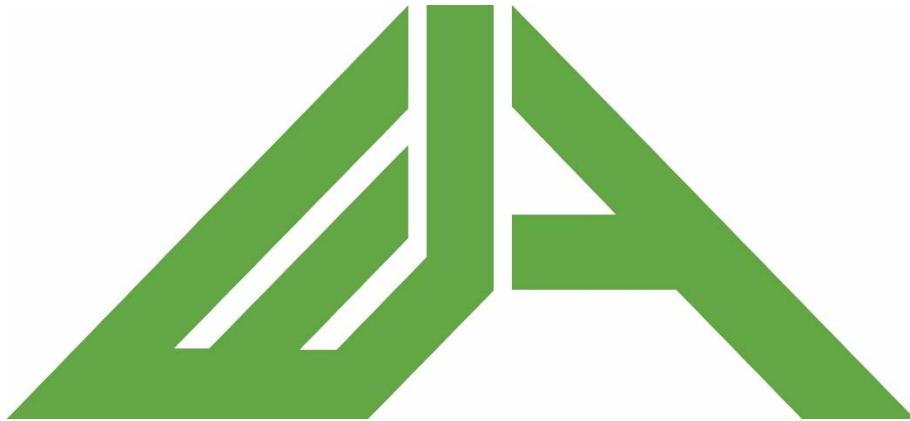


CSAC EXCESS INSURANCE AUTHORITY

CALIFORNIA



ADOPTED BUDGET

For the Fiscal Year
July 1, 2017 to June 30, 2018

CSAC EXCESS INSURANCE AUTHORITY

ADOPTED BUDGET

FOR THE FISCAL YEAR JULY 1, 2017 TO JUNE 30, 2018

EXECUTIVE COMMITTEE

Name	Entity
James Brown	Merced County
Ann Richey	ACCEL
Scott Schimke	Glenn County
John Viegas	Glenn County
Ken Hernandez	San Bernardino County
Kerry John Whitney	Napa County
Kimberly Greer	City of Richmond
Lance Sposito	Santa Clara County
Richard Egan	Lassen County
Roberta Allen	Plumas County
Stephen Underwood	EIA General Counsel
One (1) Vacant	

SENIOR MANAGEMENT

Michael Fleming	Chief Executive Officer
Gina Dean	Chief Operating Officer
Michael Pott	Chief Claims Officer
Vicki Walter	Chief Financial Officer
George Reynolds	Chief Information Officer
Rick Brush	Chief Member Services Officer

Office Address

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Folsom, California 95630

Report Prepared By The
CSAC EIA Finance Department

Vicki Walter, CPA, Chief Financial Officer
Puneet Behl, CPA, Controller
Trina Johnson, CPA, Senior Accountant
Tanya Andreyeva, Accounting Technician
Donna McClanahan, Accounting Technician

CSAC Excess Insurance Authority
Adopted Budget
For the Fiscal Year 2017/18

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Adopted Budget
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June 2, 2017

Members, Board of Directors
Folsom, California

Ladies and Gentlemen:

We respectfully submit the authority's proposed budget for fiscal year 2017/18 for your approval.

EIA's budget continues to be driven by its mission of providing competitive, affordable, responsive, equitable and stable products and services that address the unique risk financing needs of California's public entities.

We completed one of our major initiatives in FY16/17 to begin operating a captive insurance company, domiciled in Utah, with the goal of enhancing our investment returns. After feasibility studies and months of due diligence vetting the process through various committees and the Board, the Captive, the Excess insurance Organization (EIO), began operations on 7/1/16. \$70.6M in aggregate corridor funding was transferred to the Captive in FY16/17, and an additional \$95M of funding is expected to be transferred in FY17/18.

In FY17/18, we are enhancing our member service and loss prevention programs:

- The new Risk Assessment tool has been completed, and FY17/18 goals include increasing utilization of this loss prevention tool.
- A new Enterprise Risk Consultants Program is being designed to provide EIA members with interim expertise in the Risk Management, Risk Control, Claims Management, IT, HR and Finance areas.
- A new body-worn camera program will be moved from the pilot program to full implementation.
- The Legal Advice Service Program, which provides consultation on legal matters such as the Brown Act, Public Records Act and litigated matters, will be continued with the goal to increase utilization.
- A new EAGLES award program will highlight member accomplishments in the risk management arena, and these best practices will be shared across the member base.
- The Crisis Management Services (CIM) Program will be in its second year of providing support to members during critical incidents, such as a terrorist event. The Excess Workers' Compensation (EWC) Program will be expanding its CIM services by offering employee assistance services.

Our new Data & Analytics Department is streamlining our data collection and reporting process to make it less time consuming for both the member and internal staff. Benchmarking tools are being developed, and the use of data for future loss prevention, claims and legislative activities is a strategic initiative. We also brought actuarial services in-house resulting in more timely and relevant data in making program decisions.

We continue to develop pool management functionality on our website, which will assist with data collection, member subsidy requests, and provide members with easy access to their program information. In FY17/18, we plan to finish migration to our new claims system of the remaining third party administrators (TPAs) for our Primary Workers' Compensation Program (PWC).

For FY17/18, EIA continues to modify and adapt its program structures based on both market forces and member need. Our program renewal details are below.

In the **Primary Workers' Compensation Program (PWC)**, EIA retains the risk in the \$0 - \$10k layer. The reinsurer in the \$10k to \$125k layer is being replaced and the aggregate corridor retention is being increased to \$12M (for a 14-month period). This aggregate will be transferred to the Captive. Because of the programs strong net position, a \$2.5M dividend has been budgeted.

The Excess Workers' Compensation Program (EWC) provides coverage in an Education Tower (for schools) and a Core Tower for all other members. There are three corridor retentions across the two towers totaling \$56M in premium, which will be transferred to EIA's Captive, making this a fully insured program. EIA is changing from AmTrust to Great American in the first reinsurance layer in both towers. Chubb continues to provide coverage in the \$45M excess of \$5M layer in the Core Tower. Statutory coverage is provided by Liberty Mutual in the Core Tower and by Safety National in the Education Tower.

The **Primary General Liability Program (PGL)** is renewing with the existing carrier with an 8% rate decrease. There is a new \$500k corridor retention for FY17/18, which will be transferred to the Captive at a discounted premium of \$460k. The program is within its target equity range.

The **General Liability 1 Program (GL1)** funds a \$5M pool and purchases \$20M in reinsurance to achieve a \$25M limit. AmTrust is being replaced with an alternate carrier in the \$5M excess of \$10M layer. A discounted corridor of \$2.3M is being transferred to the Captive. The program continues to maintain a strong net position, just above its target equity range.

The **General Liability 2 (GL2) Program** is expected to have less than a 1% increase in rates despite prior adverse loss development. The \$17.8M corridor retention in the SIR to \$10M layer remains the same as last year, and is being transferred to the EIO at a discounted premium of \$16.4M. Aggregate limits in the SIR to \$10M layer are expected to be increased from the current \$80M level, but are still in the negotiation phase.

The **Property Program** renewed on March 31, 2017 with flat rates and increased Earthquake Rooftop, Flood Rooftop and Terrorism limits. The self-funded Earthquake deductible buy-down exposure was reduced to \$30M in FY17/18 from \$60M in FY16/17. The deductible All-risk Pool layer of \$9.88M (discounted) will be transferred to EIO, and we will be collecting another \$2.5M towards the Catastrophic Risk Pool which includes the earthquake deductible buy-down funding.

The **Medical Malpractice Program** renews on October 1, and the budget contains preliminary estimates. The Program funds a \$1.5M pool and purchases \$20M of reinsurance to fulfill the limits. The Medical Malpractice Committee will be approving final terms for the FY17/18 renewal over the summer.

The **Master Rolling Owner Controlled Insurance Program**, (MROCIP) allows an “owner” public entity, embarking on a large construction project, to provide workers compensation and liability coverage for all eligible parties, owner, general contractor and sub-contractors, in lieu of each contractor providing insurance with potential overlapping or gaps in coverage. The program can cover construction projects as low as \$10M up to \$100M on a pooled basis. Projects over \$100M are on a non-pooled basis. Premiums are expected to decline in FY17/18, and then increase again in FY18/19 as state funding for jails becomes available and as school projects ramp-up due to bond measures.

The **EIAHealth Program**, a self-funded program is operated with our partner, Self-Insured Schools of California (SISC). Both PPO and HMO plans are available. The plans renew in January to correspond with members’ open enrollment processes. Rates are expected to increase in the 5-8% range for the upcoming January 1, renewal.

The **Dental Program** continues to grow. The program is using surplus to partially offset premium based on each member’s benefit level and claims experience.

The **Miscellaneous Program** budget is used to account for employee benefits and other property and casualty programs not associated with another EIA major program. These programs are offered to EIA members, as well as all other California public entities. Program revenues cover the cost of coverage provided without any administrative load.

The **General Administration** budget is used to pay the day-to-day operations of the EIA, and support for its member driven governance structure. The adopted budget includes six new positions which include two Data & Analytics staff. This will allow us to collect consistent, standardized data to be used for strategic purposes. See schedule 1 for details.

The **Building Fund** is used to account for operations of the EIA’s office building. Resources include rents from EIA tenants and transfers from the General Administration program for the EIA office space. Expenses include general building operations, depreciation of the building and tenant improvements.


The **Capital Outlay** budget is \$2.6M and includes the capital costs of the claims system, another phase of our pool management system, furniture and equipment, building costs and website development for the Captive (EIO). The impact of the capital budget is less than 1% of total expenses.

The **Excess Insurance Organization (EIO)** is a captive insurance company domiciled in Utah. EIA transfers its program corridor retentions, which is capped risk, to the EIO at a discounted rate. Compared to the EIA, the Captive is able to invest in a broader range of investments, including equities, which is projected to generate a higher rate of return over the long-term. However, volatility of those returns is also expected to be higher. The EIO is a component unit of the EIA and is included in this budget.

Due to the nature of EIA's operations, we collect a large amount of premium upfront and use it to pay for reinsurance premiums, risk programs and the payment of claims on retained risk over a long period of time. Therefore, EIA has a very large Treasury that is invested by professional asset managers. As a result, EIA has no debt and no plans to acquire debt.

Finally, we would like to thank the EIA staff for their dedication and service providing quality programs and services to EIA members. We would also like to thank our Board of Directors and the members of all EIA committees for their support and efforts to make the EIA one of the largest and best run property and casualty pools in the nation.

Sincerely,



Michael Fleming
Chief Executive Officer



Vicki Walter, CPA
Chief Financial Officer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**CSAC Excess Insurance Authority
California**

For the Fiscal Year Beginning

July 1, 2016

Jeffrey R. Einar

Executive Director

Organization and Reporting Entity

The CSAC Excess Insurance Authority (Authority or EIA) is a Joint Powers Authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of the Authority is to develop and fund insurance programs, as determined by member counties and other public entities. Such programs may include the creation of insurance funds, including primary and excess insurance funds, the pooling of self-insured claims and losses, purchase of insurance, including reinsurance, and the provision of necessary administrative services.

The Authority is under the control and direction of the Board of Directors, which consists of representatives of the member counties and other public entities. For purposes of control and daily management, the Authority annually elects an Executive Committee consisting of a President, Vice President, and nine Directors. The immediate past president and legal advisor are non-voting members of the Executive Committee. The Executive Committee has appointed a Chief Executive Officer. The Executive Committee is responsible for the oversight of the Excess Workers' Compensation, General Liability 1, MROCIP, and the Miscellaneous Programs. Seven program committees have oversight of the other major programs. Additionally, Excess Insurance Organization (EIO), a captive insurance company domiciled in Utah, began operations on July 1, 2016. The EIO was established so that the EIA could transfer to EIO risks pertaining to its corridor retentions at a discount. The EIO is a component unit of the EIA and is therefore consolidated into its budget and financial results.

The budget includes all programs operated by the Authority and the EIO. The budget conforms to generally accepted governmental accounting standards including the unique requirements for state and local governments set forth by the Governmental Accounting Standards Board (GASB). The accounting records and the budget are prepared and maintained using the accrual basis of accounting. Revenues (insurance and pooled premium) are recognized when earned, and expenses for claims are recognized when known or estimated, rather than when paid. The cost of acquiring capital assets is recognized through depreciation expense over the life of the asset. By approving the Capital Outlay Budget, the authority is authorized to make the capital asset purchase.

The Authority is a single enterprise fund, which is a proprietary fund used to report an activity for which a fee is charged to external users for goods or services. As such, the Authority's revenue and expenses are driven by members' (counties and public entities) insurance needs. Revenue and expense vary annually based on insurance market conditions, the amount of insurance coverage obtained and the member participation in programs, which varies from year to year. Sources of revenues are member payments for coverage, called Premiums for Transferred Risk where the amount is used to purchase insurance and Contribution for Retained Risk which is risk pool funding. Other items, like Broker Fees are pass-through where we collect (revenue) and pay out (expense) in similar amounts. Within this single enterprise fund, the EIA operates ten major insurance programs, each as a separate fund with its own set of accounts. The budget also covers a Miscellaneous Program for other programs offered to member and non-member public entities on a pass through basis, and budgets for general administration and the operation of the Authority's building.

The insurance market operates in cycles that tend to shift every few years. When rates are high and the competition is low, we are said to be in a hard market. When rates are low and competition is aggressive, we are in a soft insurance market. We are still in a relatively

soft property insurance market, but markets are paying particular attention to loss development in our worker's compensation and liability programs. There is increased scrutiny by carriers of law enforcement losses, particularly in urban areas, and this has presented a challenge to our large entity liability program.

Membership

There are two classes of membership, county members and public entity members. Each member has adopted the Joint Powers Agreement and has been approved by the Board of Directors.

County membership is available to California counties whose supervisors are members of the California State Association of Counties (CSAC). Currently there are 55 member counties. Each County member is entitled to appoint one representative to the Board of Directors. County members have nine positions on the Executive Committee.

Public entity membership is open to any other California public entity. Public entity members have seven voting seats (and three alternates) on the Board of Directors. Two seats on the Executive Committee are designated for public entity members. See member table in the overview chart section of the budget for trend information on member participation in EIA programs.

Organization

The Authority maintains eighteen committees to govern its operations. Representatives from member entities are elected or appointed to serve on these committees. Seven committees (EIAHealth, Employee Benefits (Dental Program), General Liability 2, Medical Malpractice, Primary General Liability, Primary Workers' Comp and Property) govern their respective insurance programs and report directly to the EIA Board of Directors. The Excess Workers' Compensation and General Liability 1 programs are monitored by the Underwriting Committee and report to the Executive Committee. Other committees have been established to assist in providing operational direction to the Authority including:

Claims Review – Provides direction on the reserving for and settlement of claims.

Finance – Provides direction on Authority financial matters including the Comprehensive Annual Financial Report (CAFR), annual budget, annual independent audit and investment portfolio.

Legislative – Reviews and provides input on legislative issues that could impact the Authority's operations.

Loss Prevention – Provides direction on risk management services to be provided to members.

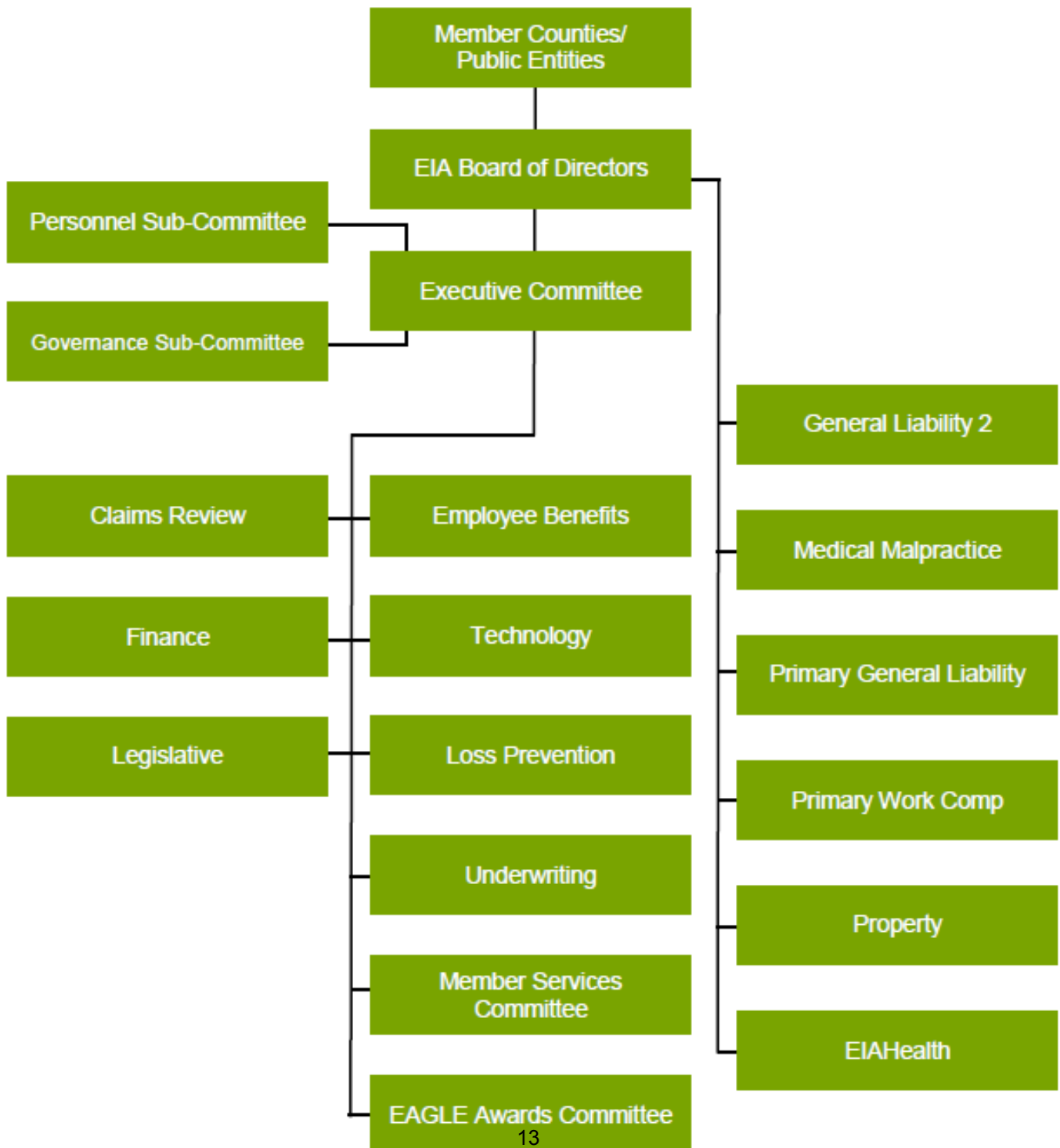
Technology – Provides direction on technology solutions, systems and investments of the Authority.

EAGLE Awards – Recognizes members for excellence in risk management.

Member Services – Provides guidance to staff in creation and implementation of new programs and services to the EIA members.



CSAC Excess Insurance Authority Organization Chart



Mission Statement

The Board of Directors has adopted the following Mission Statement:

The CSAC Excess Insurance Authority is a member-directed risk sharing pool of counties and public entities committed to providing risk coverage programs and risk management services, which are:

Competitive

Provide programs which are competitive in scope and price over the long term.

Available

Endeavoring to make available programs which are flexible in meeting member needs.

Responsive

Delivering quality, timely services in claims management, loss control, education and communication.

Equitable

Allocating cost and services between various members in a fair and consistent manner.

Stable

Ensuring cost-effective, fiscally prudent operations and staffing, which maintains financial strength and solvency.

Budget Process

The budget process consists of activities that develop, implement and evaluate a plan for the provision of services to fulfill our mission and purpose. The budget process:

- Incorporates a long-term perspective;
- Links fiscal planning with the strategic goals of each major program;
- Involves and promotes effective communication with members; and
- Provides incentives to Authority management and employees.

Each year, each governing committee establishes specific short and long term goals for their program. These can be found in the program budget policies that are in each program section of the budget.

The Authority utilizes its committee structure to involve many participants in the development and oversight of the EIA's Budget. The Finance and Executive Committees have a major role in the budget process by providing general direction for the preparation of the budget and adopting policies and providing ongoing input. Each program committee is also involved by adopting policies and providing input for each of the Authority's programs. The Board of Directors is ultimately responsible for review and adoption of the Authority's budget, and any budget revisions.

The Authority-wide budget includes revenue and expense categories for premium growth due to new members or additions to coverage by existing members, and the related expenses including actuarial adjustments for existing or new coverage. The authority has been delegated to the CEO to transfer from this category at the authority-wide budget level into any program budget as needed to cover these expenses and any dividend expense not included when the budget is adopted.

A budget revision is prepared by Authority staff whenever additional spending authority is required, or there is a major change in a program budget. The budget revision is reviewed first by the Finance Committee and then by the Executive Committee who will make a recommendation to the Board of Directors at the next meeting. Budget revisions have to be approved by the Board of Directors.

2017/18 Budget Calendar

January 2017

- Major budget items are presented to the Executive Committee for discussion and direction.
- Throughout the spring, governing committees review and revise the budget policies and program goals for the upcoming fiscal year.

April 2017

- Personnel and salary items are presented to the Personnel Sub-Committee.
- At the Spring Strategic Retreat, major discussion takes place concerning staffing and service levels.
- The Personnel Sub-Committee presents a recommendation to the Executive Committee on personnel matters.
- The Finance Committee reviews and approves or revises the General Administration and Building budgets.
- Staff revises the General Administration and Building budgets based on the Finance Committee's recommendations.
- The Finance Committee recommends approval of the General Administration and Building budgets to the Executive Committee.

May 2017

- The Executive Committee reviews and approves or revises the General Administration and Building budgets.
- The Finance Committee reviews and approves or revises the final consolidated (all programs) proposed budget.
- Staff revises the final consolidated (all programs) proposed budget based on the Finance Committee's recommendations.
- The Finance Committee recommends approval of the final consolidated proposed budget to the Executive Committee.
-

June 2017

- The Executive Committee reviews and approves or revises the final consolidated proposed budget.
- After any proposed changes are completed, the Executive Committee presents a recommendation to Board of Directors to approve the final consolidated (all programs) budget.
- The Board of Directors reviews and approves or revises the final budget.

As necessary, staff will prepare budget revisions, present them to the Finance and Executive Committees for review, and if recommended, to the Board of Directors.

Guiding Long-Term Fiscal Policies

The following long-term fiscal policies were developed to give EIA members a competitive advantage. These policies have guided the Authority through the ups and downs of the economic cycles and the constantly changing insurance market. These policies are designed to keep the Authority in a sound financial position and protect the resources members have invested in the EIA.

1. Provide members with the benefits from volume discounts.
2. Blend self-insurance with the purchase of insurance.
3. Provide the opportunity of premium dividends to our members.
4. Structure programs that are responsive to member needs.
5. Maintain long-term relationships.
6. Maintain financial strength

Volume Discounts

The EIA's insurance programs shall seek to obtain volume discounts from members joining together. Pooling arrangements and the purchase of insurance can both benefit from volume discounts.

Pooling

Larger retained risk pools results in:

- More predictable losses
- Higher actuarial confidence
- The ability to assume more risk
- Insulation from insurance market cycles

Insurance Purchase

Volume purchasing can result in:

- Lower insurance rates
- Better coverage agreements

Blending Self-Insurance with the Purchase of Insurance and Transfer of Risk

The EIA's insurance programs shall seek to blend the best of self- insurance or pooling with the best of insurance purchase and transfer of capped risk to the EIO. The benefits of blending pooling with the purchase of insurance and transfer of risk are as follows.

Pooling

- Contributions stay with members
- The pool earns investment income
- Members have the potential for dividends
- Pooling eliminates insurance cost
- Members retain program control:
 - Members define coverage agreements
 - Members control the claims

Insurance

- Provides protection from catastrophic losses
- Protects pool funding
- Reinsurance can:
 - Offer broad coverage agreements
 - Lower acquisition costs
 - No taxes or fees

Transfer of Risk to the EIO captive

- The EIO accepts transfer of capped risk by various EIA programs at discounted premiums.

Dividends to Members

Retaining risk through the many EIA risk pools has allowed the EIA to return approximately \$84M in dividends to members during the past ten years.

Structure programs that are responsive to members needs

The EIA has ten major programs designed to serve our members as follows:

1. Primary Workers' Compensation (PWC)
2. Excess Workers' Compensation (EWC)
3. Primary General Liability (PGL)
4. General Liability, Program 1 (GL1)
5. General Liability, Program 2 (GL2)
6. Property
7. Master Rolling Owner Controlled Insurance Program (MROCIP)
8. Medical Malpractice
9. EIAHealth
10. Dental

The structure of each of these programs has changed over the years based on market conditions and member needs. Each program structure has taken the best of pooling and purchase of insurance to create a program responsive to current member needs.

Long-term Relationships

Many EIA programs have benefited from long-term relationships with various underwriters. Multi-year agreements have stabilized costs, improved coverage and saved premium resources. Long-term programs have proven to be effective in both hard and soft insurance markets. In addition, the Authority seeks to maintain or increase member participation in its programs. The Authority has consistently increased member participation and currently has 55 county members and 1930 public entity members (counties, cities, school districts, fire departments, etc.) participating in its programs. See member table in the overview chart section of the budget for trend information on member participation in Authority programs.

Maintain Financial Strength

Target Equity Funding

The Authority has established target equity guidelines for the major pooled programs, which assist in keeping equity (net position) at levels designed to meet future claims obligations of that particular program. These ranges are based on confidence levels higher than the expected discounted claims liabilities because of the high degree of uncertainty in actuarial estimates (due to the possibility of occasional catastrophic claims) and inconsistent or inaccurate case reserving. A confidence level of 50% means half the time claim costs will come in lower, but conversely, half the time claim costs will be higher.

If a program has net position above the target equity range, a plan is put in place to lower premiums or provide dividends over time to return to the target range. If the program has net position below the target equity range, a plan is put in place to increase premiums or collect additional funds over time to return to the target range. Where the program is within its target equity range and efforts to stay within the range, is a significant measure of the program's performance. This benchmark is closely monitored, year over year, by the governing committees. The target equity ranges are shown as the last line on each program's budget.

Capitalization and Debt Policy

The original capitalization of the Authority in October 1979 was provided by certificates of participation by the founding member counties. The Authority has paid off these certificates of participation and has incurred no debt since the extinguishment of these obligations. While the Authority's governing documents do allow for debt capitalization, the Authority has no immediate plans to use debt to finance its operations. There are no legal debt limits that apply to the Authority.

