education within the first six months of taking office or commencing employment, then again, every two years.**

The Employment Risk Management Authority (ERMA), in partnership with renowned firms Liebert Cassidy Whitmore and Jackson Lewis, is thrilled to introduce a new initiative focused on training and educating all elected and appointed officials within the ERMA membership. This will be a comprehensive two-part training, totaling three hours. ERMA staff is planning sixteen (16) regional trainings across the state. This initiative is a testament to our commitment to providing valuable loss prevention services to our members.

Part I of this interactive training will satisfy the two hours of sexual harassment prevention training required to be provided to all local agency officials or other designated employees by a local agency; fulfilling the statutory requirements for preventing harassment, discrimination, and retaliation in public agencies.

Part II will build on the legal requirements covered in the first two sessions and provide training on developing and maintaining best practices for acting in the best interest of the public. Using case studies and discussion, the training will enhance critical “soft skills” of leadership, including confidentiality, courtesy, transparency, and fairness. This part of the training will provide best practices for public service so that elected officials and members of legislative bodies can ethically, fairly, and effectively serve the public.

Who Should Attend?

Members of a Legislative Body, Elected & Appointed Officials, and employees designated by their employer.

MCLE Credit

LCW and Jackson Lewis are approved providers for Minimum Continuing Legal Education (MCLE) Credit. Attorneys attending this course will receive three (3) hours of MCLE credit. An MCLE sign-in sheet and certificate will be available at the workshop.

DATE: Thursday, April 3, 2025

TIME: 10:00 a.m. – 2:00 p.m.

PRESENTER: [Shelline Bennett](#) of Liebert Cassidy Whitmore

LOCATION: Senior Center, 2301 Selma Street, Selma CA 93662

REGISTRATIONS: *Please register directly at www.ermajpa.org.*

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DATE: Wednesday, April 16, 2025

TIME: 10:00 a.m. – 2:00 p.m.

PRESENTER: [Hadera Stanton](#) of Liebert Cassidy Whitmore

LOCATION: Holly Community Center, 31600 Alvarado Blvd, Union City, CA 94587

REGISTRATIONS: *Please register directly at www.ermajpa.org.*

Elected & Appointed Officials Training 2025

ERMA is hosting this historic training FREE of charge to our members

Event Information

.....

- **Date & Time:**
Thursday, April 3, 2025
10:00 am - 2:00 pm
- **Location:**
Senior Center
2301 Selma Street
Selma, CA 93662
- **Attendance Fee:**
Free (lunch will also be provided)

Register by **March 20, 2025!**
[Register Here](#)

Best Practices in the Public Service

.....

- **Interactive** - Collaborate with other officials and get answers from a qualified attorney.
- **Train** - Enhance critical “soft skills” of leadership, and satisfy the two hours of sexual harassment training requirement.
- **Lead** - Learn to ethically, fairly, and effectively serve the public.

For more information visit the [ERMA website](#).

Featured Speaker



Shelline Bennett
Liebert Cassidy Whitmore

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ERMA is hosting this historic training FREE of charge to our members

Event Information

.....

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Wednesday, April 16, 2025
10:00 am - 2:00 pm
- **Location:**
Holly Community Center
31600 Alvarado Blvd
Union City, CA 94587
- **Attendance Fee:**
Free (lunch will also be provided)

Register by **March 31, 2025!**
[Register Here](#)

Best Practices in the Public Service

.....

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- **Train** - Enhance critical “soft skills” of leadership, and satisfy the two hours of sexual harassment training requirement.
- **Lead** - Learn to ethically, fairly, and effectively serve the public.

For more information visit the [ERMA website](#).

Featured Speaker



Hadara Stanton
Liebert Cassidy Whitmore

Subject: URGENT & TIME SENSITIVE - ERMA Elected & Appointed Officials - Best Practices in Public Service Training
Attachments: ERMA Elected & Appointed Officials Training _City of Selma.pdf

Dear Members,

You are receiving this invitation because your agency is a proud member of the Employment Risk Management Authority (ERMA) www.ERMAJPA.org. ERMA is a leading public entity risk-sharing organization that offers comprehensive employment practices liability coverage at competitive rates, paired with customized loss prevention services designed for your needs.

As elected and appointed officials, your role in serving the public is paramount. ERMA, in partnership with renowned firms [Liebert Cassidy Whitmore](#) and [Jackson Lewis](#), is thrilled to introduce a new initiative focused on training and educating all elected and appointed officials within the ERMA membership. If you have received this invitation, we kindly ask that you share this opportunity with the officials within your organization.

We will be hosting this **FREE** training on **Thursday, April 3, 2025**, at the Senior Center in Selma, CA. For more information about this opportunity, please visit the ERMA [website](#). To secure your spot, [register here](#). We ask that you register ***no later than March 28, 2025.***

If you have any questions, please do not hesitate to reach us via email at ermatraining@sedgwick.com, Yvette Flama at yvette.flama@sedgwick.com, or Kassandra Batista at Kassandra.batista@sedgwick.com.

Thank you.

TRAINING AND LOSS PREVENTION MATTERS

SUBJECT: Update Regarding iLearning Engines - *Presented by Rob Kramer, Executive Director*

RECOMMENDATION: *None*

BACKGROUND AND STATUS:

Staff recently provided the attached Memorandum to the ERMA membership regarding iLearning Engines. Mr. Rob Kramer, ERMA Executive Director, will provide an update on the status of iLearning Engines and CF Webtools and the current plans to continue to provide these services to the ERMA membership.