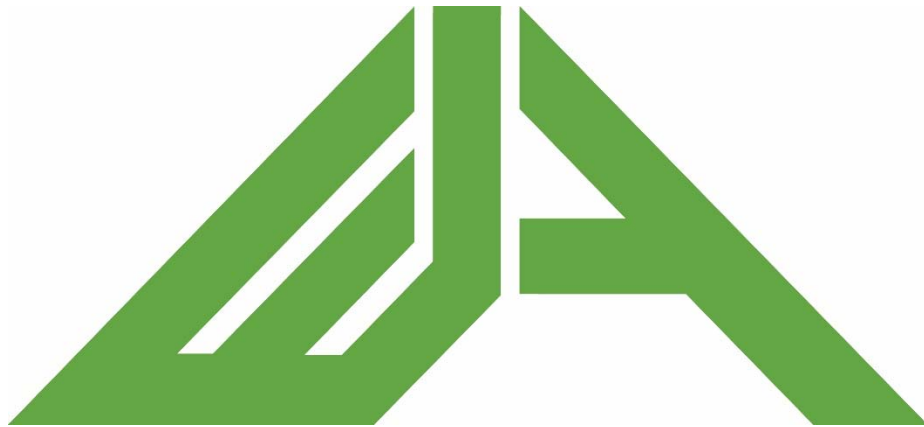
Investment Policy

The Authority blends self-insurance (or pooling) with the purchase of insurance and transfer of risk to the EIO Captive. The Authority retains the risk for the self-insured portion, and thus retains member premiums (sometimes for decades) to satisfy future claim liabilities. The Authority has an investment policy designed for safety and liquidity of invested funds while providing a reasonable yield. The EIO maintains its own investment policy which is periodically reviewed and updated by the EIO Board of Directors.

The Authority accounts for the cash and investments within each of the programs. Investment income is allocated to the programs based on projected earnings from the portfolio of investments and the average projected investment balances in each program. Inter-program borrowing expense is based on the established internal borrowing rate, which reflects the anticipated yield on investments.

CSAC EXCESS INSURANCE AUTHORITY

CALIFORNIA



AUTHORITY-WIDE ADOPTED BUDGET

For the Fiscal Year
July 1, 2017 to June 30, 2018

Authority-wide Budget

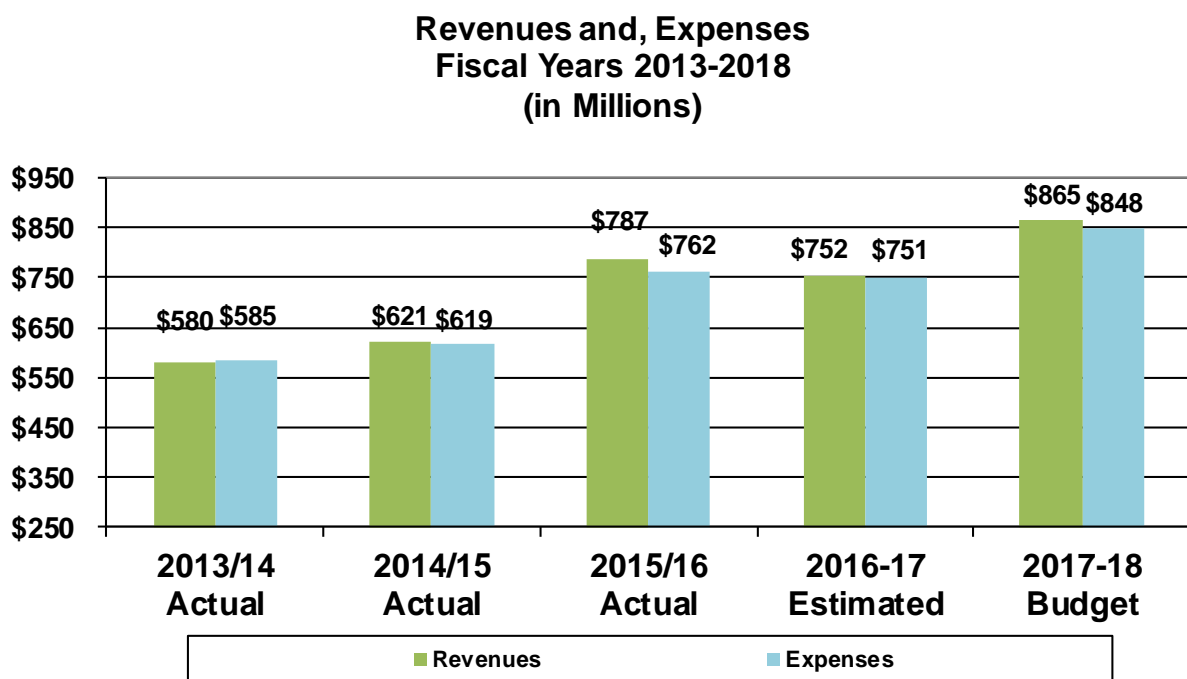
The Budget has \$19.8M increase in net position before dividends, and a dividend expense of \$2.7M, producing a \$17.1M increase to net position. This is a balanced budget, meaning that budgeted revenue exceeds expenditures and provides a budgeted increase to net position. The budget includes a number of new initiatives as outlined in the transmittal letter. Included is the Authority-wide Budget and individual program budgets. Highlights of the 2017/18 proposed budget are as follows:

Total revenues are \$865M, an increase of \$76M over budgeted 2017/18.

Total expenses are \$848M, an increase of \$67.7M. Expenses include returning dividends of \$2.7M to members.

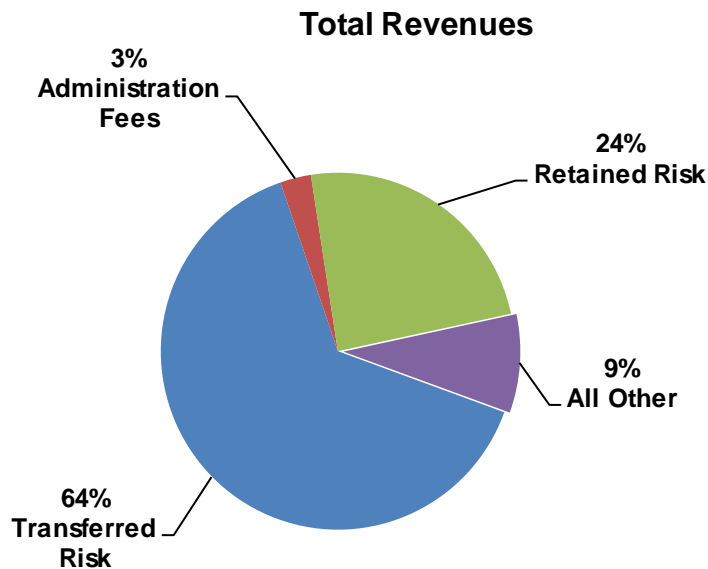
Net position will increase from an estimated \$144M to a budgeted \$161M.

Revenues and expenses for the 2017/18 budget and the past four years are as follows:

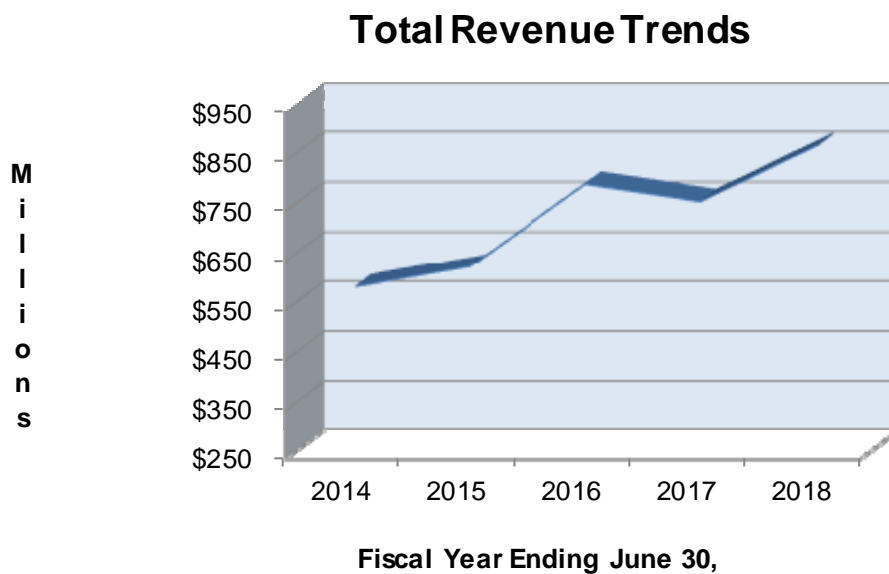


Revenues

Sources of revenues are illustrated in the following chart:

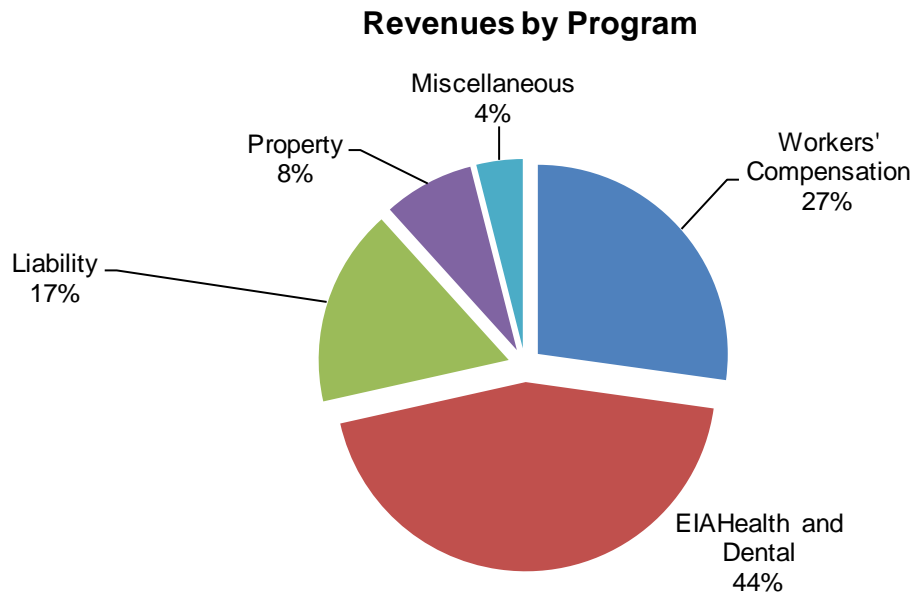


The \$865M in revenues represents a \$76M increase or 9.6% over the 16/17 budget, and a 60% increase over the last five years. Growth in membership, new programs, additional pool funding and higher premiums for transferred risk accounts for much of the increase in revenues and expenses year over year. The following chart illustrates the growth of Authority revenues:



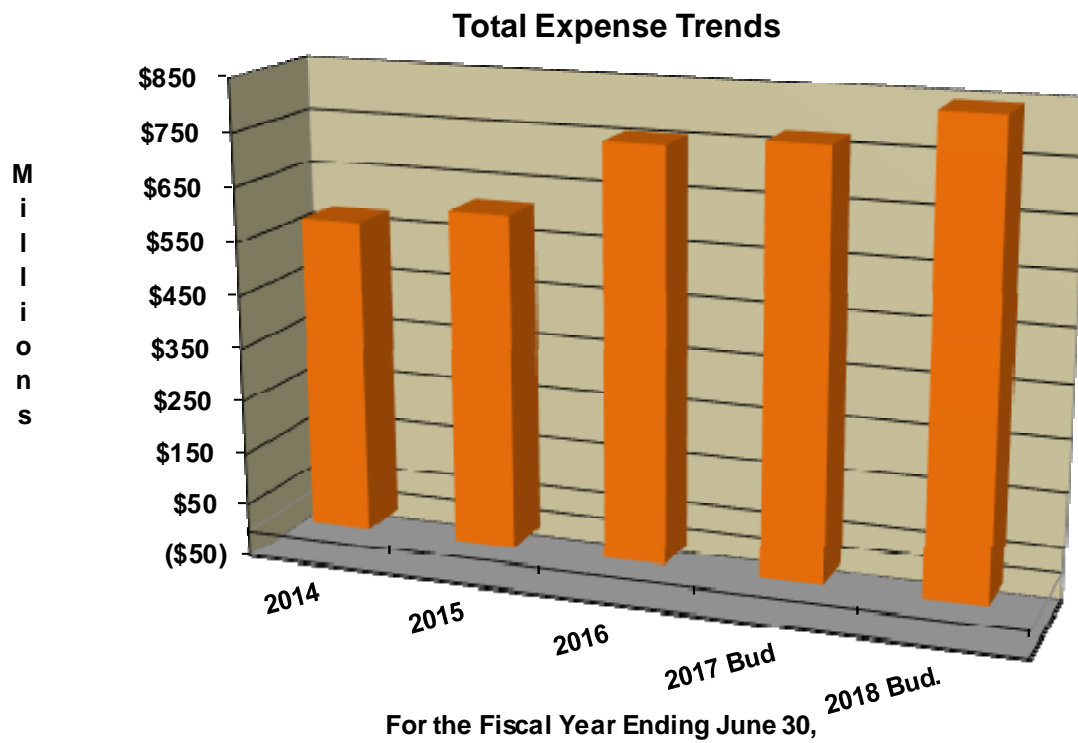
Revenues

The following chart shows revenues by program.



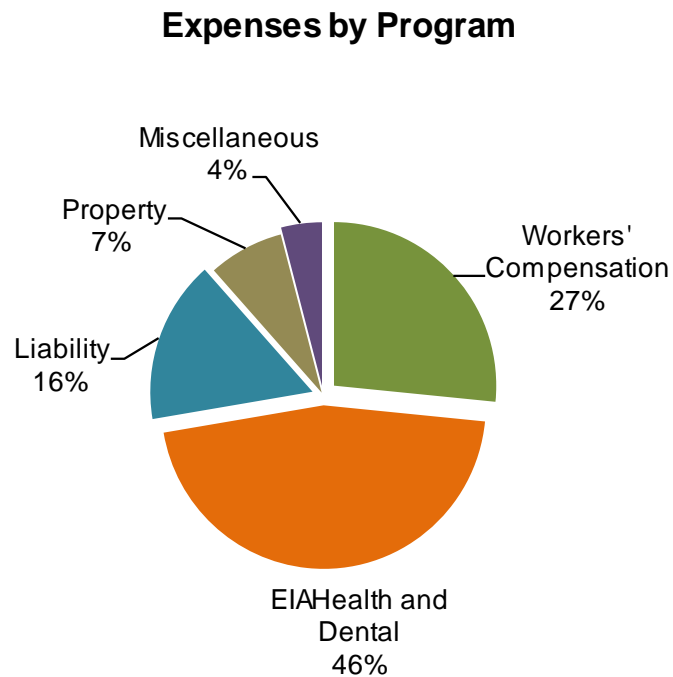
Expenses

Authority budgeted expenses for fiscal year 2017/18 have increased \$67.7M over last year's budget. The following chart illustrates the increase of Authority expenses:



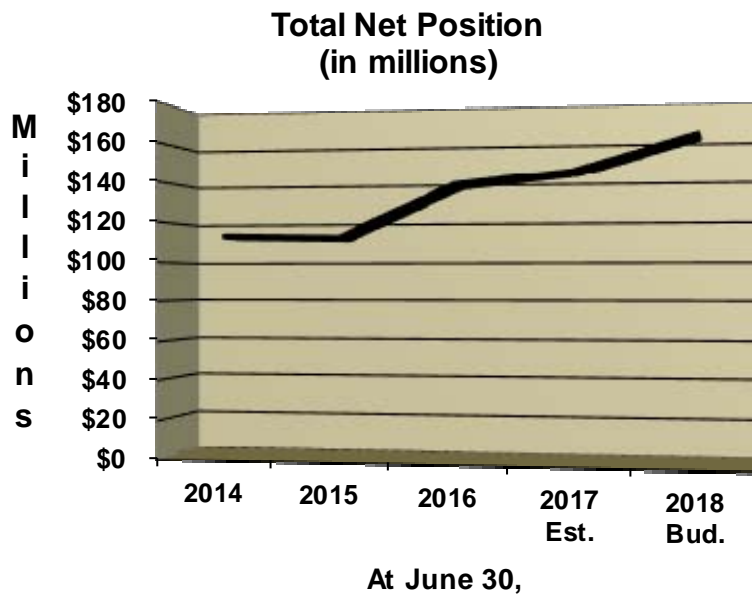
Budgeted expenses support all Authority programs. These programs include primary and excess workers' compensation programs, a primary general liability program, two excess liability programs, a combined workers' compensation and liability program, a property program, a medical malpractice program and two employee benefits programs.

The distribution of expenses by program is illustrated in the following chart:

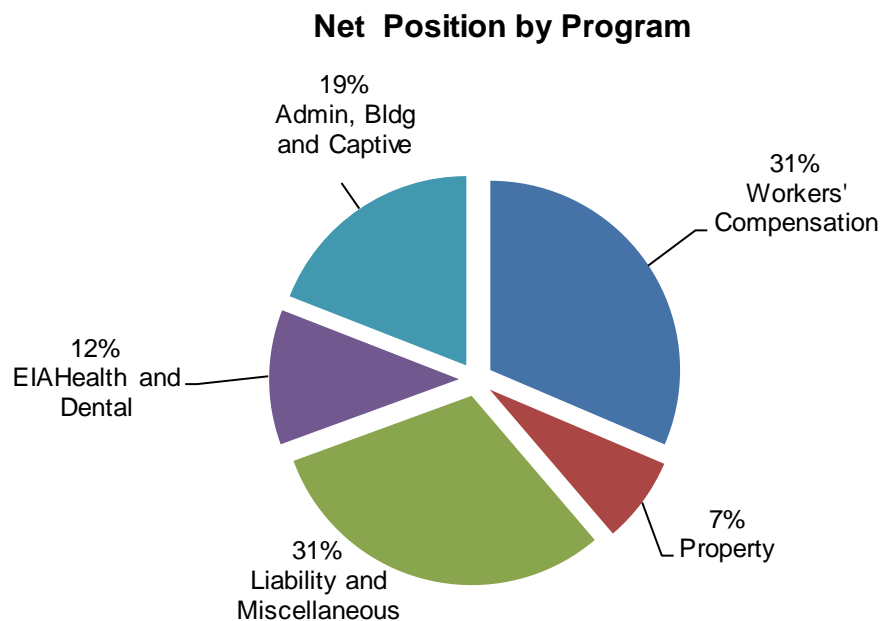


Net Position

The budget includes a return of net position in the form of dividends of \$2.7M. The past five year history of the net position balance is illustrated in the following chart:



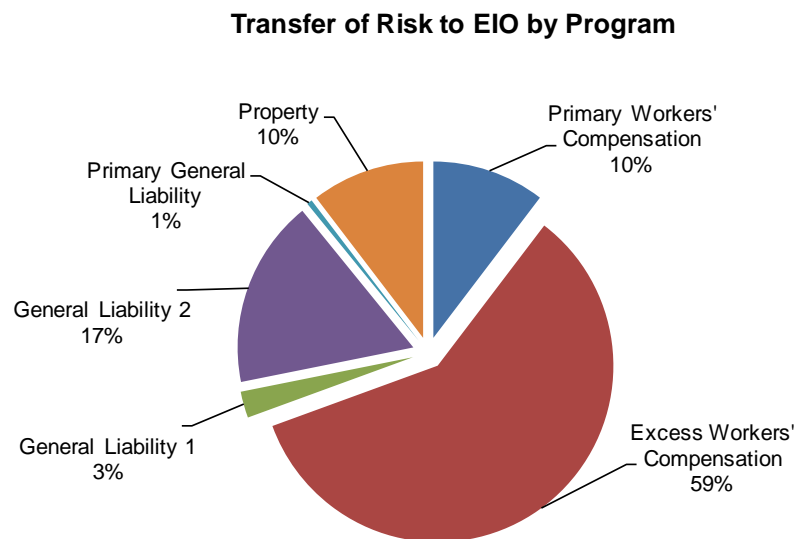
The distribution of 2018 budgeted net position by program is illustrated in the following chart:



Transfer of Risk to Excess Insurance Organization (EIO) Captive

The EIO is a captive insurance company domiciled in Utah. The EIA transfers its program corridor retentions, which is capped risk, to the EIO at a discounted rate.

The distribution of 2017/18 transfer of risk to the EIO by program is illustrated in the following chart:



Capital Budget

The Capital Outlay Budget presents our anticipated investments in property, equipment, and software. The related depreciation and amortization of capital assets represents less than 1% of the Authority's combined budget.

Member Participation

The Authority provides insurance programs and risk management services for its county and public entity members. Member participation is counted in terms of units. If a member participates in one program, it is considered one unit. If a member participates in three different programs, it is considered three units. The table indicates both the number of members participating as well as the number of units, i.e., total programs in which the members participate. Maintaining and increasing membership at both the program and entity wide level is an overall goal, and a measure of the strength and vitality of the EIA. Of note is that some of our public entity members are Joint Powers Authorities (JPA) that cover many members.

Total public entities, including sub-members that participate through their JPA, include 1930 special districts, cities and other government agencies.

	Fiscal Year-End			
	2015	Actual 2016	2017	Budgeted 2018
Member Units				
Primary Workers' Comp	39	38	39	39
Excess Workers' Comp	168	170	170	172
Primary General Liability	23	23	33	22
General Liability 1	105	119	114	114
General Liability 2	11	12	15	15
Property	85	101	99	97
Medical Malpractice	49	49	51	51
EIAHealth	26	30	32	32
Dental	142	155	153	153
Total Member Units	648	697	706	695
Member Counties	55	55	55	55
Member Public Entities	262	273	272	273
Total Members	317	328	327	328

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CSAC EXCESS INSURANCE AUTHORITY
REVENUE AND EXPENSE ADOPTED BUDGET
Line Item Summary for All Programs
July 1, 2017 to June 30, 2018

	CAFR Actual 2015/16	Revised Budget 2016/17	Estimated 2016/17	Percent of Total Revenue or Total Expense	Budget 2017/18	Percent of Total Revenue or Total Expense	Budget Increase (Decrease) Compared to 2016/17 Budget
REVENUES:							
Premiums for Transferred Risk	493,749,250	510,653,186	522,107,903	64.76%	555,052,727	64.17%	44,399,541
Dividend Income	232,389	201,750	191,516	0.03%	191,516	0.02%	(10,234)
Broker Fees	9,385,697	9,748,615	9,773,925	1.24%	10,352,372	1.20%	603,757
Contributions for Retained Risk	163,031,197	184,314,061	193,421,958	23.38%	208,181,630	24.07%	23,867,569
Public Entity Participation Fees	655,463	721,019	738,721	0.09%	0	0.00%	(721,019)
Member Growth	0	50,000,000	0	6.34%	50,000,000	5.78%	0
Investment Income	13,344,197	10,417,014	2,852,478	1.32%	15,060,535	1.74%	4,643,521
Financing Charges	442,330	60,000	110,208	0.01%	85,000	0.01%	25,000
Administration Fees	18,830,010	20,041,786	20,282,094	2.54%	23,250,283	2.69%	3,208,497
Member Services	747,513	1,027,941	855,986	0.13%	1,236,291	0.14%	208,350
Tenant Income	443,946	460,580	459,523	0.06%	475,050	0.05%	14,470
Other Income	86,410,612	849,886	1,633,840	0.11%	1,046,864	0.12%	196,978
TOTAL REVENUES	787,272,604	788,495,838	752,432,702	100.00%	864,932,268	100.00%	76,436,430
Expenditures							
Member Dividends	6,032,340	2,216,750	2,972,218	0.28%	2,721,516	0.32%	504,766
Insurance Purchased	496,527,761	498,673,649	506,042,672	63.92%	541,572,292	63.88%	42,898,643
Broker Fees	9,125,742	9,748,615	9,857,260	1.25%	10,352,372	1.22%	603,757
Provision for Claims	213,524,014	167,013,797	183,343,413	21.41%	188,218,525	22.20%	21,204,728
Unallocated Loss Adjustment Expense	9,400,117	1,731,000	2,345,900	0.22%	1,870,000	0.22%	139,000
Member Growth Premium/Provision for Claims	0	50,000,000	0	6.41%	50,000,000	5.90%	0
Program Services	13,744,756	31,065,552	28,864,327	3.98%	31,637,080	3.73%	571,528
Member Services	1,907,774	2,390,841	2,341,673	0.31%	2,599,585	0.31%	208,744
Member Subsidies	1,055,655	2,000,000	1,300,000	0.26%	2,000,000	0.24%	0
General Administration Expense	9,574,758	13,698,381	13,034,346	1.76%	15,081,803	1.78%	1,383,423
Building Operation Expense	285,044	381,420	355,439	0.05%	467,640	0.06%	86,220
Depreciation	828,671	682,300	529,830	0.09%	704,550	0.08%	22,250
Delegated to Committees	0	550,000	0	0.07%	595,000	0.07%	45,000
TOTAL EXPENDITURES	762,006,632	780,152,304	750,987,078	100%	847,820,363	100.00%	67,668,059
Net Increase or (Decrease)	25,265,972	8,343,534	1,445,625		17,111,905		8,768,371
NET POSITION - JULY 1	112,406,645	140,025,658	142,672,617		144,118,242		
Cumulative Effect of Change in Accounting							
Principle - Pension	0	0	0		0		
NET POSITION - JUNE 30	137,672,617	148,369,192	144,118,241		161,230,147		

CSAC Excess Insurance Authority
Combining Budget for All Programs
July 1, 2017 to June 30, 2018

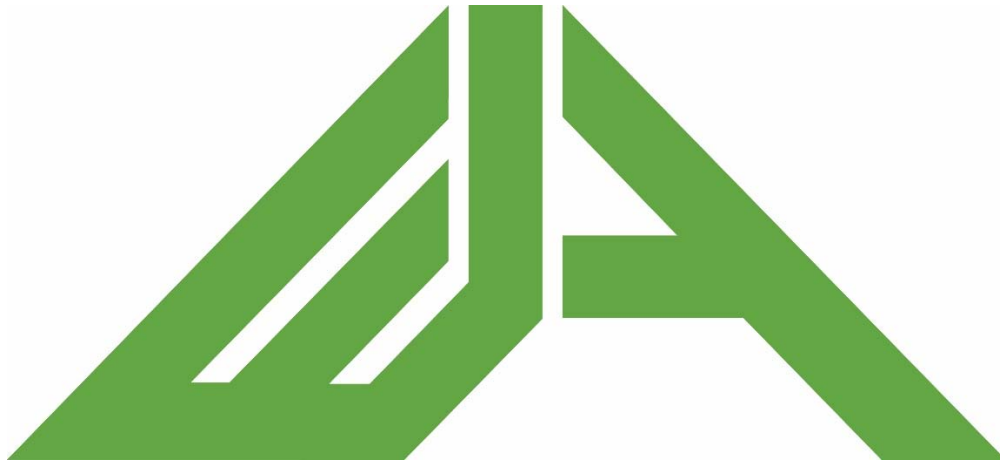
Combining 2017/18 Budget	PRIMARY WORKERS' COMP.	EXCESS WORKERS' COMP.	PRIMARY GENERAL LIABILITY	GENERAL LIABILITY 1	GENERAL LIABILITY 2	PROPERTY	MEDICAL MALPRACTICE	MR OCIP	EIAHEALTH	DENTAL	MISC. PROGRAMS	TOTAL ALL INSURANCE PROGRAMS
REVENUES:												
Premiums for Transferred Risk	40,428,600	124,780,964	1,839,999	8,498,000	52,167,164	57,625,000	6,930,220	7,500,000	318,546,000	0	31,686,500	650,002,447
Dividend Income	0	0	0	0	0	100,000	0	0	0	0	91,516	191,516
Broker Fees	1,317,516	2,876,074	28,180	995,485	559,639	0	7,478	0	2,958,000	1,610,000	0	10,352,372
Contributions for Retained Risk	21,881,470	8,641,612	0	38,547,900	0	2,500,000	8,028,928	0	0	33,632,000	0	113,231,910
Public Entity Participation Fees	0	0	0	0	0	0	0	0	0	0	0	0
Member Growth	0	0	0	0	0	0	0	0	0	0	0	50,000,000
Investment Income	906,500	4,988,100	19,000	2,450,000	47,810	690,000	546,000	0	56,000	245,000	28,125	9,976,535
Financing Charges	55,000	20,000	0	0	0	10,000	0	0	0	0	0	85,000
Administration Fees	6,416,869	7,518,421	498,538	3,108,907	2,972,252	911,679	1,216,617	105,000	502,000	0	0	23,250,283
Program Development Fees	0	0	0	0	0	0	0	0	0	0	0	0
Member Services	0	0	0	0	0	0	0	0	0	0	0	0
Tenant Income	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	2,500	0	0	600,000	0	0	5,000	0	0	607,500
TOTAL REVENUES	71,005,955	148,825,171	2,388,217	53,600,292	55,746,865	62,436,679	16,729,243	7,605,000	322,067,000	35,487,000	31,806,141	857,697,563
EXPENSES:												
Member Dividends	2,500,000	0	0	0	0	100,000	0	0	30,000	0	91,516	2,721,516
Insurance Purchased	41,431,380	125,673,089	1,853,799	8,498,000	53,588,024	57,625,000	6,930,220	7,500,000	301,736,000	0	31,686,500	636,522,012
Broker Fees	1,317,516	2,876,074	28,180	995,485	559,639	0	7,478	0	2,958,000	1,610,000	0	10,352,372
Provision for Claims	9,777,265	10,230,000	0	37,012,500	0	0	7,294,000	0	0	34,110,760	0	98,424,525
Unallocated Loss Adjustment Expense	1,350,000	400,000	15,000	50,000	20,000	10,000	25,000	0	0	0	0	1,870,000
Program Services	10,930,500	1,308,880	34,800	508,000	296,500	310,000	572,000	0	16,937,800	412,250	0	31,310,730
Member Services	0	0	0	0	0	0	0	0	0	0	0	0
Member Subsidies	0	0	0	0	0	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0
Financing Expenses	0	0	0	0	0	700,000	0	0	0	0	0	700,000
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	0	0	0	0	0	50,000,000
Delegated to Committees	50,000	50,000	50,000	50,000	50,000	25,000	25,000	0	25,000	25,000	0	350,000
TOTAL EXPENSES	67,356,661	140,538,043	1,981,779	47,113,985	54,514,163	58,770,000	14,853,698	7,500,000	321,686,800	36,158,010	31,778,016	832,251,155
TRANSFERS:												
Transfers out to:												
General Administration	(4,029,101)	(4,315,948)	(675,527)	(2,268,661)	(1,391,829)	(533,364)	(493,242)	(100,166)	(409,956)	(213,760)	(12,800)	(14,444,354)
Loss Prevention Subsidies	(39,000)	(168,000)	(12,000)	(100,000)	(14,000)	(94,000)	(50,000)	0	0	0	0	(477,000)
Claims System	(774,678)	(231,247)	0	(69,374)	(34,687)	0	(46,249)	0	0	0	0	(1,156,235)
Risk Management Subsidy Dividend	(168,697)	(330,801)	(1,981)	(77,710)	(76,865)	(82,243)	(424)	0	0	0	0	(738,721)
Investment Fees	(28,826)	(152,221)	(406)	(62,872)	(4,205)	(16,356)	(13,601)	(174)	(3,886)	(6,728)	(725)	(290,000)
Building Rent	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL TRANSFERS	(5,040,302)	(5,198,217)	(689,914)	(2,578,617)	(1,521,586)	(725,963)	(603,516)	(100,340)	(413,842)	(220,488)	(13,525)	(17,106,310)
Net Increase or (Decrease)	(1,391,008)	3,088,911	(283,476)	3,907,690	(288,884)	2,940,716	1,272,029	4,660	(33,642)	(891,498)	14,600	8,340,098
NET POSITION - JULY 1, 2017	21,793,917	27,180,754	1,240,350	34,002,176	726,995	8,889,918	6,736,189	263,129	1,980,222	17,547,185	1,811,453	122,172,288
NET POSITION - JUNE 30, 2018	20,402,909	30,269,665	956,874	37,909,866	438,111	11,830,634	8,008,218	267,789	1,946,580	16,655,687	1,826,053	130,512,386

CSAC Excess Insurance Authority
Combining Budget for All Programs
July 1, 2017 to June 30, 2018

Combining 2017/18 Budget	TOTAL ALL INSURANCE PROGRAMS	GENERAL ADMIN	IRON POINT BUILDING	CAPTIVE (EIO)	ELIMINATION	AUTHORITY WIDE BUDGET
REVENUES:						
Premiums for Transferred Risk	650,002,447	0	0	0	(94,949,720)	555,052,727
Dividend Income	191,516	0	0	0	0	191,516
Broker Fees	10,352,372	0	0	0	0	10,352,372
Contributions for Retained Risk	113,231,910	0	0	94,949,720	0	208,181,630
Public Entity Participation Fees	0	0	0	0	0	0
Member Growth	50,000,000	0	0	0	0	50,000,000
Investment Income	9,976,535	168,000	0	5,700,000	(784,000)	15,060,535
Financing Charges	85,000	0	0	0	0	85,000
Administration Fees	23,250,283	0	0	0	0	23,250,283
Program Development Fees	0	0	0	0	0	0
Member Services	0	1,236,291	0	0	0	1,236,291
Tenant Income	0	0	475,050	0	0	475,050
Other Income	607,500	439,364	0	0	0	1,046,864
TOTAL REVENUES	857,697,563	1,843,655	475,050	100,649,720	(95,733,720)	864,932,268
EXPENSES:						
Member Dividends	2,721,516	0	0	0	0	2,721,516
Insurance Purchased	636,522,012	0	0	0	(94,949,720)	541,572,292
Broker Fees	10,352,372	0	0	0	0	10,352,372
Provision for Claims	98,424,525	0	0	89,794,000	0	188,218,525
Unallocated Loss Adjustment Expense	1,870,000	0	0	0	0	1,870,000
Program Services	31,310,730	0	0	326,350	0	31,637,080
Member Services	0	2,599,585	0	0	0	2,599,585
Member Subsidies	0	2,000,000	0	0	0	2,000,000
General Administration Expense	0	15,081,803	0	0	0	15,081,803
Building Operation Expense	0	0	467,640	0	0	467,640
Depreciation	0	425,300	279,250	0	0	704,550
Financing Expenses	700,000	0	84,000	0	(784,000)	0
Member Growth Prem/Prov for Claims	50,000,000	0	0	0	0	50,000,000
Delegated to Committees	350,000	200,000	20,000	25,000	0	595,000
TOTAL EXPENSES	832,251,155	20,306,688	850,890	90,145,350	(95,733,720)	847,820,363
TRANSFERS:						
Transfers out to:						
General Administration	(14,444,354)	14,519,354	0	(75,000)	0	0
Loss Prevention Subsidies	(477,000)	477,000	0	0	0	0
Claims System	(1,156,235)	1,156,235	0	0	0	0
Risk Management Subsidy Dividend	(738,721)	738,721	0	0	0	0
Investment Fees	(290,000)	290,000	0	0	0	0
Building Rent	0	(481,657)	481,657	0	0	0
TOTAL TRANSFERS	(17,106,310)	16,699,653	481,657	(75,000)	0	0
Net Increase or (Decrease)	8,340,098	(1,763,380)	105,817	10,429,370	0	17,111,905
NET POSITION - JULY 1, 2017	122,172,288	12,020,978	1,122,211	8,802,764	0	144,118,242
NET POSITION - JUNE 30, 2018	130,512,386	10,257,598	1,228,028	19,232,134	0	161,230,147

CSAC EXCESS INSURANCE AUTHORITY

CALIFORNIA



PROGRAM BUDGETS

For the Fiscal Year
July 1, 2017 to June 30, 2018

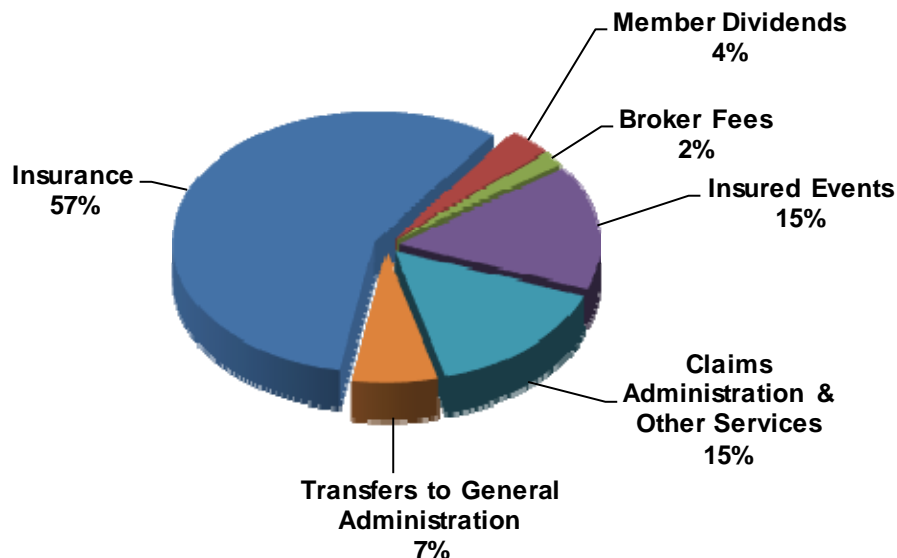
Primary Workers' Compensation

The objective of the Primary Workers' Compensation (PWC) Program is to provide members with an option to eliminate the Excess Workers' Compensation (EWC) self-insured retention and purchase first dollar coverage. The Program pools the first \$10k of loss expense, and then has excess coverage in place to cover the next \$115k of loss. Above \$125k, members participate in the EWC Program. Since this is a first dollar program, the PWC Program also includes the cost of claims administration.

Number of Members	39
Covered Payroll	\$3.4 Billion
Pool Premium	\$11.5 Million
Insurance	\$30.5 Million
Premium to EIO	\$9.9 Million
Public Entity Broker Fees	\$1.3 Million
ULAE Premiums	\$10.4 Million
Administration and Fees	\$6.4 Million

A summary of the PWC Program budget is as follows:

Primary Workers' Compensation Program - Expense Summary



At June 30, 2018, net position in the PWC Program is projected to be \$20.4M, which is within the target range of \$14.2M - \$41.9M. As a result, a \$2.5M member dividend has been budgeted for this program.



Primary Workers' Compensation (PWC) **Program Budget Policy**

Program Goals for the PWC include the following:

Short Term Goals

- Increase service offerings.
- Conduct risk assessments for members and develop solutions for loss control.
- Development of marketing and educational materials for members.
- Have all program TPAs using the EIA's claims system. York, Intercare, and Hazelrigg are now using the EIA's claims system. Adminsure, LWP, and Corvel should be transitioned to the EIA's claims system during the 2017/18 fiscal year.
- Continue to evaluate transfer of risk opportunities in the EIA Captive.

Medium Term Goals

- Preserve a structure that minimizes/eliminates assessment risk.
- Retain 80% of current members and show strategic growth regarding payroll and number of members.
- Continue work on Strategic Goals as updated.

Long Term Goals

- Each member receives annual claims analysis report with benchmark data (frequency, severity, deviation from norm).
- TPAs have consistency in claims handling practices.
- The PWC risk tolerance is low to very low. We will protect pool assets through appropriate risk transfer with a bias toward risk transfer rather than pooling in order to provide members with a guaranteed cost program when possible.

Budget Policies for the PWC Program include the following:

Revenues

- Premiums for retained risk are calculated based on each member's actuarially determined estimate of the discounted ultimate cost of claims. The actuarial confidence level and discount rate is determined annually by the PWC Committee.
- Premiums for transferred risk are calculated based on each member's estimated payroll and experience rate, as determined by the Program's actuary. A two-year smoothing technique is used to minimize rate changes.
- At the end of each year, members are required to update payroll estimates with actual payroll totals. Adjusting for actual payroll is commonly referred to as the payroll audit. Premium changes resulting from the prior year's payroll audit are



recognized in the current year as additional or return premiums due to or from each member.

- Unallocated Loss Adjust Expense (ULAE) premium is based on an estimate from the Program's actuaries of the cost of external TPA Fees and Self Insurance Plans fees for the life of the claim, at the confidence level determined annually by the PWC Committee.
- Broker fees are charged to all public entity members. The amount charged is based on our broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100,000 of premiums, plus 5% of premiums from \$100,000 to \$1,000,000, and 3% of premiums excess of \$1,000,000.
- Public entity participation fees equal 0.5% of the premiums for transferred risk and retained risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy.
- Members may elect to pay their premium on a monthly, or quarterly, basis. Finance fees are charged based on the rate approved in the Inter-Fund Borrowing Policy and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The PWC Committee has established a development fee of \$400, per member. Program development fees are one-time charges to new members joining the Program.

Expenses

- The PWC Committee annually considers returning available net assets to members in the form of member dividends. The PWC Committee generally evaluates the amount of net assets available for dividends as the balance in excess of the 90% confidence level.
- PWC insurance premiums include the cost of insurance for claims transferred to an insurance company. Coverage limits are determined annually by the PWC Committee. Claim costs in excess of \$125,000 are covered by the EWC Program.
- The provision for claims current and the provision for claims prior years, is the actuarial adjustment to claim liabilities.
- The Provision for ULAE accrues the cost not directly associated with specific claims but related to claims administration and settlement for the remaining life of the claims, and is charged as part of the Admin Fee. The provision includes both the actuarial amount related to the external TPA fees and Self Insurance Plans Fee and the internal (EIA) program administration costs.



- The Claims Administration line item provides for the fees to the approved PWC claims administrators (Third Party Administrators). TPA contracts are reviewed and considered for renewal by the PWC Committee.
- Member claims audits are scheduled for each TPA every two years, or as determined by the PWC Committee.
- Other program expenses include legal, ISO fees, employment practices legal consulting services, managed care oversight services, and any other expenses approved by the PWC Committee.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. The subsidy is generally \$1,000 per year.
- Banking services and fees are used to maintain separate claim bank accounts for each TPA.
- The California State assessment fees are levied by the Department of Industrial Relation to pay for the self-insured employer assessments for:
 - Administration of the State Workers' Compensation System
 - Uninsured Employers Benefit Trust
 - Subsequent Injuries Benefit Trust
 - Workers' Compensation Fraud Fund
 - CA Occupational Safety and Health Fund
 - Labor Enforcement and Compliance Fund
- The claims system expense includes the cost to operate our claims system. These expenses also include converting data from the TPAs to our Systema claims system. Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees, and any other expenses approved by the Committee.
- An expense budget of \$50,000 has been delegated to the PWC Committee for any unforeseen budget expenses. The PWC Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

Transfers

- Transfers out to the general administration program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000, per member, is transferred to the general administration program and added to each member's loss prevention subsidy account.
- The claims system transfer is based on program usage.
- Public entity participation fees, collected in the prior fiscal year, are transferred to the general administration program and distributed to county members as a risk management subsidy dividend.
- Investment Fees are charged on the average daily balance of program funds invested.

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CSAC EXCESS INSURANCE AUTHORITY
PRIMARY WORKERS' COMPENSATION PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	42,158,960	54,689,379	55,465,710	44,987,676	40,428,600	(4,559,076)	\$9.85M corridor deductible in the \$10 - \$125k layer reinsured by EIO
Payroll Adjustment, Excess Insurance	1,229,736	1,873,102	1,873,102	0	0	0	
Contributions for Retained Risk	12,047,175	10,365,503	10,365,503	11,477,309	11,494,170	16,861	Billed at 90% confidence level undiscounted.
Payroll Adjustment, Pool Premiums	73,251	190,105	190,105	0	0	0	
ULAE Premium	8,042,604	9,725,290	9,725,290	9,661,000	10,387,300	726,300	Billed at 80% CL; discounted at 1.5%
Public Entity Broker Fees	1,384,660	1,420,648	1,420,648	1,432,473	1,317,516	(114,957)	
Public Entity Participation Fees	163,017	168,697	168,697	170,485	0	(170,485)	PE fees eliminated by Board at March 2017 meeting
Administration Fees	5,198,596	6,247,449	6,247,449	6,235,070	6,416,869	181,799	
Investment Income	1,614,888	(160,339)	(35,339)	884,100	906,500	22,400	
Member Finance Charges	45,022	66,141	66,141	40,000	55,000	15,000	
Development Fees	0	400	400	0	0	0	
Other Income	260,097	173,642	173,642	0	0	0	TPA reimbursement in FY15/16.
TOTAL REVENUES	72,218,006	84,760,017	85,661,348	74,888,113	71,005,955	(3,882,158)	
EXPENDITURES:							
Member Dividends	2,300,000	2,500,000	2,500,000	2,000,000	2,500,000	500,000	
Retained and Transferred Risk							
Insurance Premium Expense	43,423,730	54,689,379	55,465,710	46,199,306	41,431,380	(4,767,926)	Broker Fee of \$1.0M paid through Admin charges
Primary W.C. Reinsurance Prem. PR Audit	1,310,156	1,873,102	1,873,102	0	0	0	
Broker Fees	1,385,306	1,420,649	1,420,649	1,432,473	1,317,516	(114,957)	
Provision for Claims, Current Year	9,096,000	10,000,000	10,000,000	9,862,238	9,627,265	(234,973)	Provision for claims at expected
Provision for Claims, Prior Years	(3,718,225)	0	0	200,000	150,000	(50,000)	Estimated change in discounted AMRE and SC Fire liabilities
Provision for ULAE	8,211,095	0	1,970,000	1,350,000	1,350,000	0	Actuarial adjustment to the liability for future claims administration
CA State W.C. Assessments	1,464,366	1,363,146	1,363,146	1,900,000	1,900,000	0	DIR fees based on indemnity payments included in ULAE
Total Retained and Transferred Risk	61,172,428	69,346,276	72,092,607	60,944,017	55,776,161	(5,167,856)	
Program Administration							
Claims Administration	6,981,293	3,962,080	7,250,000	8,500,000	8,600,000	100,000	TPA fees to administer claims for the life of the claim
EIA Actuarial and Consulting Serv.	81,940	0	0	0	0	0	Actuarial services brought in-house
ISO Index Fees	1,577	26,642	46,000	65,000	55,000	(10,000)	Claims indexing service
Member Claims Audits	95,950	32,375	140,000	140,000	125,000	(15,000)	TPA's locations are audited on a biannual basis
Labor Law Services	75,000	62,500	75,000	75,000	75,000	0	New service effective 1/1/15 with Eyres Law Group
Legal Fees	1,260	175	5,000	10,000	10,000	0	
Banking Services and Fees	37,418	30,377	42,000	42,000	47,500	5,500	
Managed Care Program Monitoring	102,000	54,000	113,000	113,000	118,000	5,000	Bill review fee monitoring and negotiating
Total Program Administration	7,376,438	4,168,149	7,671,000	8,945,000	9,030,500	85,500	
Appropriations Delegated to PWC Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of PWC Committee
TOTAL EXPENDITURES	70,848,866	76,014,425	82,263,607	71,939,017	67,356,661	(4,582,356)	

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY WORKERS' COMPENSATION PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018**

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
<u>TRANSFERS:</u>							
Transfers out to:							
General Administration	(3,406,408)	(3,719,516)	(3,719,516)	(3,719,516)	(4,029,101)	(309,585)	
Loss Prevention Subsidies	(38,000)	(38,000)	(38,000)	(38,000)	(39,000)	(1,000)	
Claims System Costs	(540,317)	(741,344)	(741,344)	(741,344)	(774,678)	(33,334)	
Risk Management Subsidy Dividend	(158,491)	(163,017)	(163,017)	(163,017)	(168,697)	(5,680)	
Investment Fees	(27,321)	(19,826)	(29,000)	(31,468)	(28,826)	2,642	
TOTAL TRANSFERS	(4,170,537)	(4,681,703)	(4,690,877)	(4,693,345)	(5,040,302)	(346,957)	
Net Increase or (Decrease)	(2,801,397)	4,063,889	(1,293,136)	(1,744,249)	(1,391,008)	353,241	
NET POSITION - JULY 1	25,888,450	23,087,053	23,087,053	21,535,944	21,793,917		
NET POSITION - JUNE 30	23,087,053	27,150,942	21,793,917	19,791,695	20,402,909		
Net Position Designated for:							
Target Equity	14,000,000	14,338,000	14,338,000	14,338,000	14,338,000		
Risk Management Dividend	163,017	168,697	168,697	170,485	-		
PWC Conversion Project	568,383	277,039	277,039	277,039	-		
Unrestricted Net Position and Admin	8,355,653	12,367,206	7,010,181	5,006,171	6,064,909		
Total Net Position	23,087,053	27,150,942	21,793,917	19,791,695	20,402,909		
Target Equity							
Low Range	4,700,000	14,338,000	14,338,000	14,338,000	14,200,000		
High Range	38,800,000	40,466,200	40,466,200	40,466,200	41,900,000		

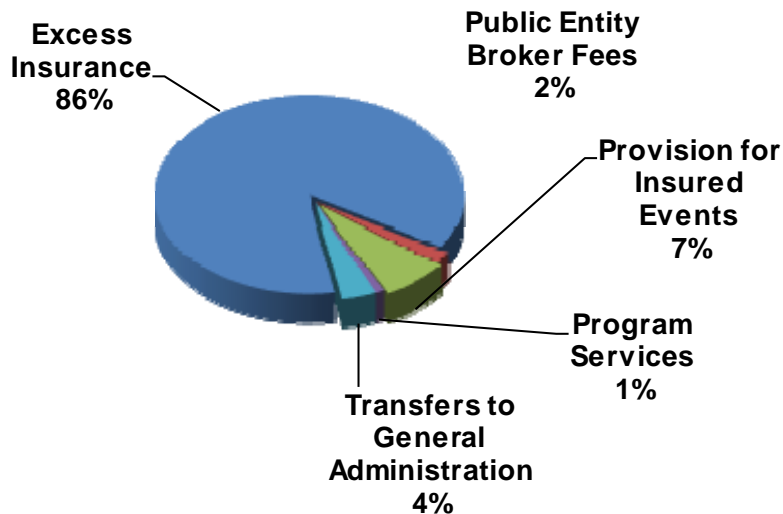
Excess Workers' Compensation

The objective of the Excess Workers' Compensation (EWC) program is to provide members an affordable Excess Workers' Compensation Program. The EWC Program provides members with the economic benefits of blending self-insurance or pooling, transfer of risk to the EIO along with the purchase of insurance.

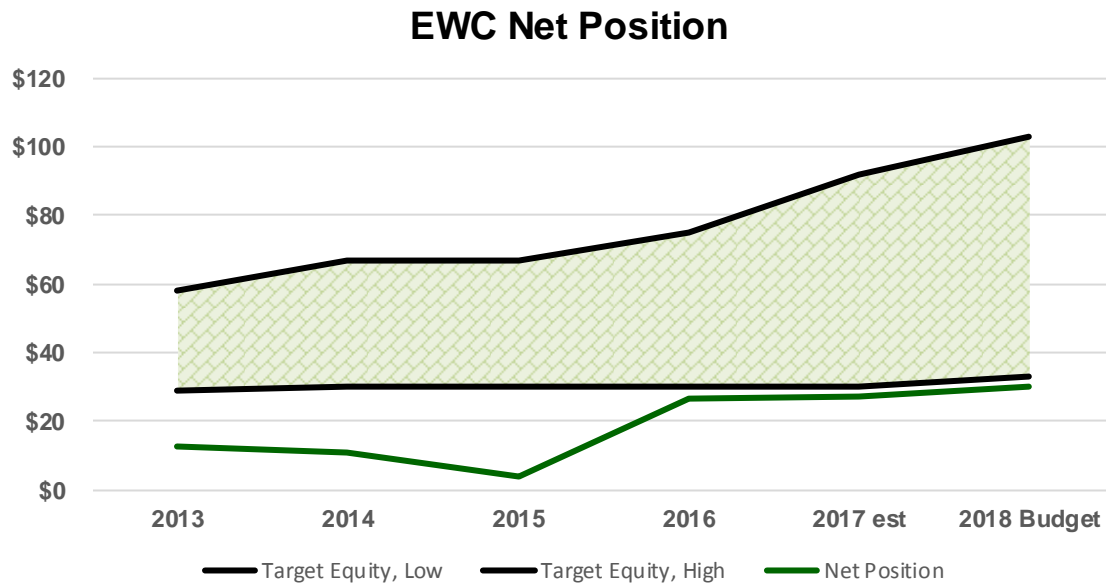
Number of Members	172
Covered Payroll	\$29.8 Billion
Pool Contribution	\$8.6 Million
Insurance	\$68.7 Million
Premium to EIO	\$56.1 Million
Broker Fees	\$2.9 Million
Administration and Fees	\$7.5 Million
Loss Prevention Subsidies	\$1,000 per member

A summary of the EWC Program budget is as follows:

Excess Workers' Compensation Program



The EWC Program proposed budget would result in an ending net position of \$30M. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$33 - \$103M. The following chart illustrates the EWC's net position in relation to the target equity range.





Excess Workers' Compensation (EWC) **Program Budget Policy**

Program Goals for the EWC Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Set rates for the upcoming year at a level designed to reach the pool's target funding range within 5 - 7 years.
- Continue to phase in the new premium allocation methodology to reflect the new High/Low-Safety rating group over a 5-year period to provide those members with premium stability (2017/18 is the second year of the phase in).
- Evaluate ways to mitigate the Program's long-term exposure to uncollectible reinsurance.
- Use multi-year underwriting matrices, where ever possible, to help ensure renewal pricing from underwriters at a "not-to-exceed" amount of 15% for the upcoming year.
- Continue to monitor the long-term discount assumption and make conservative adjustments, as needed.
- Continue standardizing California EDI codes for workers' compensation to allow for better claims analysis and trend identification.
- Implement a new data analytics platform to allow for benchmarking of claims data.
- Increase focus on settling problematic, long-term, high-exposure claims via compromise and release.
- Evaluate transfer of risk options on the EWC claims commuted in FY2015/16.
- Continue to consider risk transfer opportunities in the EIA Captive.

Long Term Goals

- Maintain funding levels in accordance with the Target Funding Guidelines.
- Maintain an equitable distribution of costs amongst the members through a premium allocation process, with appropriate consideration for loss experience within the pool layer and excess layers.
- Maintain stable pricing year-over-year not to exceed a 20% variance.
- The EWC risk tolerance is neutral. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable, in order to mitigate the Program's exposure to uncollectible reinsurance, and when considering concentration of risk.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).