REFERENCE MATERIALS ATTACHED:

- Important Announcement Closure of iLearning Engines

February 27, 2025

TO: ERMA Membership
FROM: Rob Kramer, Executive Director
SUBJECT: Important Announcement: Closure of iLearning Engines

We regret to inform you that one of ERMA's long term strategic partners, iLearning Engines, ended its operations effective February 14, 2025.

A new company, CF Webtools, is working to purchase their assets. During this transition period, the new operators have assured us ERMANet will continue to operate as usual. This includes:

1. Access to the -1-800 Employee Protection Line;
2. Access to all ERMANet training modules; and
3. Access to all surveys (Employment Practices Procedure Survey, Annual Training Compliance Recertification survey, etc.).

If you encounter issues with any of these services, please email us directly at ERMAtraining@sedgwick.com and we will do everything we can to assist.

Best regards,



Rob Kramer
Executive Director

ERMA 2024.25.11

LITIGATION MANAGEMENT

SUBJECT: Update Regarding Investigators Forum - *Presented by Stacey Sullivan, Litigation Manager*

RECOMMENDATION: *Staff will provide an overview of the work done to date and the project plan for this initiative.*

BACKGROUND AND STATUS:

The first ever ERMA Investigators Forum was held on Tuesday, March 18, 2025, in the City of Burlingame. ERMA thirty-six (36) registrants and ultimately twenty-seven (27) in attendance at the forum.

The forum was a combination of an overview and current status of the ERMA program, training from two of the defense panel members and one of the investigator panel members and an open forum where feedback was sought and received from those in attendance regarding how best to further collaborate and how to improve the program moving forward.

We received overwhelming positive feedback from the participants and confirmation that this is something that should be planned regularly.

REFERENCE MATERIALS ATTACHED:

- Marketing Flyer for the ERMA Investigators Forum
- Agenda for the ERMA Investigators Forum

Investigators Panel Forum 2025

ERMA is hosting our first
Investigators Panel Forum

Event Information

.....

- **Date & Time:**
Tuesday, March 18, 2025
10:00 am - 2:00 pm
- **Location:**
Burlingame Community Center
850 Burlingame Avenue
Burlingame, CA 94010
- **Attendance Fee:**
Free (lunch will also be provided)

Register by February 1, 2025!
Register Here

Best Practices in the Public Sector

.....

- **Collaborate** - Work with ERMA to improve the overall investigation process
- **Train** - Learn about best practices when it comes to POBR/FBOR, recording interviews, SB-2 updates, and more
- **Lead** - Find out about the newest ERMA guidelines for investigators, new laws, and recent influential cases

Featured Speaker



Stacey Sullivan
ERMA Litigation Manager



Employment Risk Management Authority (ERMA)

Investigator's Forum

**March 18, 2025
10:00 a.m. – 2:00 p.m.**

**Burlingame Recreation Center
850 Burlingame Avenue
Burlingame, CA 94010**

Agenda

- I. Welcome & ERMA Overview – Presented by Rob Kramer**
- II. Initial Considerations – Presented by Stacey Sullivan**
 - a. Investigation Trigger – When to Investigate
 - b. ERMA Coverage
 - c. Designated Outside Counsel
 - d. Investigator Panel and Selection
 - e. Conflicts Check
 - f. Member Contact - Witness Notification and Documents
- III. Investigators – Presented by Shelline Bennett**
 - a. Who is the designated?
 - b. Qualified
 - c. Impartiality Throughout the Investigation
 - d. Written Scope
 - e. Scope Letter
 - i. What if scope expands during investigation?
 - f. Only Findings of Fact

IV. Investigation Best Practice – Presented by Karen Kramer

- a. CRD 2017 Harassment Prevention Guide for CA Employers
 - i. Standards for Legally Compliant Investigation
 - ii. Fair, Thorough, and Prompt
 - iii. Witness Interviews – Virtual or In person?
 - iv. Making Credibility Determinations
 - v. Analyzing Evidence & Making Factual Findings
 - vi. Writing Reports
- b. #1 Biggest Complaint – Timeliness!

V. Closing the Loop – Tom O’Connell

- a. Legal Conclusions and Recommendations
- b. Personnel Policies and Best Practices
 - i. Notice to Reporter
 - ii. Notice to Respondent
 - iii. When to Notify ERMA
- c. When is ERMA no longer involved in the matter?
- d. Disclosability and Discoverability of Report
 - i. Confidentiality
 - ii. California Public Records Act Request
 - iii. Litigation

VI. Open Forum – Stacey Sullivan

- a. Updated Guidelines
- b. Expanding the Panel
- c. Rates
- d. Questions & Feedbackdd

CLAIMS MATTERS

SUBJECT: Closed Session - Pursuant to Government Code §54956.95(a) to
Discuss Claims - *Presented by Stacey Sullivan, Litigation Manager*

RECOMMENDATION: *None.*

BACKGROUND AND STATUS:

The confidential Litigation Manager's Report was distributed to the Executive Committee under separate cover. The Committee will discuss the claims listed below during the Closed Session.

Claim
Smith v. City of Oakley (MPA)

REFERENCE MATERIALS ATTACHED:

- Confidential Litigation Manager's Report (distributed under separate cover; copies to be destroyed following completion of the meeting)