- Continue to seek legislative changes to stop the expansion of workers' compensation benefits beyond its original intent.

Budget Policies for the EWC Program include the following, established by the Board of Directors:

Revenues

- Premiums for retained risk and transferred risk are calculated based on participating member's self-insured retention, payroll and loss data. Based on actuarial information and market conditions, the Underwriting and Executive Committees advise on program funding mechanisms including how much risk to self-fund and at what discount rate and confidence level, and how much risk to transfer. Funding includes consideration of the Target Equity Guidelines adopted by the Board. Final funding decisions and premium allocation methodologies are approved by the Board of Directors.
- At the end of each year, members are required to update payroll estimates with actual payroll totals. Adjusting for actual payroll is commonly referred to as the payroll audit. The effect of the payroll audit will increase or decrease premium revenues for transferred and retained risk recognized in the previous year. Premium changes resulting from the prior year's payroll audit are recognized in the current year as additional premiums due to or from each member.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and 3% of premiums excess of \$1M.
- Public entity participation fees equal 0.5% of the premiums for transferred risk and retained risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The Underwriting and Executive Committees have established a development fee of \$350, per member. Program development fees are one time charges to new members joining the Program.

Expenses

- Upon recommendation of the Underwriting and Executive Committees, the



Board may annually consider returning available net assets to members in the form of member dividends.

- Premium for transferred risk is the expense for insurance purchased based on the risk financing decisions made.
- The provision for claims, current and provision for claims prior years' are the actuarial adjustments to claim liabilities.
- The provision for ULAE, (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim, and is charged as part of the admin fee.
- Member claims audits are scheduled for each member or Third Party Administrator (TPA) every two years, or as determined by the Claims Review Committee, unless the member has opted out of the claims audit program.
- A claims audit for the EIA's Claims Department is scheduled every two years.
- Each member is entitled to a subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees and any other expenses approved by the various committees.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this program.
- There is a \$50,000 contingency budget line item for unforeseen expenses, which is available for use with a two-thirds vote of the Executive Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Board will determine how to fund for these services.

Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs, based on a three-year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000, per member, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The Web Enabled Claims System transfer is based on program usage.
- Investment Fees are charged to the programs based on the average daily balance of program funds invested.
- Public entity participation fees collected in the prior fiscal year are transferred to the General Administration Program and distributed to county members as a risk management subsidy dividend.

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CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION PROGRAM
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July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Premium for Transferred Risk	68,258,846	102,873,232	102,873,232	104,676,135	124,780,964	20,104,829	Includes \$56.1M in stop loss prem transferred to the EIA Captive.
Payroll Audit, Excess Premiums	582,641	3,491,280	3,491,280	0	0	0	
Contribution for Retained Risk	48,870,594	21,296,641	21,296,641	21,590,279	8,641,612	(12,948,667)	
Payroll Adjustments, Retained Risk	1,861,024	2,878,530	2,878,530	0	0	0	
Administration Fees	6,657,860	6,882,959	6,882,959	6,824,576	7,518,421	693,845	
Public Entity Broker Fees	2,819,055	2,966,246	2,966,246	2,858,501	2,876,074	17,573	
Public Entity Participation Fees	284,021	330,801	330,801	327,137	0	(327,137)	
Investment Income	7,706,914	(768,718)	371,300	4,790,200	4,988,100	197,900	
Member Finance Fees	20,602	32,793	32,793	15,000	20,000	5,000	
Development Fees	1,050	1,050	1,050	0	0	0	
Other Income	84,289,524	2,000	2,000	0	0	0	AmRe commutation of the 1997 - 2004 years for \$84.3M in FY15/16
TOTAL REVENUES	221,352,131	139,986,814	141,126,833	141,081,828	148,825,171	7,743,343	
EXPENDITURES:							
Retained and Transferred Risk							
Excess Workers' Comp. Premiums	68,995,859	103,459,334	103,459,334	105,469,219	125,673,089	20,203,870	
Payroll Adjustments	1,567,171	3,491,280	3,491,280	0	0	0	
Broker Fees	2,810,625	2,976,879	2,976,879	2,858,501	2,876,074	17,573	
Provision for Claims, Current Year	34,989,343	14,806,221	14,806,221	14,100,000	0	(14,100,000)	
Provision for Claims, Prior Years	83,060,210	9,723,423	9,723,423	10,890,000	10,230,000	(660,000)	
Provision for ULAE	944,719	0	300,000	300,000	400,000	100,000	Cost to run off portfolio
Total Retained and Transferred Risk	192,367,927	134,457,136	134,757,136	133,617,720	139,179,163	5,561,443	
Program Administration							
Actuarial and Consulting	79,270	0	1,000	1,000	5,000	4,000	Actuarial services brought in-house; Consulting only beginning in FY16/17
Legal Fees	24,476	25,810	50,000	50,000	50,000	0	
ISO Index Fees	243,643	188,637	275,000	275,000	290,000	15,000	Claims indexing service
Member Claims Audits	534,542	366,942	630,000	630,000	660,000	30,000	
EIA Claims Audits	17,549	0	0	0	25,800	25,800	Due in 2017/18
Crisis Management Services	0	0	15,000	100,000	110,080	10,080	
Member Actuarial Studies	198,000	128,553	160,000	160,000	168,000	8,000	
Total Program Administration	1,097,480	709,941	1,131,000	1,216,000	1,308,880	92,880	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	Available with a two-thirds vote of Executive Committee
TOTAL EXPENDITURES	193,465,407	135,167,078	135,888,136	134,883,720	140,538,043	5,654,323	

CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION PROGRAM
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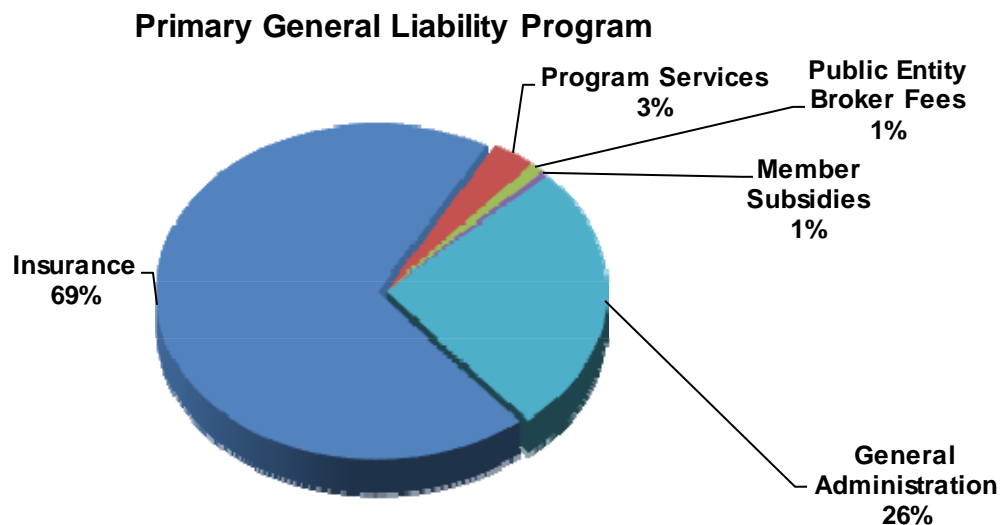
Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
TRANSFERS:							
Transfers out to:							
General Administration	(4,244,899)	(4,033,519)	(4,033,519)	(4,033,519)	(4,315,948)	(282,429)	
GASB 68 Pension Funding	0	0	0	0	0	0	
Loss Prevention Subsidies	(164,000)	(165,000)	(165,000)	(165,000)	(168,000)	(3,000)	
Claims System Costs	(161,289)	(221,297)	(221,297)	(221,297)	(231,247)	(9,950)	
Risk Management Subsidy Dividend	(257,276)	(284,021)	(284,021)	(283,989)	(330,801)	(46,812)	
Investment Fees	(136,653)	(105,909)	(140,676)	(145,676)	(152,221)	(6,545)	External investment management fees
TOTAL TRANSFERS	(4,964,117)	(4,809,746)	(4,844,513)	(4,849,481)	(5,198,217)	(348,736)	
Net Increase or (Decrease)	22,922,607	9,991	394,183	1,348,627	3,088,911	1,740,284	
NET POSITION - JULY 1	3,863,963	26,786,570	26,786,570	32,553,520	27,180,754		
NET POSITION - JUNE 30	26,786,570	26,796,561	27,180,754	33,902,147	30,269,665		
Net Position Designated for:							
Target Equity	26,502,549	26,465,760	26,849,953	33,575,310	30,269,665		
Risk Management Dividend	284,021	330,801	330,801	327,137	0		
Total Net Position	26,786,570	26,796,561	27,180,754	33,902,447	30,269,665		
Target Equity							
Low Range	30,000,000	29,973,000	29,973,000	29,973,000	32,900,000		
High Range	75,000,000	91,624,000	91,624,000	91,624,000	103,106,000		

Primary General Liability

The objective of the Primary General Liability (PGL) Program is to provide members with an opportunity to eliminate the General Liability self-insured retention. The Program provides for the joint purchase of low cost insurance with low per claim deductibles.

Number of Members	22
Insurance	\$1.4 Million
Premium to EIO	\$460 Thousand
Public Entity Broker Fees	\$28 Thousand
Administration and Fees	\$498 Thousand
Loss Prevention Subsidy	\$1,000 per member

A summary of the PGL program budget is as follows:



Net position is budgeted to be \$1.0M at June 30, 2018, which is within the target equity range of \$5,800 to \$1.2M.



Primary General Liability (PGL) **Program Budget Policy**

Program Goals for the PGL Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Ensure that all TPAs are utilizing the EIAGL codes.
- Monitor TPA performance.
- Consider use of multi-year rate or premium guarantees where appropriate and feasible.

Long Term Goals

- Maintain an adequate amount of equity such that, should the Program lose its reinsurance, the increase between reinsurance premiums and funding to the 80% confidence level can be smoothed over two years, as documented in the Target Funding Guidelines.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, third party administrators).
- Move program TPAs onto the EIA's Systema claims system, within the next 2-3 years.

Budget Policies for the PGL Program include the following:

Revenues

- Premiums for transferred risk are calculated based on each Member's estimated payroll and experience rates as determined by the Program's actuary. A two-year smoothing technique is used to minimize rate changes. Premium is not adjusted at the end of the year for actual payroll.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and plus 3% of premiums excess of \$1M.
- Public entity participation fees equal 0.5% of the premiums for transferred risk and retained risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing.



- Administration fees are based on the budget for program and general administration costs and subsidies. Program cost are defined below.
- The PGL Committee has established a development fee of \$250 per member. Program development fees are one time charges to new members joining the Program.

Expenses

- The PGL Committee annually considers returning available net assets to members in the form of member dividends.
- PGL insurance premiums include the cost of insurance for claims in excess of \$10k up to the Program limits of \$100k. Claim costs in excess of \$100k are covered by the General Liability 1 (GL1) Program.
- The provisions for claims current, and the provision for claims prior years, are the actuarial adjustments to claim liabilities.
- The provision for ULAE, (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for administrative costs of handling the claims for the life of the claim.
- Member claims audits are scheduled for each TPA every two years, or as determined by the PGL Committee.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. The subsidy is generally \$1,000 per year.
- Banking services and fees are used to maintain separate claim bank accounts for each TPA.
- Other program expenses include legal expenses and any other expenses approved by the PGL Committee.
- An expense budget of \$50k has been delegated to the PGL Committee for any unforeseen budget expenses. The PGL Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

Transfers

- Transfers out to the general administration program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time. Based on member election, a loss prevention subsidy of \$1k per member is transferred to the general administration program and added to each member's loss prevention subsidy account.
- Investment Fees are charged on the average daily balance of program funds invested.
- Public entity participation fees collected in the prior fiscal year are transferred to general administration program and distributed to county members as a risk management subsidy dividend.

CSAC EXCESS INSURANCE AUTHORITY
PRIMARY GENERAL LIABILITY PROGRAM
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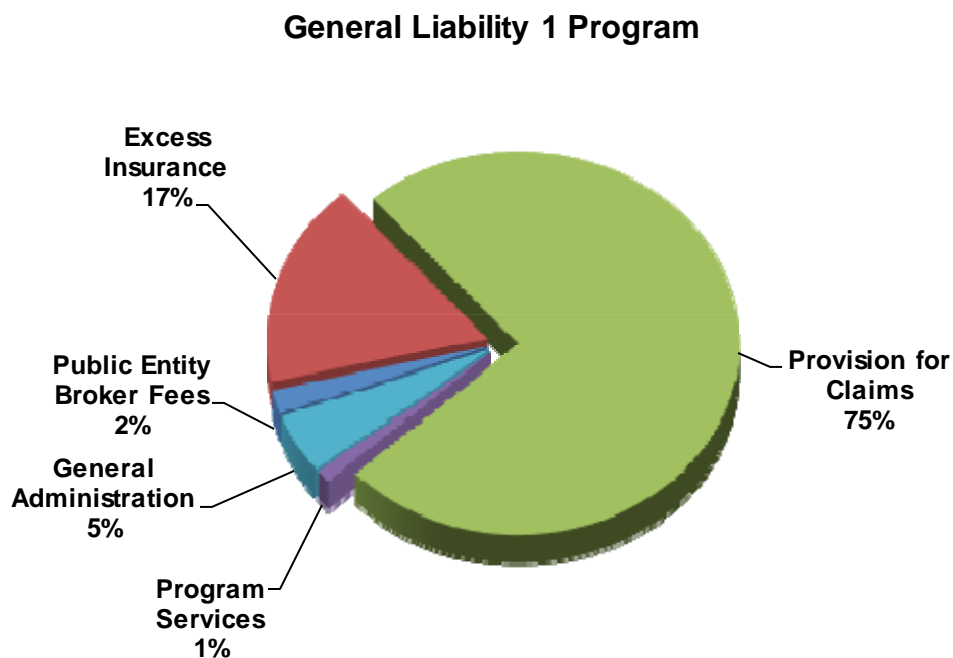
Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Premium for Transferred Risk	1,917,598	1,933,487	1,933,487	1,940,988	1,839,999	(100,989)	Member payroll incr; partially offset by 8% rate reduction. EIO corridor disc.
Public Entity Broker Fees	44,672	46,711	46,711	27,461	28,180	719	
General Administration Fees	412,582	444,436	444,436	464,850	498,538	33,688	\$244K from equity applied to Admin Fee per Committee
Public Entity Participation Fees	1,808	1,981	1,981	1,989	0	(1,989)	PE fees eliminated by Board at March 2017 meeting
Investment Income	26,006	(263)	3,637	15,900	19,000	3,100	Estimated on average balance of \$1.37M at 1.4%
Development Fees	0	0	0	0	0	0	
Other Income	183	287,363	287,363	2,500	2,500	0	Berkley is funding a small amount towards EPL claim loss prevention
TOTAL REVENUES	2,402,849	2,713,715	2,717,615	2,453,688	2,388,217	(65,471)	
EXPENDITURES:							
Dividend Expense	-	266,000	266,000	-	-	-	
Retained and Transferred Risk							
Premium for Transferred Risk	1,917,598	1,933,487	1,933,487	1,960,397	1,853,799	(106,598)	
Broker Fees	44,671	46,712	46,712	27,461	28,180	719	
Provisions for Member Deductible Pmts.	389,607	505,212	675,000	900,000	900,000	0	Members invoiced for \$0 - \$10K in claims expense
Less Member Deductible Billings	(389,607)	(502,979)	(675,000)	(900,000)	(900,000)	0	
Provision for Prior Year claims	57,875	0	0	0	0	0	
Provision for ULAE	24,420	0	10,000	10,000	15,000	5,000	
Total Retained and Transferred Risk	2,044,564	1,982,432	1,990,199	1,997,858	1,896,979	(100,879)	
Program Expenses							
EIA Actuarial and Consulting Services	20,260	0	0	0	0	0	
Claim Audits	12,500	272	13,650	13,650	20,000	6,350	
Legal Services	15,660	2,710	20,000	20,000	10,000	(10,000)	
ISO index Fees	0	0	500	500	500	0	
Bank Fees and Services	3,568	2,791	4,000	4,000	4,300	300	
Total Program Expenses	51,988	5,772	38,150	38,150	34,800	(3,350)	
Appropriation Delegated to PGL Committee	0	0	0	50,000	50,000	-	Available with two-thirds vote of PGL Committee
TOTAL EXPENDITURES	2,096,552	2,254,204	2,294,349	2,086,008	1,981,779	(104,229)	
TRANSFERS:							
Transfers out to:							
General Administration	(485,595)	(536,365)	(536,365)	(536,365)	(675,527)	(139,162)	
Loss Prevention Subsidies	(13,000)	(13,000)	(13,000)	(13,000)	(12,000)	1,000	
Risk Management Admin. Dividend	(1,708)	(1,808)	(1,808)	(1,808)	(1,981)	(173)	
Investment Fees	(429)	(262)	(426)	(426)	(406)	20	
TOTAL TRANSFERS	(500,732)	(551,435)	(551,599)	(551,599)	(689,914)	(138,315)	
Net Increase or (Decrease)	(194,435)	(91,924)	(128,333)	(183,919)	(283,476)	(99,557)	
NET POSITION - JULY 1	1,563,118	1,368,683	1,368,683	1,424,389	1,240,350		
NET POSITION - JUNE 30	1,368,683	1,276,760	1,240,350	1,240,470	956,874		
Net Position Designated for:							
Target Equity	73,000	11,300	11,300	11,300	11,300		
Risk Management Dividend	1,808	1,989	1,989	1,989	-		
Admin Carryover	-	-	0	0	-		
Unrestricted Net Position	1,293,875	1,263,471	1,227,061	1,227,181	945,574		
Total Net Position	1,368,683	1,276,760	1,240,350	1,240,470	956,874		
Target Equity							
Low Range	35,000	11,300	11,300	11,300	5,800		
High Range	1,240,000	1,243,000	1,243,000	1,243,000	1,230,000		

General Liability 1

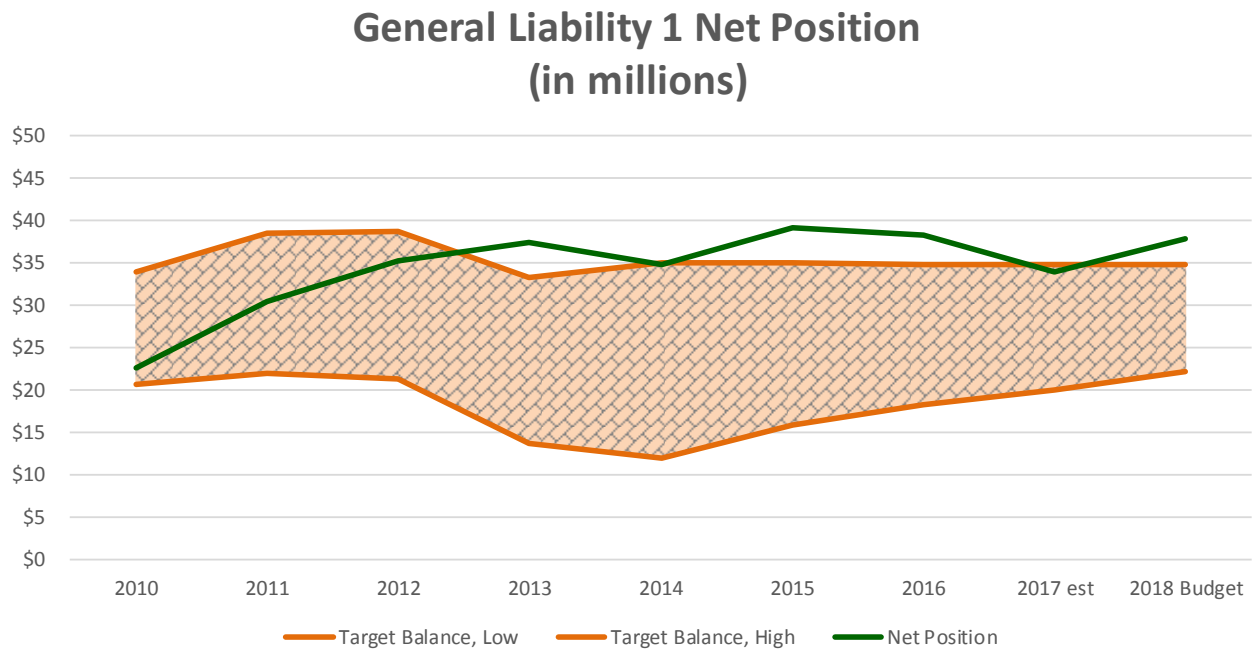
The objective of the General Liability 1 (GL1) Program is to provide members with a long-term, stable and financially strong alternative to traditional insurance. The GL1 Program provides members with the economic benefits of blending self-insurance or pooling, transfer of risk to the EIO along with the purchase of insurance.

Number of Members	114
Covered Payroll	\$5.9 Billion
Pool Premium	\$38.5 Million
Insurance	\$6.2 Million
Premium to EIO	\$2.3 Million
Public Entity Broker Fees	\$995 Thousand
Administration and Fees	\$3.1 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the GL1 Program budget is as follows:



The GL1 Program proposed budget would result in an ending net position of \$38M. The target equity range developed by the Underwriting Committee and approved by the Board of Directors is from \$22.2 - \$34.8M. The following chart illustrates the GL1's net position in relation to the target equity range.





General Liability 1 (GL1) **Program Budget Policy**

Program Goals for GL1 include the following:

Short Term Goals

- Increase service offerings to the members.
- Set rates for the upcoming year at a level designed to reduce net assets so that the pool's funding is near the top of the target surplus range in three years.
- Where the pool's funding is in excess of the top of the target surplus range, evaluate declaring dividends and/or use some surplus to offset administrative costs.
- Continue using standardized EIAGL codes for general liability to allow for better claims analysis and trend identification.
- Implement a new data analytics platform to allow for benchmarking of claims data.
- Use multi-year underwriting matrices, where possible, to help ensure renewal pricing from underwriters at a "not-to-exceed" amount of 10% for the upcoming year.
- Continue to monitor the long-term discount assumption, keeping the assumption conservatively lower than what is anticipated.
- Continue to evaluate transfer of risk opportunities in the EIA Captive.

Long Term Goals

- Maintain funding levels in accordance with the Target Funding Guidelines.
- Maintain an equitable distribution of costs amongst the members through a premium allocation process with appropriate consideration for exposure and loss experience within the pool layer and excess layers.
- Maintain stable pricing year-over-year not to exceed a 10% variance.
- The GL1 risk tolerance is neutral. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).

Budget Policies for the GL1 Program include the following established by the Board of Directors:

Revenues

- Premiums for retained risk and transferred risk are calculated based on



participating member's self-insured retention, exposure, and loss data. Based on actuarial information and market conditions, the Underwriting and Executive Committees advise on program funding mechanisms including how much risk to self-fund, and at what discount rate and confidence level, and how much risk to transfer. Funding includes consideration of the Target Equity Policy adopted by the Board. Final funding decisions and premium allocation methodologies are approved by the Board of Directors.

- Premium in the GL1 Program is not subject to adjustment based on actual payroll.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and 3% of premiums excess of \$1M.
- Public entity participation fees equal 0.5% of the premiums for transferred risk and retained risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing. Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The Underwriting and Executive Committees has established a development fee of \$350, per member. Program development fees are one-time charges to new members joining the Program.

Expenses

- Upon recommendation of the Underwriting and Executive Committees, the Board may annually consider returning available net assets to members in the form of member dividends. Premium for Transferred Risk is the expense for insurance purchased based on the risk financing decisions made.
- The provisions for claims, current year, and provision for claims prior years', are the actuarial adjustments to claim liabilities.
- The provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim and is charged as part of the admin fee.
- Member claims audits are scheduled for each member or Third Party Administrator (TPA), every two years, or as determined by the Claims Review Committee, unless the member opts out of the claims audit program.
- A claims audit for the EIA's Claims Department is scheduled every two years.
- Each member is entitled to subsidy of \$2,000 towards the cost of member actuarial studies.



- Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees and any other expenses approved by the various committees.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this program.
- There is a \$50,000 contingency budget line item for unforeseen expenses, which is available for use with a two-thirds vote of the Executive Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Board will determine how to fund for these services.

Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000 per member is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The Web Enabled Claim system transfer is based on program usage.
- Investment Fees are charged to the program based on the average daily balance of program funds invested.
- Public entity participation fees collected in the prior fiscal year are transferred to the General Administration Program and distributed to county members as a risk management subsidy dividend.

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CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 1 PROGRAM
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July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	5,513,642	9,917,906	9,917,906	8,084,400	8,498,000	413,600	Corridor deductible reinsured by EIA Captive
Contributions for Retained Risk	34,659,277	31,800,083	31,800,083	33,858,700	38,547,900	4,689,200	Funded at the 65% confidence level
Public Entity Broker Fees	923,440	947,916	947,916	970,000	995,485	25,485	
Public Entity Participation Fees	73,240	77,710	77,710	78,580	0	(78,580)	PE fees eliminated by Board at March 2017 meeting
Investment Income	3,098,458	(337,152)	112,848	1,980,000	2,450,000	470,000	Estimated on average balance of \$175M at 1.4%
Administration Fees	2,523,501	2,633,794	2,633,794	2,643,681	3,108,907	465,226	
Program Development Fees	0	700	700	0	0	0	
Other Income	667	0	0	0	0	0	
TOTAL REVENUES	46,792,225	45,040,957	45,490,957	47,615,361	53,600,292	5,984,931	
EXPENDITURES:							
Pool Dividends	3,000,000	0	0	0	0	0	
Retained and Transferred Risk							
Premium for Transferred Risk	5,239,636	9,915,107	9,915,107	10,384,400	8,498,000	(1,886,400)	Prior year corridor retention transferred to EIA Captive
Broker Fees	923,440	947,916	947,916	970,000	995,485	25,485	
Provision for Claims, Current Year	29,585,040	28,521,707	28,521,707	30,950,000	35,000,000	4,050,000	Provision for claims at expected
Provision for Claims, Prior Years	5,962,053	7,544,681	7,544,681	(585,250)	2,012,500	2,597,750	
Provision for ULAE	9,493	0	50,000	50,000	50,000	0	
Total Retained and Transferred Risk	41,719,662	46,929,411	46,979,411	41,769,150	46,555,985	4,786,835	
Program Administration							
Actuarial fees	46,600	0	0	0	0	0	Actuarial services brought in-house
ISO Fees	1,064	515	2,000	3,000	3,000	0	
Member Claims Audits	46,769	12,935	65,100	65,100	80,000	14,900	
EIA Claims Audit	18,582	0	0	0	15,000	15,000	Due in 2017/18
Labor Law Services	150,000	125,000	150,000	150,000	150,000	0	New service effective 1/1/15 with Eyres Law Group
Legal Expenses	58,388	42,381	80,000	80,000	80,000	0	
Crisis Management Services	0	0	30,000	100,000	100,000	0	
Member Actuarial Studies	98,000	62,400	80,000	80,000	80,000	0	
Total Program Administration	419,403	243,231	407,100	478,100	508,000	29,900	
Contingency Delegated to Governing Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of the Executive Committee
TOTAL EXPENDITURES	45,139,065	47,172,643	47,386,511	42,297,250	47,113,985	4,816,735	
TRANSFERS:							
Transfers out to:							
General Administration	(2,234,023)	(2,082,121)	(2,082,121)	(2,082,121)	(2,268,661)	(186,540)	
GASB 68 Pension Funding	0	0	0	0	0	0	
Loss Prevention Subsidies	(88,000)	(101,000)	(101,000)	(101,000)	(100,000)	1,000	
Claims System Costs	(48,387)	(66,389)	(66,389)	(66,389)	(69,374)	(2,985)	
Risk Management Subsidy Dividend	(57,690)	(73,240)	(73,240)	(73,189)	(77,710)	(4,521)	
Investment Fees	(56,392)	(43,357)	(58,000)	(66,071)	(62,872)	3,199	
TOTAL TRANSFERS	(2,484,492)	(2,366,107)	(2,380,750)	(2,388,770)	(2,578,617)	(189,847)	

CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 1 PROGRAM
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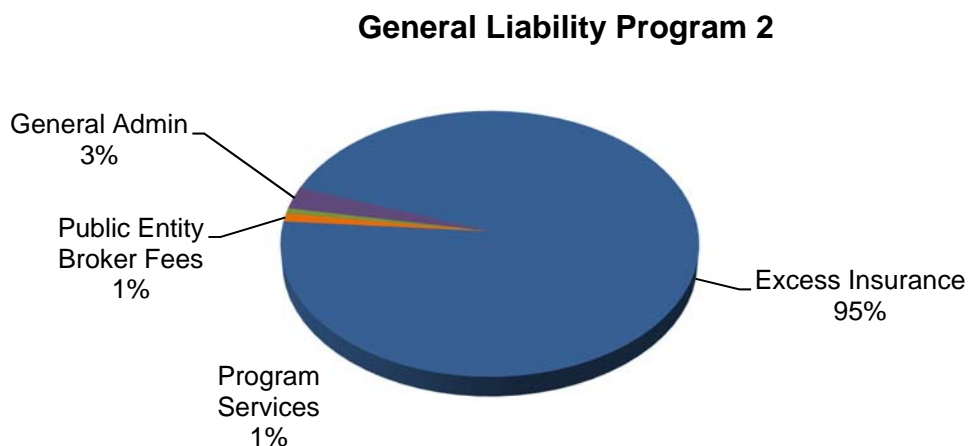
Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
Net Increase or (Decrease)	(831,332)	(4,497,792)	(4,276,305)	2,929,341	3,907,690	978,349	
NET POSITION - JULY 1	39,109,813	38,278,481	38,278,481	37,831,547	34,002,176		
NET POSITION - JUNE 30	38,278,481	33,780,689	34,002,176	40,760,888	37,909,866		
Net Position Designated for:							
Target Equity	34,800,000	33,702,979	33,924,466	34,800,000	34,800,000		
Risk Management Dividend	73,240	77,710	77,710	78,580	0		
Funding of 2-year Aggregate Corridor Deductible	2,350,000	0	0	0	0		
Unrestricted Net Position	1,055,241	0	0	5,882,308	3,109,866		Risk is transferred to captive
Total Net Position	38,278,481	33,780,689	34,002,176	40,760,888	37,909,866		
Target Equity							
Low Range	18,400,000	20,100,000	20,100,000	20,100,000	22,200,000		
High Range	34,800,000	34,800,000	34,800,000	34,800,000	34,800,000		

General Liability 2

The objective of the General Liability 2 (GL2) Program is to provide members who can afford a high self-insured retention an affordable excess liability program with limited pool exposure, transfer of risk to the EIO along with insured coverage when available.

Number of Members	15
Self Insured Retentions	\$1 to \$3.5 Million
Insurance	\$35.8 Million
Premium to EIO	\$16.4 Million
Public Entity Broker Fees	\$560 Thousand
Administration and Fees	\$3.0 Million

A summary of the General Liability 2 Program budget is as follows:





General Liability 2 (GL2) **Program Budget Policy**

Program Goals for the GL2 Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Eliminate aggregate coverage limits.
- Use multi-year underwriting matrices, where ever possible, to help ensure stable renewal pricing from underwriters.
- Evaluate different risk financing strategies in challenging renewal times; such as evaluating pooling/risk sharing, evaluate SIR changes, and assess different retention and layering strategies.
- Continue to evaluate transfer of risk opportunities in the EIA Captive.

Long Term Goals

- Maintain an equitable, market-based premium allocation with appropriate consideration given to exposure and loss experience. A market based allocation is designed to avoid adverse selection by the members.
- Maintain stable pricing year-over-year, not to exceed a 10% variance overall, or 15% variance by member.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters).
- Expand program to new members.

Budget Policies for the GL2 Program include the following:

Revenues

- Based on market conditions, coverage for the Program is provided by insurance, or a combination of insurance and an aggregate pool or Mega Fund, which provides coverage between the member's SIR and the insured layer.
- The allocation of premiums between participating members is approved annually by the GL2 Committee.
- Broker fees are charged to all public entity members. The amount charged is based on the broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M. Currently the broker is refunding a portion of broker fees to the Program to offset program expenses.
- Public entity participation fees are 0.5% of the premiums for transferred risk and retained risk.



- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The GL2 Committee has established a development fee of \$500, per member. Program development fees are one time charges to new members joining the Program.

Expenses

- GL2 premiums for transferred risk include the cost of insurance for claims in excess of each member's SIRs and the GL2 Pool or Mega Fund. Policy limits are determined annually by the GL2 Committee. Members can obtain optional excess insurance through the Miscellaneous Programs that extends coverage limits.
- The provision for claims provides for claims costs within any corridor deductible or mega Fund layer.
- The provision for Unallocated Loss Adjustment Expenses (ULAE) accrues the costs not directly associated with specific claims, but related to claims administration and settlement processes for the remaining life of the claims. ULAE includes salaries and other internal costs of the Authority's claims department.
- The legal services line item provides for coverage opinions and other services provided to the GL2 Committee.
- Claims audits will be done every two years and paid for through the premium allocation.
- A claims audit for the EIA's Claims Department is scheduled every two years.
- Each member is entitled to subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include consulting costs, legal expenses, ISO fees and any other expenses approved by the GL2 Committee.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. The subsidy is generally \$1,000 per year.
- An expense budget of \$50,000 has been delegated to the GL2 Committee for any unforeseen budget expenses. The GL2 Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The program has adopted a policy to provide Crisis Incident Management Services. Annually, the GL2 Committee will determine how to fund for these services.



Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000 per member is transferred to the General Administration Program and added to each member's loss prevention subsidy account.
- The Claims System transfer was established based on program usage.
- Investment Fees are charged on the average daily balance of program funds invested.
- Public entity participation fees collected during the prior fiscal year are transferred to the General Administration Program and distributed to county members as a risk management subsidy dividend, if approved by the Board of Directors.

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Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	22,998,092	46,724,983	46,724,983	41,000,000	52,167,164	11,167,164	\$16.4M in group corridor deductible transferred to EIA Captive
Contributions for Retained Risk	9,142,250	0	0	0	0	0	
Public Entity Broker Fees	419,435	494,440	494,440	628,462	559,639	(68,823)	
Public Entity Participation Fees	57,623	76,865	76,865	65,000	0	(65,000)	PE fees eliminated by Board at March 2017 meeting
Investment Income and Finance Fees	171,996	(37,242)	(35,742)	108,000	47,810	(60,190)	
General Administration Fees	1,804,445	1,683,022	1,683,022	1,375,254	2,972,252	1,596,998	
Development Fees	0	700	700	0	0	0	
Other Income, Legal Expense Reimbursement	1	0	0	0	0	0	
TOTAL REVENUES	34,593,842	48,942,768	48,944,268	43,176,716	55,746,865	12,570,149	
EXPENDITURES:							
Retained and Transferred Risk							
Premium for Transferred Risk	22,998,092	46,422,335	46,422,335	41,000,000	53,588,024	12,588,024	
Provision for Claims, Current Year	9,425,000	0	0	0	0	0	
Broker Fees	167,265	467,140	467,140	628,462	559,639	(68,823)	
Provision for ULAE	150,435	0	4,900	10,000	20,000	10,000	
Total Retained and Transferred Risk	32,740,792	46,889,475	46,894,375	41,638,462	54,167,663	12,529,201	
Program Administration							
ISO Fees	9,356	(213)	5,000	5,000	8,500	3,500	
Member Actuarial Studies	33,000	12,000	24,000	24,000	30,000	6,000	
Uncovered Disputed Claims	0	329,345	329,345	329,345	0	(329,345)	
Legal Services	100,699	53,160	125,000	125,000	125,000	0	
Member Claims Audit	19,398	2,750	36,750	36,750	33,000	(3,750)	
EIA Claims Audit	0	0	0	0	0	0	
Crisis Management Services	0	15,000	72,655	72,655	100,000	27,345	
Financing Expense	0	0	0	0	0	0	
Total Program Administration	162,453	412,042	592,750	592,750	296,500	(296,250)	
Appropriation Delegated to GL2 Committee	0	0	0	50,000	50,000	0	Available with two-thirds vote of GL2 Committee
TOTAL EXPENDITURES	32,903,245	47,301,518	47,487,125	42,281,212	54,514,163	12,232,951	
TRANSFERS:							
Transfers out to:							
General Administration	(1,463,613)	(1,315,307)	(1,315,307)	(1,315,307)	(1,391,829)	(76,522)	
GASB 68 Pension Funding	0	0	0	0	0	0	
Loss Prevention Subsidies	(10,000)	(11,000)	(11,000)	(11,000)	(14,000)	(3,000)	
Claims System Costs	(24,193)	(33,195)	(33,195)	(33,195)	(34,687)	(1,492)	
Risk Management Subsidy Dividend	(49,335)	(57,623)	(57,623)	(57,623)	(76,865)	(19,242)	
Investment Fees	(4,328)	(2,467)	(3,500)	(6,461)	(4,205)	2,256	
TOTAL TRANSFERS	(1,551,469)	(1,419,592)	(1,420,625)	(1,423,586)	(1,521,586)	(98,000)	
Net Increase or (Decrease)	139,127	221,658	36,518	(528,082)	(288,884)	239,198	
NET POSITION - JULY 1	551,350	690,477	690,477	796,032	726,995		
NET POSITION - JUNE 30	690,477	912,136	726,995	267,950	438,111		

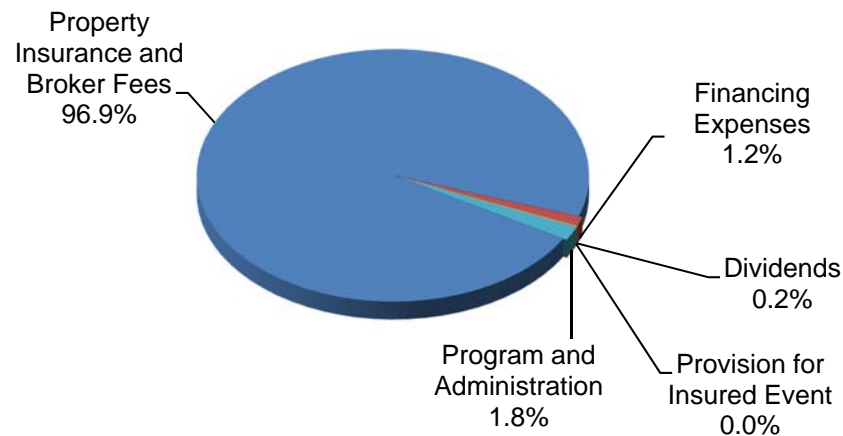
Property

The objective of the Property Program is to provide a broad range of all-risk property coverage to members, including flood and earthquake. Members' property is divided into groups known as "towers".

Number of Members	97
Member deductibles	\$5,000 to \$150,000
Insured Values	\$65.6 Billion
Insurance	\$47.7 Million
Premium to EIO	\$9.9 Million
Catastrophic Pool	\$2.5 Million
Administration and Fees	\$1.0 Million

A summary of the Property Program budget is as follows:

Property Program





Property **Program Budget Policy**

Program Goals for the Property Program include the following:

Short-term Goals

- Increase service offerings to the members.
- Cancel/rewrite primary coverage to maintain a three-year prepaid policy term.
- Evaluate the quality of claims services and Oasys-Net.
- Continue to evaluate transfer of risk opportunities in the EIA Captive.

Long-term Goals

- Maintain beneficial long-term relationships with insurance markets.
- Mitigate dependence on the primary insurance carrier.
- Maintain program stability through strategies of broad spread of risk and market-based premium allocation.
- Maintain superior quality services in claims, underwriting and loss control.
- Continue to increase funding in the Program's Catastrophic Risk Pool.
- Continue to evaluate coverage and structure enhancements.

Budget Policies for the Property Program include the following:

Revenues

- Premiums for retained and transferred risk are allocated based on each member's insured values, exposures, deductibles and coverage elections. Any difference between the collected premium for retained and transferred risk and premium expenses paid, is retained as a Property Program Stabilization Fund.
- Public entity participation fees equal 0.5% of the premiums for retained and transferred risk. Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Ceding commissions, refunded by the primary carrier will be added to Catastrophic Risk Pool.
- Program finance fees are based on the cost to finance insurance premiums. The Property Program renews on March 31st with premiums due to underwriters within 30 days. The EIA allows members to pay property premiums on a fiscal year cycle beginning July 1st. The EIA internally finances the prepayment of property premiums, including the second and third year premiums using the Inter-Fund Borrowing Policy. An estimated finance fee is billed to each member as a "Prepaid Balance Adjustment". The calculation of the "Prepaid Balance Adjustment" will not



include a credit for expected investment income, thereby maximizing the investment earnings to the Catastrophic Risk Pool. Actual cost is charged to the Property Program quarterly, based on the average daily balance borrowed.

- Any differences between the estimated Prepaid Balance Adjustment and the actual financing expense is added or deducted from the Catastrophic Risk Pool.
- Members may elect to pay their premium on a monthly or quarterly basis. Member finance fees are charged based on the internal borrowing rate and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The Property Committee has established a development fee of \$500, per member. Program development fees are one-time charges to new members joining the Program.

Expenses

- Our primary property insurance policy has a provision for “No Claims” dividends. These dividends are returned to members earning these benefits.
- Property insurance premiums include the cost of primary and excess insurance. The primary insurance cost includes the current portion of the three-year prepaid policy. The provision for claims provides for claim payments within the aggregate pool. A provision is not recorded for the flood pool. Instead, flood pool claims costs are recorded as incurred.
- Other program expenses include consulting costs, legal expenses, property appraisal services, and any other expenses approved by the Property Committee.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. The subsidy is generally \$1,000 per year.
- The EIA’s premium billing to members is based on the fiscal year of July 1st through June 30th. The insurance premiums are for a policy period of March 31st through March 31st. This timing difference requires the EIA to finance a portion of the cost of insurance. The primary insurance is on a three-year, prepaid basis. The EIA internally borrows from our own treasury to pay the second and third year of the primary insurance premiums. The excess insurance renews on March 31st annually, and is due in late April. The EIA internally borrows funds from the treasury to pay these premiums until member billings are collected in July. The finance expenses are the costs to the EIA’s Treasury to internally borrow funds for the Property Program. An expense is recognized each fiscal quarter based on the average daily balance of the funds borrowed times the internal borrowing rate approved by the Board of Directors each March.
- The Risk Management and Appraisal Services line item of \$200,000, is available for services approved by the Property Committee. This includes the cost sharing arrangement approved for property appraisals.



- An expense budget of \$25,000 has been delegated to the Property Committee. The Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The program has adopted a policy to provide Crisis Incident Management Services. Annually, the Property Committee will determine how to fund for these services.

Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Based on member election, a loss prevention subsidy of \$1,000 per member is transferred to the General Administration Program and added to each member's loss prevention subsidy account.
- Investment fees are charged on the average daily balance of program funds invested.
- Public entity participation fees collected during the prior fiscal year are transferred to the General Administration Program and distributed to county members as a risk management subsidy dividend.

CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
No Claim Dividends	115,661	0	100,000	100,000	100,000	0	
Premiums for Transferred Risk	49,474,182	43,320,816	55,370,000	58,000,000	57,625,000	(375,000)	All risk pool layer transferred to captive
Retained Risk, Agg. Deductible Pool	9,621,430	1,880,254	2,500,000	2,500,000	2,500,000	0	
Broker Fees	14,696	13,670	13,670	13,670	0	(13,670)	Schools LP position in Genl Admin Prog in FY17/18
Public Entity Participation Fees	75,494	82,243	82,243	77,500	0	(77,500)	PE fees eliminated by the Board in March 2017
Investment Income	369,708	378,257	520,450	595,000	690,000	95,000	
Member Finance Charges	5,602	11,250	11,250	5,000	10,000	5,000	
Administration Fees	761,339	879,462	879,462	853,888	911,679	57,791	
Other Income	764,370	11,145	618,995	500,000	600,000	100,000	Ceding commission from insurance placement
TOTAL REVENUES	61,202,482	46,577,098	60,096,070	62,645,058	62,436,679	(208,379)	
EXPENDITURES:							
Dividends	115,661	0	100,000	100,000	100,000	0	
Retained and Transferred Risk							
Premium for Transferred Risk	49,528,175	43,243,005	55,370,000	58,000,000	57,625,000	(375,000)	
Broker Fees	14,696	113,670	113,670	13,670	0	(13,670)	
Provision for claims, Aggregate Pool	8,138,154	2,152,576	2,152,576	0	0	0	Claims for Catastrophic pool expensed as incurred
Provision for ULAE	(10,902)	0	1,000	1,000	10,000	9,000	
Total Retained and Transferred Risk	57,670,124	45,509,251	57,637,246	58,014,670	57,635,000	(379,670)	
Program Administration							
Financing Expenses	470,212	378,257	520,450	600,000	700,000	100,000	Interest on interfund borrowing at 1.4%
Legal Services	293	455	7,500	10,000	10,000	0	
Crisis Management Services	0	0	15,000	100,000	100,000	0	
Appraisal and Other Services	200,000	(74,668)	175,000	200,000	200,000	0	
Total Program Administration	670,505	304,044	717,950	910,000	1,010,000	100,000	
Appropriation for Property Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of Property Committee
TOTAL EXPENDITURES	58,456,289	45,813,295	58,455,196	59,049,670	58,770,000	(279,670)	
TRANSFERS:							
Transfers out to:							
Transfers out to Administration	(516,686)	(543,103)	(543,103)	(543,103)	(533,364)	9,739	
Loss Prevention Subsidies	(84,000)	(85,000)	(85,000)	(85,000)	(94,000)	(9,000)	
Risk Management Subsidy Dividend	(79,803)	(75,494)	(75,494)	(75,494)	(82,243)	(6,749)	
Investment Fees	(15,292)	(11,052)	(14,750)	(13,717)	(16,356)	(2,639)	
TOTAL TRANSFERS	(695,781)	(714,649)	(718,347)	(717,314)	(725,963)	(8,649)	
Net Increase or (Decrease)	2,050,412	49,153	922,527	2,878,074	2,940,716	62,642	
NET POSITION - JULY 1	5,916,979	7,967,391	7,967,391	7,461,201	8,889,918		
NET POSITION - JUNE 30	7,967,391	8,016,544	8,889,918	10,339,275	11,830,634		
Net Position Designated for:							
Admin	23,932			0	0		
Risk Management Dividend	75,494	82,243	82,243	77,500	0		
Catastrophic Pool	1,637,760	2,802,129	3,500,000	5,290,336	6,740,000		
Program Stabilization Fund	6,230,205	5,132,172	5,307,675	4,971,439	5,090,634		
Total Net Position	7,967,391	8,016,544	8,889,918	10,339,275	11,830,634		

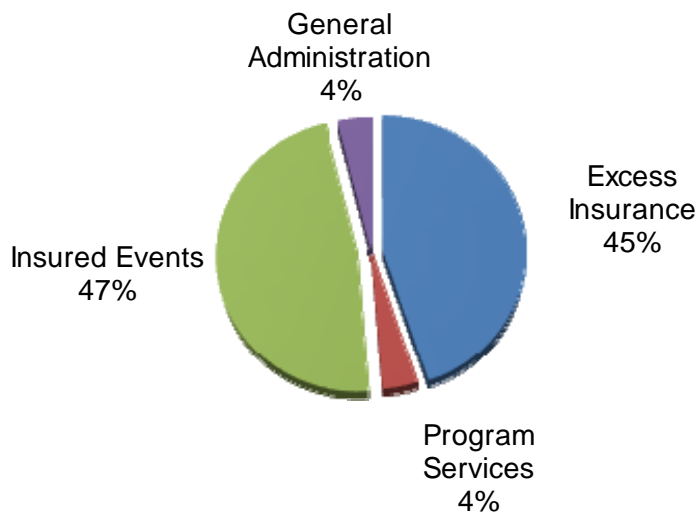
Medical Malpractice

The objective of the Medical Malpractice Program is to provide members with the broadest possible General Liability and hospital or medical facilities professional liability coverage and limits at the lowest rates available. The Medical Malpractice Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Number of Members	51
Pool Premium	\$8.0 Million
Insurance	\$6.9 Million
Administration and Fees	\$1.2 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the Medical Malpractice Program budget is as follows:

Medical Malpractice Program





Medical Malpractice Program Budget Policy

Program Goals for the Medical Malpractice Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Evaluate the potential transition from claims-made to occurrence based coverage in the pool layer.
- Negotiate new contracts for claims administration and loss prevention services.
- Consider modifications to the premium allocation methodologies.
- Monitor the activity of jail/civil rights claims covered by the Program.
- Expand training opportunities to include the addition of web and recorded training sessions.

Long Term Goals

- Maintain stable pricing year over year, not to exceed a 10% variance overall, or 15% variance by member.
- Maintain multi-year relationships with carriers, brokers and underwriters where possible.
- Maintain an equitable distribution of costs among the members and Pool 1 and Pool 2, through a premium allocation process with appropriate consideration for exposure and loss experience within the pool and excess layers.
- Monitor the claims discount assumption, compared to the projected investment earnings rate

Budget Policies for the Medical Malpractice Program include the following:

Revenues

- Premiums for retained risk and transferred risk are actuarially determined based on each member's exposure, claims experience and SIR or deductible. Each year the Medical Malpractice Committee determines the appropriate funding level and discount rate.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M.
- Public entity participation fees equal 0.5% of the premiums for retained risk and transferred risk.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The



estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.

- Claims administration fees are based on negotiated fee contracts approved by the Committee. Claims administration fees are allocated to Program 1 members based on the individual member rates. Program 2 fees are allocated to members based on retained and transferred risk premiums.
- Administration fees are based on the budget for program and general administration costs and subsidies. Program costs are defined below.
- The Medical Malpractice Committee has established a development fee of \$850 per member. Program development fees are one-time charges to new members joining the Program.
- The program has adopted a policy to provide Crisis Incident Management Services. Annually, the Medical Malpractice Committee will determine how to fund for these services.

Expenses

- The Medical Malpractice Committee annually considers returning available net assets to members in the form of member dividends.
- Medical Malpractice premiums for transferred risk include the cost of reinsurance and or excess insurance.
- The Provision for Claims (current), and the Provision for Claims (prior years), are the actuarial adjustments to claim liabilities.
- The Provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim.
- Program and member claims audits are scheduled every two (2) years, or as determined by the Medical Malpractice Committee.
- Each Program I member is entitled to a subsidy of \$2k towards the cost of member actuarial studies.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. The subsidy is generally \$1,000 per year.
- The Medical Malpractice Committee provides a loss prevention seminar. The Committee will reimburse the travel expenses for up to three (3) representatives from each member.
- Other program expenses include legal expenses and any other expenses approved by the Medical Malpractice Committee.
- An expense budget of \$ 25k has been delegated to the Medical Malpractice Committee for any unforeseen budget expenses. The Medical Malpractice Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.



- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Medical Malpractice Committee will determine how to fund for these services.

Transfers

- Transfers out to the general administration program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Investment fees are charged based on the average daily balance of program funds.
- Based on member election, a loss prevention subsidy of \$1k per member is transferred to the general administration program and added to each member's loss prevention subsidy account.
- The Claims System transfer is based on program usage.
- Public entity participation fees collected during the prior fiscal year are transferred to the general administration program and distributed to county members as a risk management subsidy dividend.

CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Premium for Transferred Risk	5,587,223	6,087,843	6,087,843	6,071,900	6,930,220	858,320	
Contribution for Retained Risk	6,624,229	7,128,822	7,128,822	7,269,300	8,028,928	759,628	
Public Entity Broker Fees	5,192	7,810	7,810	6,564	7,478	914	
Public Entity Participation Fees	260	424	424	328	-	(328)	
Investment Income	695,300	(61,607)	55,000	420,000	546,000	126,000	
Finance Charges for Members	-	148	-	-	-	-	
Claims Administration Fees	354,876	387,671	372,761	387,671	430,000	42,329	
Administration Fees	700,147	638,211	638,211	634,796	786,617	151,821	
Program Development Fees	-	1,700	1,700	-	-	-	
Other Income	9,903	-	-	-	-	-	
TOTAL REVENUES	13,977,129	14,191,022	14,292,571	14,790,559	16,729,243	1,938,684	
EXPENDITURES:							
Member Dividends	-	-	-	-	-	-	
Retained and Transferred Risk							
Premium for Transferred Risk	5,587,223	6,087,843	6,087,843	6,071,900	6,930,220	858,320	
Broker Fees	5,192	7,810	7,810	6,564	7,478	914	
Provision for Claims - Current Year	5,528,615	6,350,000	6,171,000	6,350,000	6,814,000	464,000	Estimated at expected discounted at 1.75%
Provision for Claims - Prior Year	1,661,916	300,000	300,000	300,000	480,000	180,000	Estimated pending actuarial
Provision for ULAE	70,857	0	10,000	10,000	25,000	15,000	
Total Retained and Transferred Risk	12,853,803	12,745,653	12,576,653	12,738,464	14,256,698	1,518,234	
Program Administration							
Actuarial and Consulting Services	27,320	0	0	0	0	0	Actuarial services brought in-house
ISO Index Fees	0	0	500	500	500	0	
Legal Expenses	3,950	6,630	10,000	10,000	12,000	2,000	
Claims & Loss Prevention Administration	354,879	306,998	402,955	387,671	430,000	42,329	
Member Actuarial Studies	12,000	4,000	8,000	8,000	8,000	0	
Claim Audits	5,714	0	0	0	0	0	
Crisis Management Services	0	0	15,000	100,000	100,000	0	
Loss Prevention Annual Seminar	18,061	0	21,500	21,500	21,500	0	Risk management seminar expense
Total Program Administration	421,924	317,628	457,955	527,671	572,000	44,329	
Appropriation Delegated to Med Mal Committee	-	-	-	25,000	25,000	-	Available with two-thirds vote of Med Mal Committee
TOTAL EXPENDITURES	13,275,728	13,063,281	13,034,608	13,291,135	14,853,698	1,562,563	

CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
TRANSFERS:							
Transfers out to:							
General Administration	(541,700)	(487,850)	(487,850)	(487,850)	(493,242)	(5,392)	
Loss Prevention Subsidies	(48,000)	(48,000)	(48,000)	(48,000)	(50,000)	(2,000)	
Claims System Costs	(32,258)	(44,259)	(44,259)	(44,259)	(46,249)	(1,990)	
Risk Management Subsidy Dividend	(253)	(260)	(260)	(260)	(424)	(164)	
Investment Fees	(12,325)	(9,862)	(13,150)	(13,404)	(13,601)	(197)	
TOTAL TRANSFERS	(634,536)	(590,231)	(593,519)	(593,773)	(603,516)	(9,743)	
Net Increase or (Decrease)	66,866	537,510	664,444	905,651	1,272,029	366,378	
NET POSITION - JULY 1	6,004,879	6,071,745	6,071,745	6,360,978	6,736,189		
NET POSITION - JUNE 30	6,071,745	6,609,255	6,736,189	7,266,629	8,008,218		
Net Position Designated for:							
Target Equity	6,037,768	6,608,831	6,735,765	7,266,301	8,008,218		
Risk Management Dividend	260	424	424	328	0		
Admin Carryover	33,717	0	0	0	0		
Total Net Position	6,071,745	6,609,255	6,736,189	7,266,629	8,008,218		
Target Equity							
Low Range	3,200,000	3,600,000	3,600,000	3,600,000	3,600,000		
High Range	10,500,000	12,246,500	12,246,500	12,246,500	12,246,500		

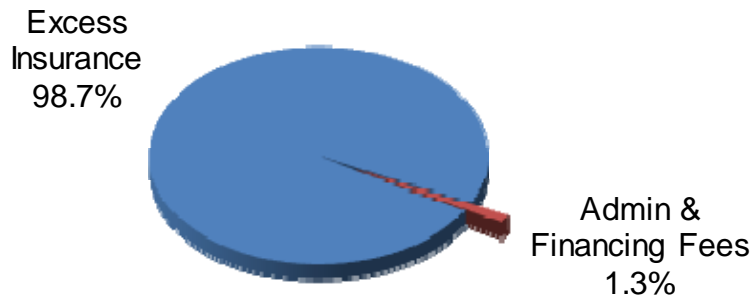
Master Rolling Owner Controlled Insurance Program

The Master Rolling Owner Controlled Insurance Program (MROCIP) enables members to purchase workers compensation and general liability coverage for all eligible parties working on their construction projects. The program incepted in January 2013, and currently multiple projects either approved or in progress.

Insurance	\$7.5 Million
EIA Administration Fees	\$105 Thousand

A summary of the MROCIP Program budget is as follows:

Master Rolling Owner Controlled Insurance Program





Master Rolling Owner Controlled Insurance Program (MR OCIP) **Program Budget Policy**

Program Goals for MR OCIP include the following:

Short Term Goals

- Increase service offerings to the members.
- Communicate information about the program to members.
- Expand member participation in the program, with a target towards county jails and schools.

Long Term Goals

- Maintain beneficial long-term relationships with insurance markets.
- Maintain program stability through strategies of broad spread of risk and market-based premium allocation.
- Maintain superior quality services in claims, underwriting and loss control.

Budget Policies for the MR OCIP Program include the following:

Revenues and Expenses

- Premiums for Retained and Transferred Risk, and other program charges are calculated based on each project's construction values, payrolls, exposures, and coverage elections.
- Program finance fees are based on the internal borrowing rate.
- Administration fees are .03% of the Estimated Construction Project Value.
- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Investment fees are charged on the average daily balance of program funds invested.

CSAC EXCESS INSURANCE AUTHORITY
MASTER ROLLING OCIP PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	7,686,545	8,181,669	9,500,000	10,000,000	7,500,000	(2,500,000)	
Broker Fees	0	0	0	0	0	0	
Investment Income	2,993	(1,224)	(474)	0	0	0	
Administration Fees	76,493	141,630	155,000	140,000	105,000	(35,000)	
Member Finance Charges	2,969	0	0	0	0	0	
Other Income	0	104,060	104,060	0	0	0	
TOTAL REVENUES	7,769,000	8,426,135	9,758,586	10,140,000	7,605,000	(2,535,000)	
EXPENDITURES:							
Retained and Transferred Risk							
Insurance Purchased	7,686,545	8,181,669	9,500,000	10,000,000	7,500,000	(2,500,000)	
Financing Expenses	2,478	0	0	800	0	(800)	
Total Retained and Transferred Risk	7,689,023	8,181,669	9,500,000	10,000,800	7,500,000	(2,500,800)	
TOTAL EXPENDITURES	7,689,023	8,181,669	9,500,000	10,000,800	7,500,000	(2,500,800)	
TRANSFERS:							
Transfers out to:							
General Administration	(30,537)	(95,683)	(95,683)	(95,683)	(100,166)	(4,483)	
Investment Fees	(58)	(123)	(165)	(70)	(174)	(104)	
TOTAL TRANSFERS	(30,595)	(95,806)	(95,848)	(95,753)	(100,340)	(4,587)	
Net Increase or (Decrease)	49,382	148,660	162,738	43,447	4,660	(38,787)	
NET POSITION - JULY 1	51,009	100,391	100,391	141,665	263,129		
NET POSITION - JUNE 30	100,391	249,051	263,129	185,112	267,789		

EIAHealth

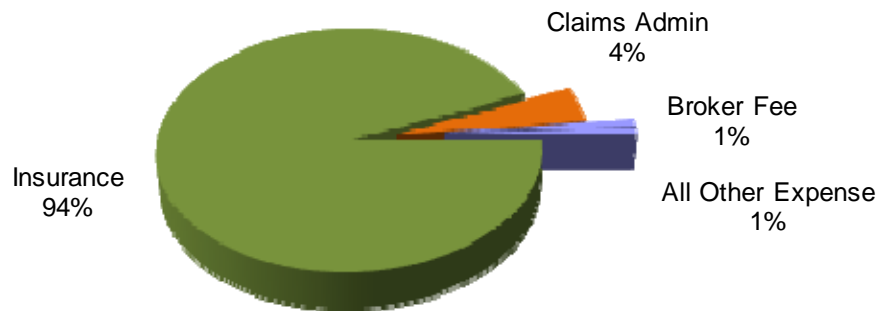
The EIAHealth Program was formed to provide CSAC Excess Insurance Authority members with a more cost-efficient alternative to their current health and benefit plans.

The EIAHealth Program creates value and long-term stability for members by securing the lowest fixed cost plan components and combining employers with similar risk profiles in a financially stable pool. In addition, the Program offers employers the flexibility to match current plan design and product offerings at lower rates for both active and retired employees. The Program has consistently outperformed the marketplace since its inception and competes effectively with standalone plans, as well as CalPERS.

Number of Members	32
Insurance	\$302 Million
Eligibility Fees	\$1.8 Million
Claims Admin Fees	\$15.0 Million
Broker Fees	\$3.0 Million
Healthcare Reform Fees	\$0.12 Million
EIA Admin & Fees	\$0.50 Million

A summary of the EIAHealth Program budget is as follows:

EIAHealth Program





EIAHealth **Program Budget Policy**

Program Goals for the EIAHealth Program include the following:

Short Term Goals

- Provide ongoing support to members on Health Care Reform compliance.
- Increase Program communication of products and services available to members and their employees.
- Increase overall member participation in committee meetings.
- Continue to develop Kaiser small group option.
- Review Pharmacy Benefit Manager program options.
- Modify Program Performance Report to include Kaiser.
- Educate new Committee members on the history of the EIAHealth Program.
- Communicate and implement Carrum Health Services.
- Monitor carrier and vendor performance.
- Schedule EIAHealth Committee educational workshop.

Long Term Goals

- Maintain appropriate funding levels and stable pricing within the Program.
- Maintain statewide and nationwide provider networks.
- Keep members updated on Health Care Reform.
- Provide wellness program options to members.
- Continue to present health care cost containment options for Committee consideration.
- Assist members in lower cost/lower benefit plan options.
- Increase member specific, benefits related information on the EIA website.
- Implement an EIA Employee Benefits database that houses all Program information.

Budget Policies for the EIAHealth Program include the following:

Revenues

- The transferred risk premiums for EIAHealth insurance is based on the benefit level selected by each member and their actual claims experience. A per month, per employee rate is established for each member.
- EIAHealth Committee has established other rates necessary to manage the EIAHealth Program. These rates, outlined below and included in the following addendum, will be updated annually with the specific amount of the fixed costs.



- Claim eligibility fees are based on a per employee, per month rate. The rates may vary based on group size and/or products purchased by the Member.
- Broker fees are also based on a per employee, per month rate. The rate varies based on the size of each member.
- TPA fees are based on a per employee, per month rate. Administration rates are based on a per employee, per month rate.
- Investment income is budgeted at an estimated earnings rate.

Expenses

- The health insurance premiums transferred to the EIAHealth Committee's partner, Self Insured Schools of California (SISC), equals the per employee, per month premium referred to above in the revenue section. Risk for member health cost have been transferred to SISC.
- Other EIAHealth Program revenues that pass through as an expense include:
 - Claims Administration and TPA Fees
 - Broker Fee Expense
 - Eligibility Administration ExpenseThese fixed costs are outlined on page 3.
- The EIAHealth Symposium expense provides for the operating cost of seminars conducted to update members on current health industry issues. The cost includes reimbursements of travel costs incurred by members to attend the seminar.
- The EIAHealth Program workshops are designed to train and update member health benefits staff on issues pertaining to the EIAHealth Program.
- Other program administration costs include legal expenses and actuary expenses. An expense budget of \$25,000 has been delegated to the EIAHealth Committee for any unforeseen budget expenses. The EIAHealth Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

Transfers

- Transfers out to the General Administration Program are used to pay for the EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time.
- Investment Fees are charged on the average daily balance of program funds invested.



EIAHealth 2017 Fixed Administrative Costs:

Carrier/Vendor	Scope of Services	2017 Fixed Costs	
		Non-Kaiser	Kaiser
Alliant	Broker Consultant Program Management	Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$5.00 PEPM Mid-Market (250-999): \$8.00 PEPM Small Group: \$11.00 PEPM	Jumbo (2,000+): \$3.00 PEPM Large (1,000-1,999): \$4.00 PEPM Mid-Market (250-999): \$7.00 PEPM Small Group: <i>Pending</i>
Alliant Underwriting	Program Underwriting	\$3.00 PEPM	
Anthem Blue Cross	Provider Network Claims Admin.	\$46.12 to \$48.01 PEPM	
Benefit Coordinators Corporation (BCC)	Eligibility Consolidated Billing	\$7.00 PEPM	
Blue Shield of California	Provider Network Claims Admin.	\$44.03 PEPM	
businessolver	Eligibility Consolidated Billing	\$5.75 - \$7.75 PEPM (Varies based on Services elected by Member)	
CSAC EIA	Pool Administration Governance	\$1.50 PEPM	
Employee Benefit Specialists (EBS)	Eligibility Consolidated Billing	\$6.75 PEPM	
Delta Health Systems (DHS)	Network/Eligibility/Consolidated Bill.	\$41.85 PEPM	
Pinnacle Claims Management	MexicoSelect Network	\$5.00 PEPM	
SISC	Pool Access and Administration	\$2.75 PEPM	
SISC Stop Loss	Pooling Charge	\$15.51 PEPM	

CSAC EXCESS INSURANCE AUTHORITY
EIAHEALTH PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018

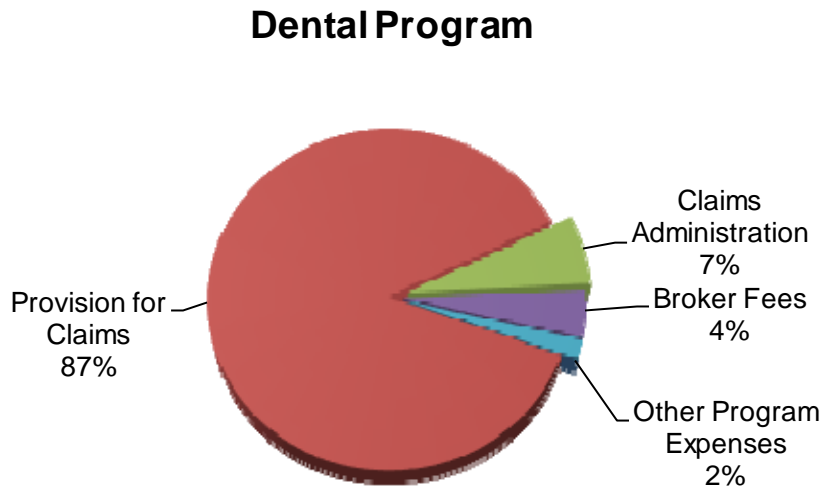
Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Premiums for Transferred Risk	241,255,956	187,140,339	254,808,000	254,808,000	301,616,000	46,808,000	Paid directly to SISC
Third Party Administrator Fees	1,767,038	1,344,072	1,779,660	1,779,660	1,846,000	66,340	EBS/BCC/Business Solver/Pinnacle
ASO Fees for EIAHealth Program	14,758,704	9,950,039	14,569,000	14,569,000	14,964,000	395,000	Carrier admin service organizations
Broker Fees	2,255,675	1,699,523	2,296,484	2,296,484	2,958,000	661,516	Paid to Alliant & other brokers;
Administration Fees	340,171	257,321	345,000	482,000	502,000	20,000	\$1.50 per employee per month
Healthcare Reform Reinsurance Fee and PCORI Fee	1,415,115	581,411	777,000	1,100,000	120,000	(980,000)	No reinsurance fee in FY17/18
Investment Income	203,907	(33,842)	(18,092)	114,000	56,000	(58,000)	
Other Income	534,771	18,844	18,844	5,000	5,000	-	
TOTAL REVENUES	262,531,336	200,957,707	274,575,896	275,154,144	322,067,000	46,912,856	
EXPENDITURES:							
Member Dividends (Interest on Outstanding Balances)	22,235	0	15,000	15,000	30,000	15,000	
Retained and Transferred Risk							
Health Premiums, SISC	241,255,956	187,140,339	254,808,000	254,808,000	301,616,000	46,808,000	
Claims Admin. ASO Fees	14,758,459	9,950,039	14,569,000	14,569,000	14,964,000	395,000	
Broker Fees	2,255,675	1,699,523	2,296,484	2,296,484	2,958,000	661,516	
Third Party Administration Fees	1,767,038	1,344,072	1,779,660	1,779,660	1,846,000	66,340	
Healthcare Reform Reinsurance Fee and PCORI Fee	1,415,115	581,411	777,000	1,100,000	120,000	(980,000)	
Total Retained and Transferred Risk	261,452,242	200,715,384	274,230,144	274,553,144	321,504,000	46,950,856	
Program Administration							
EIA Actuarial, Consulting and Other	19,200	36,000	58,000	58,000	58,000	-	
EIAHealth Symposium and Technician Workshop	52,155	4,350	41,600	65,520	69,800	4,280	
Other Misc. Expense	7,015	2,745	2,745	-	-	-	
Total Program Administration	78,370	43,095	102,345	123,520	127,800	4,280	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of EIAHealth Committee
TOTAL EXPENDITURES	261,552,847	200,758,479	274,347,489	274,716,664	321,686,800	46,970,136	
TRANSFERS:							
Transfers out to:							
General Administration	(587,903)	(442,029)	(442,029)	(442,029)	(409,956)	32,073	
Investment Fees	(3,723)	(2,293)	(3,500)	(4,312)	(3,886)	426	
TOTAL TRANSFERS	(591,626)	(444,322)	(445,529)	(446,341)	(413,842)	32,499	
Net Increase or (Decrease)	386,863	(245,094)	(217,122)	(8,861)	(33,642)	(24,781)	
NET POSITION - JULY 1	1,810,481	2,197,344	2,197,344	1,606,578	1,980,222		
NET POSITION - JUNE 30	2,197,344	1,952,250	1,980,222	1,597,717	1,946,580		
Balance in Admin Carryover	232,646	2,550	29,772	125,707	(9,870)		
Unrestricted Net Position	1,964,698	1,949,700	1,950,450	1,472,010	1,956,450		
Total Net Position	2,197,344	1,952,250	1,980,222	1,597,717	1,946,580		

Dental

The Dental Program was created to provide members with comprehensive dental coverage and flexible benefit plan designs at the lowest possible rates. As a joint purchasing program, the CSAC Excess Insurance Authority Dental Program is able to leverage the size of its pooled participants to achieve volume pricing that is significantly lower than what individual public agencies could qualify for on their own.

Number of Members	153
Pool Premium	\$33 Million
Eligibility Fees	\$380 Thousand
Broker Fees	\$1.6 Million

A summary of the Dental Program budget is as follows:



Pursuant to the 2016/17 program goals, a target equity was established and based on actuarial results, \$2M of program equity will be used to reduce renewal premiums for the 2017/18 year.



EIA Dental **Program Budget Policy**

Program Goals for the EIA Dental Program include the following:

Short Term Goals

- Monitor the results of the approved reduction in program equity.
- Continue to bring new members into the Program.
- Annually review trend levels for Program.
- Increase communication on available Dental program features.
- Enhance program information available on the EIA website.
- Promote and communicate Member Services available to Dental members.
- Contract with a new Employee Benefits counsel/advisor.
- Create Dental Program policy statement.

Long Term Goals

- Maintain appropriate funding levels and stable pricing within the Program.
- Maintain multi-year relationships with carriers and vendors.
- Work with Delta Dental to develop EIA Dental website for Members and employees.
- Market review for Program competitiveness.
- Increase Program participation.

Budget Policies for the EIA Dental include the following:

Revenues

- The retained risk premiums for the EIA's Dental Program are based on the benefit level selected by each member, and the member's actual claims experience. A per month, per employee rate is established for each member.
- The EIA Employee Benefits Committee has established other rates necessary to manage the EIA Dental Program. These rates include the following:
 - Program eligibility fees are based on a per employee, per month rate.
 - Broker fees are also based on a per employee, per month rate. The rate varies based on the size of each member.
- TPA fees are based on a per employee, per month rate.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury.



Expenses

- Dental claim expenses equals the actual dental expenses paid for program members. The expense includes an accrual for outstanding claims incurred, and an allowance for claims incurred but not reported (IBNR).
- EIA Dental Program revenues that pass through as a like expense includes:
 - Claims administration and TPA Fees
 - Broker fee expense
 - Eligibility administration expense
- Other program administration costs include legal expenses and actuary expenses.

Transfers

- Transfers out to the General Administration Program are used to pay for the EIA's staff, loss prevention, and all other administrative costs. The investment income earned from the dental premiums pay for the general administration cost of the program. The Employee Benefits Committee established this procedure to operate the Dental Program without any direct administration fees.

CSAC EXCESS INSURANCE AUTHORITY
DENTAL PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Contribution For Retained Risk	31,736,745	24,577,341	32,770,000	32,046,000	33,252,000	1,206,000	
Stabilization Funds Transferred	0	0	0	0	0	0	
Eligibility Administration	352,618	277,996	370,000	360,000	380,000	20,000	
Broker Fees	1,518,872	1,184,393	1,580,000	1,515,000	1,610,000	95,000	
Investment Income	353,899	(32,234)	22,340	204,000	245,000	41,000	
Other Income	0	0	0	0	0	0	
TOTAL REVENUES	33,962,133	26,007,496	34,742,340	34,125,000	35,487,000	1,362,000	
EXPENDITURES:							
Retained and Transferred Risk							
Provision for Claims Current Year	29,738,033	21,721,129	28,960,000	29,496,000	31,650,000	2,154,000	
Provision for Claims Prior Year	0	0	100,000	100,000	100,000	0	
Claims Administration TPA Fees	2,114,620	1,573,637	2,100,000	2,258,000	2,360,760	102,760	Paid to Delta Dental
Eligibility Administration	352,618	277,996	370,000	360,000	380,000	20,000	Paid to PBIA for maintaining eligibility and billing
Broker Fees	1,518,872	1,184,393	1,580,000	1,515,000	1,610,000	95,000	Paid to Alliant and other brokers
Stabilization Funds distributed	477,716	64,106	64,106	0	0	0	
PCORI Fees	0	0	0	0	0	0	EIA's plan no longer required to pay PCORI fees
Total Retained and Transferred Risk	34,201,859	24,821,261	33,174,106	33,729,000	36,100,760	2,371,760	
Program Administration							
Actuarial, Consulting and Legal	4,800	3,600	4,800	14,800	14,800	0	
Employee Benefit & Health Symposiums	0	0	10,400	16,380	17,450	1,070	
Total Program Administration	4,800	3,600	15,200	31,180	32,250	1,070	
Contingency Delegated to Governing Committee	0	0	0	25,000	25,000	0	Available with two-thirds vote of Employee Benefits Committee
TOTAL EXPENDITURES	34,206,659	24,824,861	33,189,306	33,785,180	36,158,010	2,372,830	
TRANSFERS:							
Transfers out to:							
General Administration	(224,925)	(221,015)	(221,015)	(221,015)	(213,760)	7,255	
Investment Fees	(6,432)	(4,750)	(6,333)	(7,381)	(6,728)	653	
TOTAL TRANSFERS	(231,357)	(225,765)	(227,348)	(228,396)	(220,488)	7,908	
Net Increase or (Decrease)	(475,883)	956,870	1,325,686	111,424	(891,498)	(1,002,922)	
NET POSITION - JULY 1	16,697,383	16,221,500	16,221,500	18,757,734	17,547,185		
NET POSITION - JUNE 30	16,221,500	17,178,370	17,547,185	18,869,158	16,655,687		
Net Position Designated for:							
Program Stabilization Funds - member designated	1,134,053	1,037,117	1,018,664	1,264,675	944,664		
Dental IBNR & Claim Fluctuation Reserves	5,370,289	5,700,000	5,700,000	5,700,000	5,700,000		
Admin Carryover	324,304	104,096	104,096	149,531	71,358		
Unrestricted Net Position	9,392,854	10,337,157	10,724,426	11,754,952	9,939,666		
Total Net Position	16,221,500	17,178,370	17,547,185	18,869,158	16,655,687		

Miscellaneous Programs

The EIA offers various other insurance coverage to public agencies. These services include the following employee benefits programs:

- Life and Disability programs
- Employee Assistance programs

The EIA's new platform offers consolidated billing with online eligibility and enrollment.

Other coverage include:

- Optional Excess Liability programs
- Aviation Insurance
- Crime and Honesty Bonds
- Pollution Liability Insurance
- Watercraft Insurance
- Cyber Liability Insurance
- Catastrophic Inmate Medical Insurance
- Equipment Maintenance Management Program

The EIA offers these coverages to members through a group purchase program at competitive rates with no administrative fees as part of the program costs.



Miscellaneous Programs **Program Budget Policy**

A. Employee Benefits Miscellaneous Programs

Program Goals for the Employee Benefits Misc. Programs include the following:

Short Term Goals

- Increase overall participation in Misc. Programs
- Increase communication on available program features
- Enhance program information available on the EIA website
- Service evaluation for EAP member disruption

Long Term Goals

- Maintain stable and competitive pricing
- Obtain multi-year agreements where ever possible
- Review impact of additional carrier being added to the Life/Disability Program

Budget Policies for the Employee Benefits Misc. Programs include the following:

Revenues

- In addition to the ten major coverage programs, the EIA provides group purchase insurance programs to offer members protection from other various exposures. These program include:
 - Life/Accidental Death & Dismemberment (AD&D)
 - Long Term Disability (LTD)
 - Short Term Disability (STD)
 - Vision
 - Employee Assistance Plan (EAP)
- The transferred risk premiums for Life, Accidental Death and Dismemberment (AD&D) Long Term Disability (LTD), and Short Term Disability (STD) are based on the benefit level selected by each member.
 - Life and AD&D insurance rates are based on the volume levels selected by each member.
 - LTD rates are based on the benefit level selected by each member. The rate is applied to the monthly payroll reported by each member.
 - Short-Term Disability rates are also based on the benefit level selected by each member and is applied to the monthly payroll.
- Vision rates are based on the benefit level selected by each member. Benefit levels determine the schedule of benefits provided and the covered services.



- Employee Assistance Program (EAP) rates are based on the benefit level selected by each member. Benefit levels determine the benefits provided per incident, per employee. EAP premiums are billed quarterly, in advance by the EIA.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy, wherein a program can temporarily borrow funds from the EIA Treasury.

Expenses

- The Life, AD&D, LTD, STD and Vision premium revenues pass through to insurance companies, approved by the Employee Benefits Committee.
- EAP premium revenues also pass through to the insurance company approved by the Employee Benefits Committee. Premium expense invoices are computed monthly, based on each members benefit level, and the reported number of employees eligible for the EAP Program.

Transfers

- Transfers out to the general administration program are used to pay for the EIA staff, and all other administrative costs. The investment income earned from the Life, AD&D, LTD, STD and Vision Programs pay for the general administration cost of the Program. Investment income from stabilization funds used for general administration fees is limited to a minimum of \$5k and a maximum of \$10k per stabilization account.
- Transfers out for EAP administration fees is paid from investment income earned from the timing differences created by billing members quarterly, and paying the insurance companies monthly. The Employee Benefits Committee established this procedure to operate the EAP Program without any direct administration fees.
- Investment Fees are charged on the average daily balance of program funds invested.

Property and Casualty Miscellaneous Programs

Program Goals for the Property and Casualty Misc. Programs include the following:

Short Term Goals

- Ensure an efficient system is in place for premium billings
- Enhance program information provided on the website
- Obtain and review program loss experience on a quarterly basis.

Long Term Goals

- Maintain stable and competitive pricing from year to year



- Continue to evaluate new opportunities to develop coverage programs that meet members' changing risk-management needs
- Explore establishing aggregated pooling layers where it makes sense
- Maintain long-term relationships with the coverage markets
- Obtain multi-year agreements where ever possible

Revenues

- In addition to the ten major coverage programs, the EIA provides group purchase insurance programs to offer members protection from other various exposures. These program include:
 - Aviation
 - Bond/Crime and Faithful Performance
 - Catastrophic Inmate Medical
 - Course of Construction
 - Equipment Maintenance Management Program
 - Optional Excess Liability
 - Cyber Liability
 - Pollution Liability
 - Special Events
 - Vendor Contractors'
 - Watercraft

Expenses

- The revenue from the group purchase of the Miscellaneous Programs listed above pass through as premium expense.

Transfers

- Transfers out to the general administration program are used to pay for the EIA staff and all other administrative costs. Any investment income from any timing differences for the collection of premiums and the timely payment of premiums expenses is transferred to the general administration fund.

CSAC EXCESS INSURANCE AUTHORITY
MISCELLANEOUS PROGRAMS
Adopted Budget
July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Watercraft Dividend	18,495	18,793	18,793	18,500	18,793	293	Received from insurance carriers and paid out to members
Aircraft Dividend	98,233	72,723	72,723	83,250	72,723	(10,527)	Received from insurance carriers and paid out to members
EAP Premiums	1,591,159	1,304,655	1,720,077	1,700,000	1,640,000	(60,000)	Loss of member Santa Barbara
Life, LTD and STD Premiums	13,837,243	12,188,068	16,193,185	15,600,000	16,664,000	1,064,000	Growth in program
Vision Premiums	3,500,141	0	3,034,000	3,034,000	3,500,000	466,000	
Optional Excess	3,777,285	3,947,532	3,947,532	3,800,000	4,550,000	750,000	
Aviation Insurance	1,191,564	1,220,560	1,220,560	1,328,900	1,325,000	(3,900)	
Watercraft Insurance	199,468	233,832	233,832	211,700	255,500	43,800	
Course of Construction	1,242,489	1,273,675	1,273,675	0	0	0	No current upcoming projects
Crime and Honesty Bonds	1,286,831	1,307,857	1,307,857	1,287,000	1,400,000	113,000	
Pollution Liability Coverage	474,883	503,186	503,186	432,000	432,000	0	
Inmate Medical	425,873	482,301	482,301	427,400	525,000	97,600	A couple of members withdrew from the program
Cyber Liability	1,113,501	1,233,645	1,233,645	1,015,900	1,145,000	129,100	
EMMP	0	0	0	250,000	150,000		Introduction of new line of coverage
Finance Fees	55	24	24	0	0	0	
Investment Income	46,415	(3,396)	1,600	26,414	28,125	1,711	
Other Income	504,535	183,833	183,833	100,000	100,000	0	
TOTAL REVENUES	29,308,170	23,967,288	31,426,823	29,315,064	31,806,141	2,591,077	
EXPENDITURES:							
Watercraft Dividend	18,495	18,793	18,495	18,500	18,793	293	These are carrier dividends paid to members who had no claims
Aviation Dividend	98,233	72,723	72,723	83,250	72,723	(10,527)	
Transferred Risk							
EAP Premium Expense	1,581,984	1,296,497	1,720,077	1,700,000	1,640,000	(60,000)	
Life, LTD Premium Expense	13,894,467	12,219,457	16,206,685	15,645,000	16,664,000	1,019,000	
Vision Premiums	3,500,141	0	3,034,000	3,034,000	3,500,000	466,000	
Optional Excess	3,777,286	3,947,534	3,947,532	3,800,000	4,550,000	750,000	
Aviation Insurance	1,191,564	1,220,315	1,220,560	1,328,900	1,325,000	(3,900)	
Watercraft Insurance	199,464	233,832	233,832	211,700	255,500	43,800	
Course of Construction	1,242,489	1,273,675	1,273,675	0	0	0	
Crime and Honesty Bonds	1,286,828	1,307,855	1,307,857	1,287,000	1,400,000	113,000	
Pollution Liability	474,885	503,189	503,186	432,000	432,000	0	
Inmate Medical	425,874	482,299	482,301	427,400	525,000	97,600	
Owners Controlled Insurance Program	0	0	0	0	0	0	
Cyber Liability	1,100,337	1,222,920	1,222,920	1,015,900	1,145,000	129,100	
EMMP	0	0	0	250,000	150,000	(100,000)	
Other	401,690	183,832	183,832	100,000	100,000	0	
Total Transferred Risk	29,077,009	23,891,405	31,336,457	29,231,900	31,686,500	2,554,600	
TOTAL EXPENDITURES	29,193,737	23,982,921	31,427,675	29,333,650	31,778,016	2,544,366	

CSAC EXCESS INSURANCE AUTHORITY
MISCELLANEOUS PROGRAMS
Adopted Budget
July 1, 2017 to June 30, 2018

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
<u>TRANSFERS:</u>							
Transfers out to:							
General Administration	(130,846)	(15,000)	(15,000)	(15,000)	(12,800)	2,200	
Internal Investment Fees	(851)	(516)	(1,000)	(1,014)	(725)	289	
TOTAL TRANSFERS	(131,697)	(15,516)	(16,000)	(16,014)	(13,525)	2,489	
Net Increase or (Decrease)	(17,264)	(31,149)	(16,852)	(34,600)	14,600	49,200	
NET POSITION - JULY 1	1,845,569	1,828,305	1,828,305	1,924,631	1,811,453		
NET POSITION - JUNE 30	1,828,305	1,797,156	1,811,453	1,890,031	1,826,053		
Net Position Designated for:							
Life Stabilization Fund	897,209		898,022	892,170	905,522		Per Sidney \$0 stabilization funds 7/1/17-6/30/20
LTD Stabilization Fund	898,700		868,098	808,829	875,198		
Unrestricted Net Position	32,396		45,333	189,032	45,333		
Total Net Position	1,828,305	1,797,156	1,811,453	1,890,031	1,826,053		

Life, Disability and EAP Premium and Expense are moved to this program but remain under the purview of the Employee Benefits Committee.
Other Miscellaneous programs are directed by the Executive Committee.

**CSAC EXCESS INSURANCE AUTHORITY
CAPTIVE
Adopted Budget
July 1, 2017 to June 30, 2018**

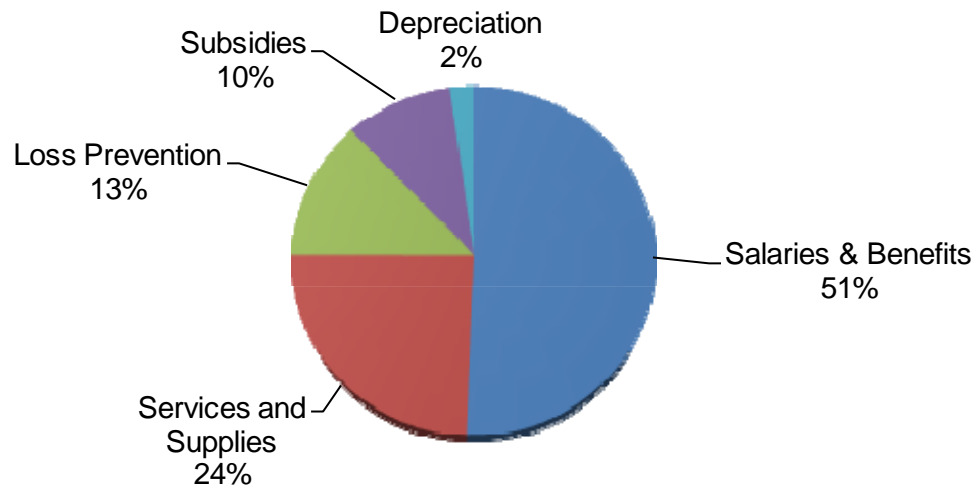
Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Text Detail	Program Detail
REVENUES:							
Contribution For Retained Risk	0	73,606,263	74,396,984	65,551,473	94,949,720		94,949,720
Investment Income	0	2,020,068	2,500,000	1,825,000	5,700,000		5,700,000
Other Income	0	0	0	0	0		
TOTAL REVENUES	0	75,626,331	76,896,984	67,376,473	100,649,720		100,649,720
EXPENDITURES:							
Provision for Claims Current Year	0	70,623,367	71,399,699	63,092,809	88,294,000		88,294,000
Provision for Claims Prior Year	0	0	1,500,000	0	1,500,000		1,500,000
Total Retained and Transferred Risk	0	70,623,367	72,899,699	63,092,809	89,794,000		89,794,000
Program Administration							
Actuarial Services	0	25,000	25,000	25,000	0		0
Audit Services	0	0	5,000	5,000	17,000		17,000
Legal Service	0	16,025	21,000	21,000	12,000		12,000
Board Meetings	0	17,518	18,000	18,000	19,000		19,000
Utah Captive Fees	0	5,250	5,250	5,250	5,250		5,250
Investment Management Fees	0	37,998	65,271	65,271	215,000		215,000
Banking and Custody Fees	0	16,393	22,000	22,000	45,000		45,000
Management Services	0	25,000	25,000	25,000	75,000		75,000
Office Supplies, Website Hosting & Misc Expenses	0	4,915	8,000	8,000	13,100		13,100
Total Program Administration	0	148,099	194,521	194,521	401,350		
Contingency Delegated to Governing Committee	0	0	0	0	25,000		25,000
TOTAL EXPENDITURES	0	70,771,466	73,094,220	63,287,330	90,220,350		90,220,350
Net Increase or (Decrease)	0	4,854,865	3,802,764	4,089,143	10,429,370		10,429,370
NET POSITION - JULY 1	0	5,000,000	5,000,000	0	8,802,764		
NET POSITION - JUNE 30	0	9,854,865	8,802,764	4,089,143	19,232,134		

Adopted Budget

General Administration

The general administration fund is used to pay the day to day operations of the EIA. These expenses include staff salaries and benefits, staff travel and support, Authority meeting expenses, services and supplies, loss prevention, depreciation of equipment and software, and subsidies to members. The allocation of general administration expenses is as follows.

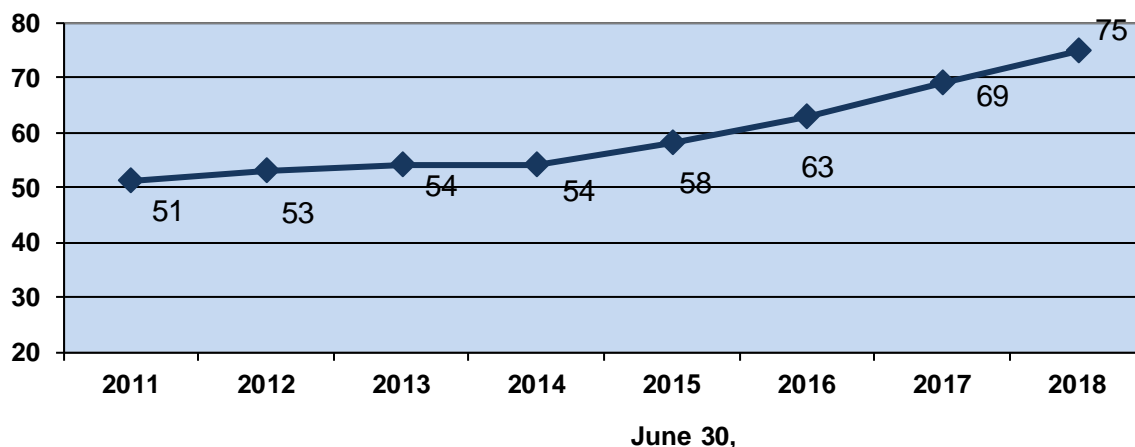
General Administration Budget



Highlights of the general administration budget are as follows:

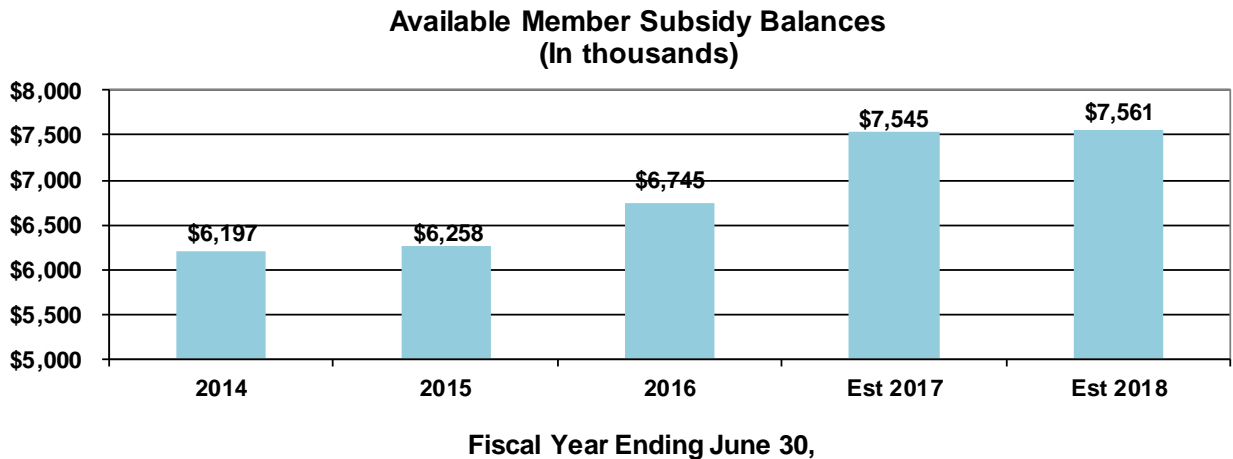
- Salaries and benefits includes six new positions to be added in 2017/18.
- The history of the number of authorized positions is illustrated in the following chart.

History of Authorized Staff Positions



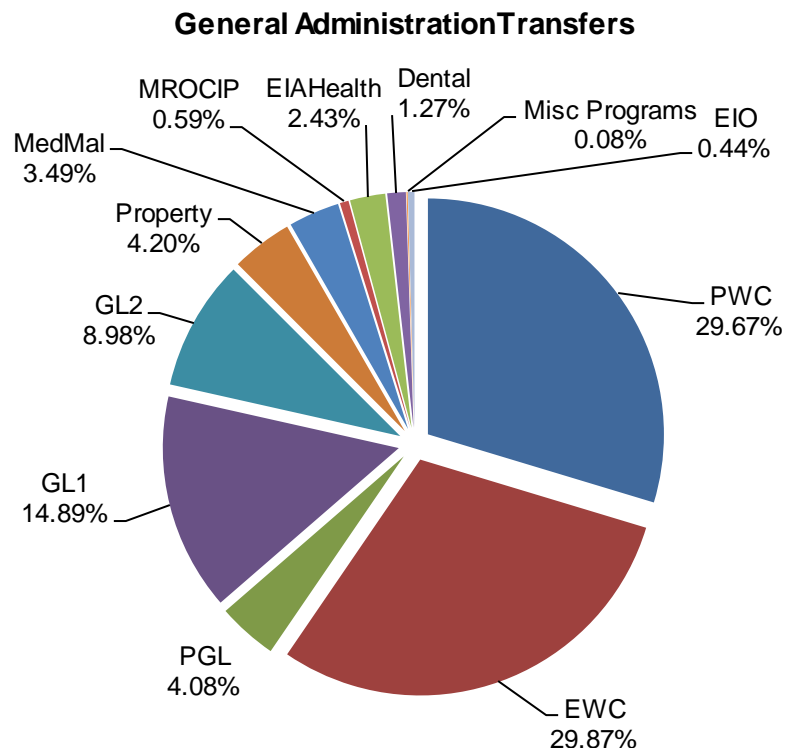
Loss Preventions and Risk Management Subsidies

The EIA has a long history of providing loss prevention and Risk Management Subsidies to our members. The following chart illustrates the balance of subsidies amounts available to members.



General Administration Transfers

General Administration expenses are supported from transfers from all Authority programs. Separate allocations are computed for loss prevention, the web based claims system, risk management subsidies, and general administration. The percentages of transfers from all programs are as follows.





General Administration **Program Budget Policy**

Program Goals for General Administration include the following:

Short Term Goals

- Align staff activity to support program specific short and long term goals.
- Update Performance Measures for all departments.
- Continue member conversion to new claims system.
- Continue development of member and pool management functionality on the EIA website.
- Expand data and analytics services provided to members.
- Annually update the Insurance Requirements in Contracts Manual.
- Continue legislative advocacy regarding issues affecting EIA's industry.
- Continue the supervisory development training program to prepare technical staff for the next level of career advancement
- Continue staff training on new data analytics software.
- Implement a comprehensive member outreach plan to increase utilization of existing member services by 10%.
- Continue to enhance member service and loss prevention programs:
 - Marketing of risk assessment tool to members.
 - Continue implementation of legal advice services.
 - Full implementation of body-worn camera program.
 - Implementation of Enterprise Risk Consultants Program.
 - Expand loss prevention services to educational members.
- Implementation of EAGLE awards program. Evaluate paperless Accounts Payable (AP) system and implement if project is approved after evaluation.
- Deliver annual employee performance reviews by June 15th of each year. Develop an overall EIA strategic plan.
- Continue enhanced efforts to increase communication and contact with County membership through personal visits and Public Entity membership through webinars and personal visits.

Long Term Goals

- Foster and promote employee job satisfaction, engagement and professionalism.
- Continue to foster superior customer service to members.
- Continue to develop services in response to emerging trends.
- Develop loss data consistency throughout the claims reporting system and among members.
- Continue to monitor our benefit package to ensure competitiveness with the market.
- Maintain accurate employment records in electronic archiving system.



- Promote effective policies for contracting for EIA services, including long term contracting for board meetings.
- Maintain compliance with the Brown Act and governmental reporting requirements.

Budget Policies for General Administration include the following:

Revenues

Member services revenues are used to account for the fees for a variety of cost saving services approved by EIA committees. The costs of providing these services are passed through to the members using the services. These services include:

- Insurance Certificate Tracking – The Insurance Certificate Tracking Program is an online program to obtain and record proper evidence of insurance coverage from each organization contracting with member agencies. The direct cost of the Program is billed to the participating members.
- Claims System – Members of the EIA who have been using the iVOS claims system as their primary claims handling system have the option to transition to our new claims system. In addition, members never using EIA's claims system have the opportunity to do so. There are various payment options available. The direct cost of the Program is billed to the participating members.
- Investment income is budgeted at an estimated earnings rate determined annually, based on the estimated portfolio yield on invested assets and expected cash flows, and applied to the average daily balance invested in the EIA Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy, wherein a program can temporarily borrow funds from the EIA Treasury.
- PLIP Income – The Executive Committee has approved a Personal Lines Insurance Program (PLIP) allowing EIA and member employees to access group savings for personal insurance. The Program is operated in partnership with the California State Association of Counties (CSAC). Affinity fees are received quarterly and are shared equally with CSAC.
- Shared Cost Agreements – The Executive Committee has approved shared cost agreements, in which the cost of EIA staff or services is shared with EIA vendors.
- Meeting Revenues – Voluntary contributions from EIA partners and vendors, toward the cost of EIA meetings and events, are recognized as meeting revenue.
- Additional Subsidy Funds – Members may contribute additional funds to the EIA to be used for their risk management needs.



Expenses

- Staff salaries and benefits are based on policies established by the Personnel Sub-Committee and approved by the Executive Committee. This includes approval of authorized positions, salary classifications and pay ranges, benefit levels and other personnel matters. New staff positions, classifications changes, market adjustments to pay ranges, merit pay pool limits, and defined benefit and defined contribution rates are approved annually by the Personnel Sub-Committee and Executive Committee.
- Staff Travel – Employees are reimbursed for ordinary and necessary travel cost for authorized business related purposes. Mileage cost is reimbursed at the rate established by the Internal Revenue Service. Other reimbursable travel costs include the actual cost for lodging, meals, and related ordinary and necessary incidental expenses.
- Authority Meeting Expenses – Members of the Board of Directors, or their alternates, are reimbursed for ordinary and necessary travel expenses. Reimbursements are based on the Travel Policy approved by the Board of Directors. A second county representative attending a Board of Directors meeting may be reimbursed for travel expenses, provided that the first county representative is a voting member of the Board of Directors.
- Executive and Committee Travel – Members of Authority committees and members interested in joining Authority committees are reimbursed for ordinary and necessary travel expenses to attend committee meetings and the conduct of other committee activities. Reimbursements are based on the Travel Policy approved by the Board of Directors.
- Audit Services – An independent audit examination of the EIA Comprehensive Annual Financial Report (CAFR) is completed each year by a Certified Public Accountant. The Finance Committee selects the independent auditor.. The audit contract is based on a Request for Proposal (RFP) process determined by the Finance Committee.
- Legal Services – The Board of Directors and Authority committees may appoint Legal Counsel to provide legal services to the Board of Directors or Committees.
- Management Training – Management training expenses include the cost of periodicals and publications, education and scholarships, conferences and seminars, and membership dues. Management training expenses are approved by EIA senior management.
- Computer Hardware, Software and Technical Support includes the cost of software licenses, annual maintenance and support and computer hardware less than the \$5,000 capitalization threshold for all systems except the claims system. This category also includes the cost of web-based conferencing, external computer



technical assistance and the costs associated with website design, hosting and support.

- Claims System – This includes the costs for data conversion, training, maintenance, cloud hosting, EIA contract project management and depreciation on capitalized costs for the claims system, for both EIA and its third-party administrators.
- Legislative advocacy services are provided by two third-party contracts to represent the pooling industry's interest, primarily at the State level.
- Investment expenses represent the cost of third-party investment management services to EIA and the Captive (EIO)
- All Captive (EIO) expenses are borne by the Captive. Since the Captive is a blended component unit of the EIA, its budget and actual financial results are combined with EIA's budget and financial results.
- Loss Prevention Platform – An online training and safety/risk management platform is available to all members providing access to a wide range of training topics. The Platform also includes custom activity, credential tracking, a resource center, and file center functions. The cost for the Loss Prevention Platform is included in the Administration Fee, allocated to all members.
- A variety of loss prevention monitoring, educational, and awareness services are provided to members as approved by the Board.
- Other ordinary and necessary expenses are estimated and approved through the regular budget process and according to the Budget Preparation and Management Policy.
- A Contingency amount is budgeted, and may be transferred to any line item with the approval of a two-thirds vote of the Executive Committee.

Transfers

- Transfers in from each EIA program are used to pay for EIA staff and all other administrative costs. These administration costs are allocated to all EIA programs based on a three-year average of staff time. Transfers from programs that access our claims system are allocated based on program use. The Captive is currently charged a flat administrative fee for the fiscal year. Once a foundation of time study information is available, administrative costs will be allocated to the Captive based on the time study.

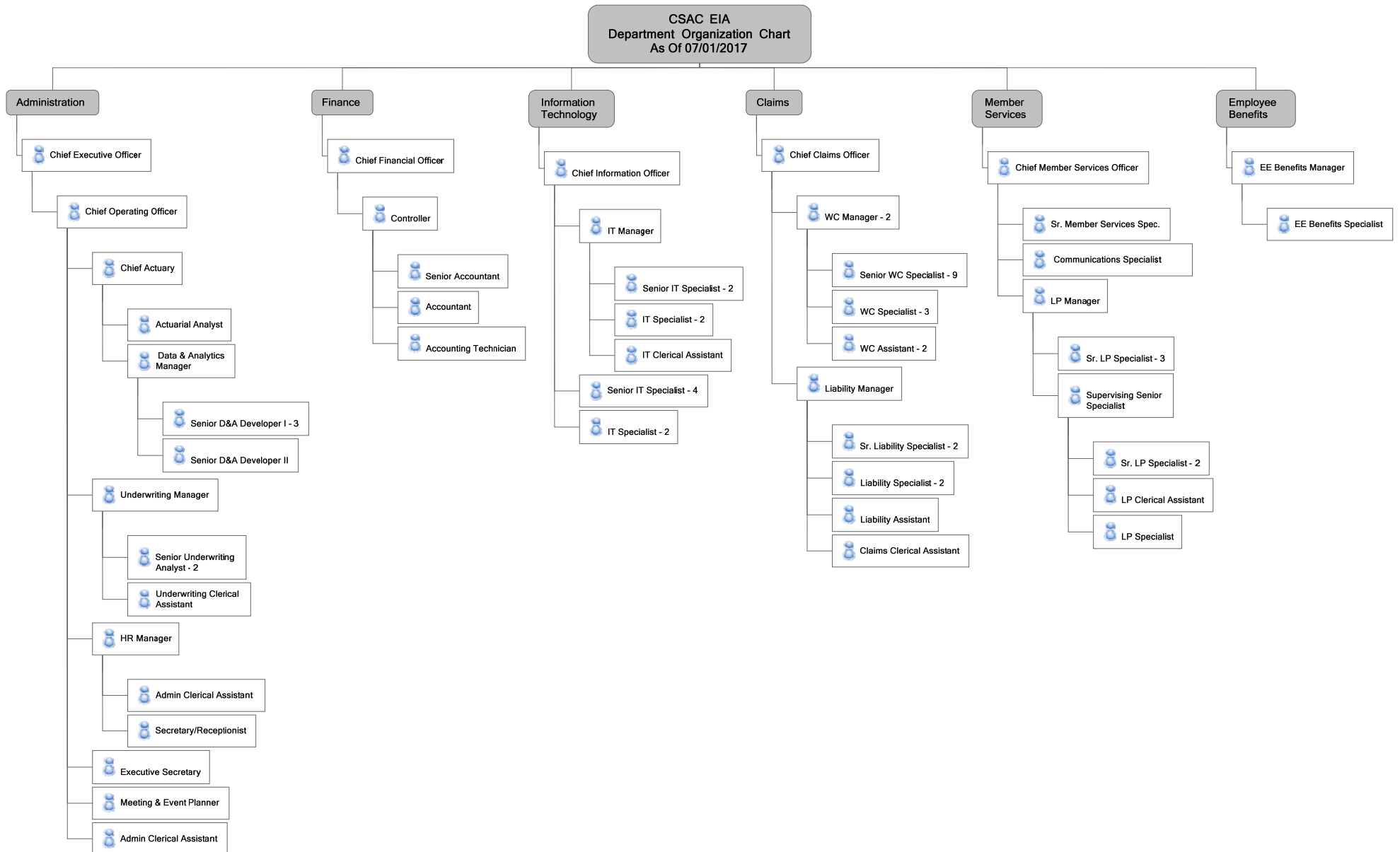
Transfers in from each EIA program are used to pay for loss prevention subsidies.

- The Board of Directors voted to eliminate the public entity fees effective with the fiscal year 2017/18 renewal billing. Public entity participation fees collected in fiscal year 2016/17 were transferred in to the General Administration Program.



The Board of Directors will consider final risk management dividends at the October 2017 Board of Directors meeting. Risk management dividends, approved by the Board of Directors, are allocated to county members as a risk management subsidy dividend.

- A transfer in for investment fees reimburses the EIA Treasury for the cost of third-party investment management services.



ADMINISTRATION DEPARTMENT

2017/18 Staffing Budget: \$1,699,671

Departmental Functions:

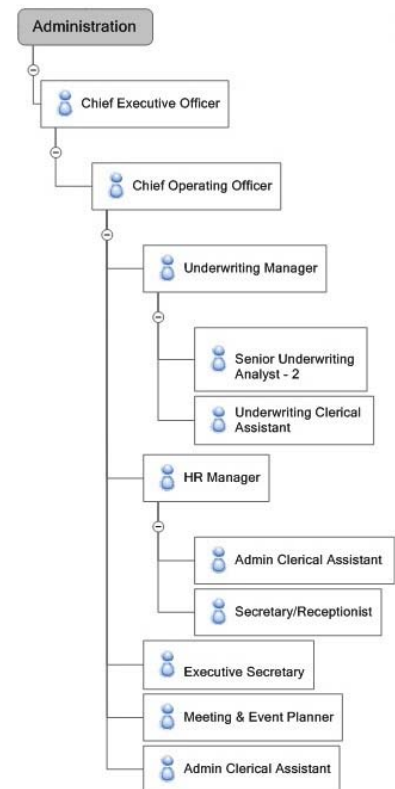
- Oversee administration of EIA programs including marketing, underwriting, and servicing all insurance programs.
- Manage member communications including agendas, minutes, web and member relationship portals, and travel and meeting arrangements.
- Manage all staff service functions including Human Resources, employee training and loss prevention.
- The offices of the CEO and COO are the face of the EIA with our partners, including our brokers, our insurers, and most importantly, our members.
- Responsible for the implementation of strategic initiatives.

Major Accomplishments in Fiscal 2016/17:

- Retained 99% of members at renewal of the programs
- Increased contact with public entity members with the goal of meeting with each public entity member over the next 4 years. During the 2016 calendar year, 51 public entity meetings took place
- Completed merger with SANDPIPA, allowing them the opportunity to dissolve as an entity
- Received Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from the Government Finance Officers Association
- Implemented an EIA-owned captive insurance company, domiciled in Utah
- Continued development of administrative communications distributed to members through EIA-TV
- Continued work on staff succession plans by development of plans for the Senior Specialist staff

Performance Measures for Fiscal 2017/18:

- Maintain high member satisfaction ratings
- Document and implement an overall strategic plan for the organization
- Compliance 100% of the time in meeting Brown Act deadlines for agenda and meeting materials
- Increase communication with public entity members, including contact with 70 public entity members via WebEx or personal visit
- Continue participation in PAFR program
- Utilize EIA-TV to produce 5 additional recorded administrative communications
- Provide accurate underwriting information to brokers within adopted timelines
- Continue creation of a staff succession plans, finish development of senior management, management, and senior specialist plans and begin development of plans for the specialists

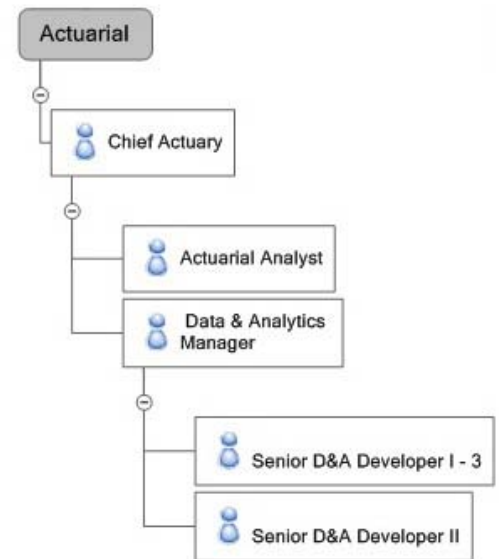


ACTUARIAL SERVICES DEPARTMENT

2017/18 Staffing Budget: \$1,105,799

Actuarial Departmental Functions:

- Provide Actuarial services for the property and casualty programs including analysis of pooling layers and various insurance options.
- Provide actuarial estimates of outstanding liabilities and recommendations on member premium rates for all property and casualty programs.
- Provide all actuarial support for the EIO.
- Provide in-depth loss analysis, including continued evaluation of workers' compensation future medical reserving adequacy.
- Provide quarterly actuarial updates for GL1, EWC and MM.
- Provide PWC and PGL quotes as well as other ad-hoc analyses as needed.



Actuarial Major Accomplishments for Fiscal 2016/17:

- Hired and integrated a Chief Actuary and Actuarial Analyst into the EIA.
- Completed actuarial analysis for the property and casualty programs, including timely recommendations on rates for the 2017/18 year.
- Developed of EIA specific trend factors for indemnity, medical, ALE and ULE for workers' compensation and property damage, bodily injury, ALE and ULE for liability.
- Produced in-depth outstanding liability and projection estimates on a quarterly basis.
- Provided all actuarial support for the EIO.
- Provided 13 PWC quotes and 3 PGL quotes.
- Provided outstanding liability estimates for the potential SANDPIPA merger.
- Provided a GL2 actuarial rate study for the reinsurance layers.
- Produced an Individual Member Corridor Deductible pricing model.
- Provided 27 additional actuarial analyses.

Actuarial Performance Measures for Fiscal 2017/18:

- Complete actuarial analysis for the property and casualty programs, including timely recommendations on rates for the 2018/19 year.
- Produce outstanding liability and projection estimates on a quarterly basis.
- Produce in-depth loss development factor analysis for the EWC and GL1 programs.
- Produce in-depth size of loss distributions for EWC, GL1 and possibly GL2.
- Provide PWC and PLG quotes as needed
- Evaluate and identify loss layers that might be better reinsured than self-insured.

DnA Departmental Functions:

- Develop and deploy reports, analytics, and data driven applications including benchmarking for the membership.
- Work with data providers (members and TPAs) to improve the quality and availability of loss and exposure information for the EIA and its membership.
- Support the data needs of the Administration, Actuarial, Underwriting, Claims, Finance and Member Services / Loss Prevention Departments.
- Manage member loss experience data collection, processing, and reporting:
- Manage the claims reporting process (for program performance management, financial reporting, and carrier invoicing / reimbursement).

DnA Major Accomplishments in Fiscal 2016/17:

- Completed the D&A staff development program.
- Deployed the new “DnA” loss experience database and loss data intake engine.
- Completed the annual loss data collection process for the major P&C programs and decreased the amount of time required for completion another 35%.
- Delivered the quarterly Claims Summary and Loss Portfolio Transfer reports, and monthly and quarterly Bordereaux. Added a new EIO CSR Report and began development of new EIO Bordereaux (for all major P&C programs).
- Began development of a CIGA payment tracking system
- Continued work on the new pilot loss data collection and reporting program:
 - Transitioned all third party claims administrators (TPAs) and several self-administered members from annual to monthly reporting.
 - Deployed a new loss data extraction processes on twenty SIMS systems.
 - Processed and loaded monthly loss data from June 2016 forward.
 - Deployed the production D&A technology platform (hardware, databases, and application servers).

DnA Performance Measures for Fiscal 2017/18:

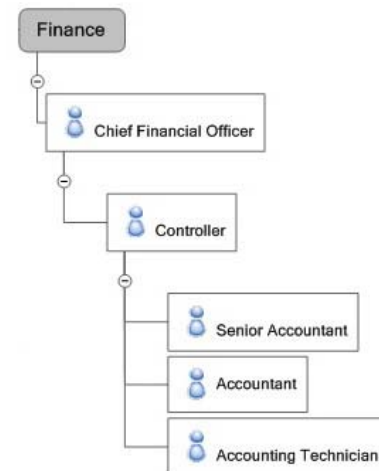
- Complete the Annual Loss Data Collection processes for the major programs and reduce staff time required by another 35% from 2016/17 levels (this will be the final major reduction in staff time required for the annual processing).
- Deliver the quarterly Claims Summary (CSR) and Loss Portfolio Transfer (LPT) reports, and monthly Bordereau (BDX) reports accurately, and on time. Add new quarterly EIO BDX for each major P&C program.
- Produce annual excess reportable, monthly CIGA reimbursement / reconciliation / tracking, and monthly Education Tower reports.
- Deploy an initial online dashboard and benchmarking application to the monthly reporting pilot group.
- Complete a plan and design for a new automated claims reporting process (to replace the current manual processes used for creation of the CSRs, LPT and BDX) and begin development.
- Continue efforts on the “Save the Data” campaign including additional webinars and publications

FINANCE DEPARTMENT

2017/18 Staffing Budget: \$631,383

Departmental Functions:

- Plan, organize and direct the investment and accounting functions throughout the Excess Insurance Authority.
- Support program specific financial accounting, including financial statements, budgets, and claims reconciliations.
- Provide analysis and support to internal and external customers to support EIA goals.
- Provide timely, transparent and easy to understand financial reporting to committees and members.



Major Accomplishments in Fiscal 2016/17:

- Participated in and received the Certificate of Achievement for Excellence in Financial Reporting (CAFR), and Distinguished Budget Award from the Government Finance officers Association (GFOA) and assisted in the preparation of the Popular Annual Financial Report (PAFR).
- Met or exceeded deadlines for claims reconciliation and funding information on programs' Claim Summary Reports.
- Successful renewal billing cycle of 960 invoices with a total value of \$351.6M with only 4 outstanding at 60 days.
- Financial audit with completed on time with no findings.
- Provided HR with extensive payroll support during conversion to new system.
- Established accounting, reporting, and reimbursement processes for the EIO Captive.
- Established new OPEB funding guidelines.
- Assisted with CastlePoint liquidation process.
- Maintained high service levels during staffing transition.
- Assisted with SANDPIPA and EIA merger.

Performance Measures for Fiscal 2017/18:

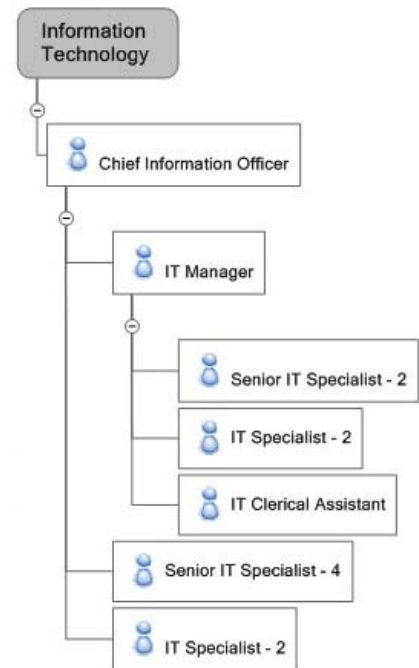
- Obtain CAFR and budget awards from GFOA.
- Bill and collect 100% of renewal billing within 60 days of the new fiscal year.
- Present financials to Board by October Board meeting that agree in substance to the final audited financials.
- Re-evaluate Captive investment policy and management of assets.
- Bill claim reimbursements and member reimbursements within 3 days of receipt from the Claims and Underwriting Departments.
- Pay all invoices within the due date and claim reimbursements within two weeks.
- Provide Claims Summary Report funding numbers within quarterly specified timeframes.
- Continue work on automating the transfer of claims payment and excess reimbursement data between the claims system and the accounting system.
- Timely and transparent reporting and preparation of quarterly Treasurer's reports.
- Support HR payroll functions including checking and timely filing of state compensation report, W2's and payroll tax returns.
- Evaluate paperless AP systems and implement if approved.
- Coordinate wrap up of SANDPIPA merger and related audit
- Coordinate new Captive audit and EIA actuarial peer review.

INFORMATION TECHNOLOGY DEPARTMENT

2017/18 Staffing Budget \$1,484,529

Departmental Functions:

- Maintain personal computer infrastructure to support automated needs of CSAC Excess Insurance Authority.
- Provide specialized reporting capabilities for claims handling.
- Provide first level of support for members who are on our Systema SIMS contract.
- Provide project management, system conversion, and system upgrade support for members.
- Provide development and management of all digital media and content – website, pool management, and communications.
- Support all electronic processing systems including Claims Management, Policy Management, Human Resource Management and Financial management.
- Provide auditing and editing capabilities for meeting agendas and presentations.



Major Accomplishments in Fiscal 2016/17:

- Implemented Systema SIMS for three additional members, seven member moves, and updated all systems to 16r3.
- Partnered with Human Resource Department to implement new Human Resources System.
- Completed migration of Subsidies and Board and Committee Management, as well as finalized expansion of our environment to support historical information for our pool management system/website and activity logging.
- Completed migration to Exchange 2013 and implemented network monitoring.

Performance Measures for Fiscal 2017/18:

- Partner with Claims Department to complete the implementation of Systema SIMS for the Worker's Compensation Third Party Administrators; CorVel and LWP.
- Create a Primary General Liability standard to create a structure for future TPA GL systems.
- Collaborate with departments to improve their areas of the website starting with the Employee Benefits department.
- Complete development of the following areas of the pool management system – finish implementation of membership expansion (JPA members, non-members, and additional named insureds), prospect/exposure data intake and additional named insured management, expansion of coverage participation details by member.

CLAIMS DEPARTMENT

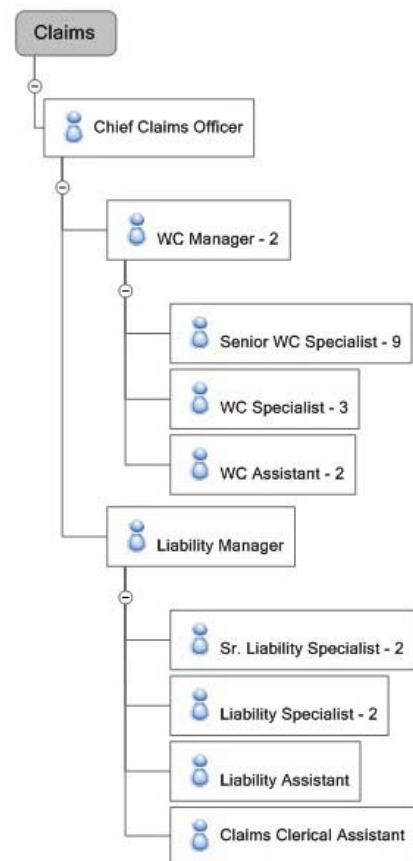
2017/18 Staffing Budget: \$2,762,183

Departmental Functions:

- Plan, organize and direct the claim functions throughout the Excess Insurance Authority.
- Work with members, vendors and business partners to control claims costs.
- Provide analysis of loss trends to facilitate intervention for loss prevention and loss control, to address frequency and severity issues.

Major Accomplishments in Fiscal 2016/17:

- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.
- Hired a workers' compensation settlement specialist who was able to resolve several difficult claims resulting in savings of over \$5M to the EWC program.
- Invoiced excess reimbursements to reinsurers/excess carriers within five days of issuing payment.
- Processed Bordereaux invoicing for EWC and PGL programs monthly.
- Implemented claims allocation policy for PWC and EWC claims.
- Completed the process of converting PWC claims from Intercare's and Hazelrigg's respective systems to EIA's SIMS system and began bringing LWP and Corvel onto the EIA's SIMS system.



Performance Measures for Fiscal 2017/18:

- In coordination with IT, complete the transition of LWP and Corvel from their claims systems to the EIA's SIMS system by June 2018.
- Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.
- Invoice excess reimbursements to reinsurers/excess carriers within five days of issuing payment. Oversee and follow up with those reinsurers to achieve at least 80% reimbursement within 30 days of invoice issuance.
- Start the first phase of the claims-accounting system interface for transaction processing.
- Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.

MEMBER SERVICES DEPARTMENT

2017/18 Staffing Budget: \$1,496,804

Departmental Functions:

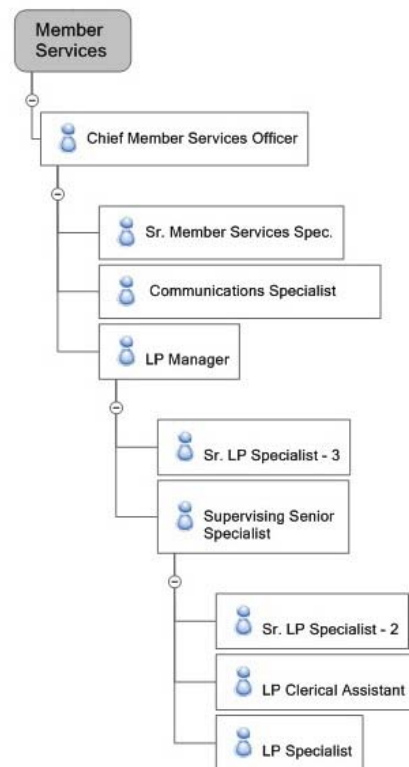
- Provide member directed risk management services that target and reduce exposure to losses
- Market existing services to ensure member awareness
- Evaluate new service offerings based on member demand, as well as staffing & funding considerations
- Provide on-demand training & loss prevention services that continually adapt to members' changing risk needs
- Develop/maintain information resources & best practices
- Maintain a library of training aids & programs
- Participate in the EIA prospect evaluation process
- Participate in and conduct EIA member meetings

Major Accomplishments in Fiscal 2016/17:

- Rolled out the new automated risk assessment tool
- Continued expansion of loss prevention resource toolkit
- 24% increase in instructor led training program attendance
- 35% increase in the number of online course completions
- 52% increase in EIAtv views leading to the need for channel expansion
- 30% increase in EIAtv on-demand offerings
- 11% increase in the number of EPN (driver monitoring program) accounts
- Created an essential job duties and job safety analysis repository
- Entered into an agreement and pilot program with LensLock for body worn camera utilization and data management services
- Entered into an agreement with STOP!T for access to their incident reporting services
- Entered into an agreement with PlexusGlobal for background check services
- Created an internal and external communications plan
- Created the EAGLE Awards member recognition program
- Created a Member Services Committee

Performance Measures and Goals for Fiscal 2017/18:

- 10% increase in training course completions
- Increase EIAtv on-demand offerings by 10%
- Target a 5% increase in EPN enrollment
- Evaluate and if feasible enter into an agreement for Cyber-security services
- Evaluate and if feasible enter into an agreement with Lexipol
- Evaluate and if feasible enter into an agreement for guard patrol recording services
- Roll-out the school activity liability management program
- Influence TargetSolutions platform enhancements
- Influence EPN platform enhancements
- Create of an Enterprise Risk Consultants Service
- Create a Risk Management 101 Program

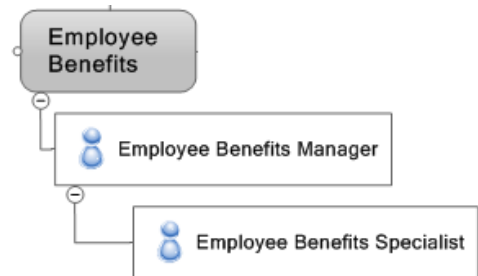


EMPLOYEE BENEFITS DEPARTMENT

2017/18 Staffing Budget: \$262,579

Departmental Functions:

- Educate Members on EIAHealth and Employee Benefits offerings and important issues related to industry specific compliance under the Affordable Care Act.
- Attend and assist with Health and Benefits meetings addressing open enrollment, health fairs and implementation of new coverage offerings.
- Assist in resolving service issues for members and their employees within the Health and Benefits Programs.
- Collaborate with Broker and Carrier partners in the representation of program initiatives.
- Maintain and audit complex Program Performance Reports for Health and Dental.



Major Accomplishments in Fiscal 2016/17:

- Added Kaiser as an EIAHealth Program offering.
- Overall program growth of 30%, with an increase in service levels to Members.
- EIA Healthcare Symposium conducted in Long Beach, Sacramento and Pleasanton, attended by over 100 EIA Members. Attendance increased by 25% in 2017.
- Implementation of wellness initiatives for Member entities.
- Implemented cost containment strategies with the introduction of the MexicoSelect network and Carrum Health Surgical Benefit.
- Increased communication of Life & Disability services to existing Members and to those not currently participating in the programs.
- Strengthen communication and collaboration with our Broker and Carriers.
- Created efficiencies and accountability in the Life and Disability billing process by adding Cigna to the online premium billing platform.
- Documentation of Employee Benefits process and procedures.
- Continue to conduct Public Entity meetings, to educate the PE members on EIA Services.

Performance Measures for Fiscal 2017/18:

- Increase continued visibility and education of services available to Members through the Employee Benefits programs.
- Successful implementation of Carrum Health for all Members of the EIAHealth Program.
- Increased enhancement of the Employee Benefits information available via our EIA website.
- Create an online Health newsletter than announces products and services available to EIA Members.
- Conduct quarterly meeting with all EIA Consultant and Carrier partners.
- Maintain high Member satisfaction.
- Improve Program transparency with increase in reports provided to the EIAHealth and Employee Benefits Committees.
- Promote Member growth in all Employee Benefits Programs.

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018**

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Member Services							
Insurance Certificate Tracking	\$ 221,581	\$ 160,574	\$ 234,676	\$ 210,000	\$ 242,000	\$ 32,000	
DMV Pull Program	3,386	0	0	0	0	0	Pass through program discontinued
Claims System Access	513,592	419,310	419,310	736,741	777,591	40,850	Member conversion to new SIMS claims system
Loss Prevention Platform	6,000	0	0	0	0	0	Part of general admin allocation beginning in FY15/16
Investment Income	229,928	(89,631)	(50,000)	132,000	168,000	36,000	
PLIP Income	79,900	58,677	78,000	80,000	78,000	(2,000)	
Shared Cost Agreements	39,460	20,693	41,386	41,386	88,364	46,978	50% of Employee Benefits Specialist; \$40k CIGA temp
Reinsurer LP Subsidy/Credit	0	0	120,000	0	137,500	137,500	
Loss Prevention Training Fees & Materials	554	4,000	4,000	1,200	1,200	0	
Additional Subsidy funded by Members		383,949	385,000	300,000	350,000	50,000	Amounts added in premium invoicing at member discretion
Other Revenues	433,938	619	2,550	1,000	1,000	0	
TOTAL REVENUES	\$ 1,528,339	\$ 958,192	\$ 1,234,922	\$ 1,502,327	\$ 1,843,655	\$ 341,328	
EXPENDITURES:							
Salaries and Benefits							
Regular Salaries	\$ 5,615,290	\$ 4,973,736	\$ 6,775,000	\$ 6,985,019	\$ 7,510,796	\$ 525,777	See Schedule 1 for detail on Salaries and Benefits
Retirement	477,316	517,469	700,000	806,688	815,558	8,870	
Employee Benefits	1,073,840	927,427	1,398,400	1,368,029	1,557,961	189,932	See Sch 2. Benefit costs of new employees; OPEB funding
Employment Taxes	70,884	66,692	95,000	108,353	118,065	9,712	
Temporary Services	64,181	47,750	96,000	2,500	154,200	151,700	SIMS implementation; CIGA temps; WC projects
Employment Services	15,067	8,990	13,450	13,450	12,750	(700)	
Total Salaries and Benefits	7,316,579	6,542,063	9,077,850	9,284,038	10,169,330	885,292	
Services and Supplies:							
Staff Travel	281,321	279,557	373,700	373,700	461,500	87,800	Travel to file reviews, settlement conferences, etc. Primarily increase in Admin & Claims travel.
Authority Meeting Expenses	242,537	140,802	300,000	362,500	380,025	17,525	See Schedule 3
Committee Expenses	109,523	81,623	125,000	140,110	152,497	12,387	See Schedule 4
Audit Service	37,400	47,800	58,000	65,000	73,200	8,200	New review of internal actuarial work
Legal Counsel	10,240	7,595	55,000	55,000	45,000	(10,000)	Includes \$40k for Amicus Briefs, if authorized by Executive Committee.
Periodicals and Publications	3,510	5,046	7,565	7,565	9,545	1,980	See Schedule 5
Training and Education	22,938	15,138	35,000	104,300	111,800	7,500	See Schedule 5
Educational Scholarships	0	0	0	8,000	8,000	0	See Schedule 5
Conferences and Seminars	32,390	36,134	62,000	61,950	87,535	25,585	See Schedule 5; higher AGRIP attendance; IT conferences
Membership Dues	41,675	44,104	57,135	57,135	57,485	350	See Schedule 5
Office Supplies	56,576	37,030	90,000	92,500	66,250	(26,250)	Additional conf. room furniture and chairs purchased in FY 16/17
Computer Supplies, Software and Annual Maint.	261,761	265,206	389,899	389,899	461,581	71,682	See Schedule 6; Firewalls & paperless AP software, new solutions to support Intranet, project mgmt, agenda prep and travel reimbursements
Computer Hardware, Backup Data Center	33,424	37,570	103,201	103,201	126,176	22,975	See Schedule 6; More laptops, cellphones, equipment for new conference room
WebEx Conferencing	4,586	10,209	14,000	14,040	15,600	1,560	See Schedule 6
Computer Technical Assistance	69,665	50,402	106,900	116,900	122,800	5,900	See Schedule 6
Website Design/Hosting/Support	69,455	150,413	222,500	272,500	325,000	52,500	See Schedule 6; change in website design costs, enhanced services and better accessibility, more functionality
Claims System	542,197	482,138	1,140,000	1,336,022	1,501,222	165,200	See Schedule 7
Insurance	184,829	204,858	204,858	220,252	238,225	17,973	See Schedule 8; primarily increase in WC and Liability
Postage	11,825	7,247	15,000	16,000	16,000	0	
Telephone	46,622	30,796	64,000	67,600	71,900	4,300	
Printing	43,658	39,233	59,000	62,500	63,800	1,300	See Schedule 9

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018**

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
Maintenance	0	0	5,000	7,000	7,000	0	
Accreditation and Certifications	11,780	1,930	2,500	2,500	2,500	0	CAJPA accreditation due in FY18/19; FY 17/18 for GFOA award submissions
Consultant	22,319	7,513	32,700	16,700	21,000	4,300	PERS and OPEB actuarial; graphic design for new trade show booth
Awards and Recognition	11,688	15,697	17,500	13,950	25,545	11,595	See Schedule 11- Meals for staff trainings and other events
Member Development	1,906	18,155	33,918	46,918	61,642	14,724	See Schedule 10; CASBO and ASC conference expenses, higher booth maintenance
Legislative Advocate Contracts	99,800	75,600	105,000	105,000	103,000	(2,000)	Based on contracts
Bank Charges	4,554	3,856	6,620	5,600	6,645	1,045	
Investment Expense	263,803	201,517	270,500	290,000	290,000	0	Portfolio investment management services
Total Services and Supplies	2,521,981	2,297,170	3,956,496	4,414,343	4,912,474	498,131	
Member Services							
LP Seminars / Training Programs & Materials	58,045	30,987	60,000	74,500	76,000	1,500	
EIA Loss Prevention Platform	953,000	953,000	953,000	953,000	1,055,000	102,000	Conservative increase in cost and usage
A-Check Global EPN Program	143,208	99,291	143,200	144,000	154,894	10,894	Previously part of the LP Platform cost. Now a separate contract. Conservative increase in cost and usage
Automated Assessment Tool	222,500	48,150	48,150	48,500	48,500	0	System completed in FY15/16; maintenance & support cost going forward
INXPO On Demand Program	0	0	15,000	15,000	16,000	1,000	
Educational LP Programs	0	75,000	120,000	120,000	3,000	(117,000)	One-time fee for the creation of the Manual paid in prior years; Current year is just webinars and updates
Reinsurer LP Subsidy/Credit		0	120,000	0	137,500	137,500	
Member Legal Services	0	48,000	72,000	72,000	72,000	0	
Other LP Program Services & Materials	8,893	1,222	10,500	10,500	10,500	0	
Insurance Certificate Tracking Services	235,672	159,043	239,676	216,600	248,600	32,000	Pass through expenses (except for EIA portion)
DMV Pull program	3,386	0	0	0	0	0	Pass through program discontinued
Claims System Access	283,070	175,851	560,147	736,741	777,591	40,850	Pass through expenses
Total Member Services	1,907,774	1,590,543	2,341,673	2,390,841	2,599,585	208,744	
Depreciation							
Furniture and Equipment	101,450	73,527	96,000	104,000	100,000	(4,000)	Some assets fully depreciated
Software	430,760	100,801	160,000	271,100	325,300	54,200	Website development; Data analytics platform
Total Depreciation	532,210	174,328	256,000	375,100	425,300	50,200	
Loss Prevention Subsidies	1,055,655	533,408	1,300,000	2,000,000	2,000,000	0	Estimate of Loss Prevention Subsidy payout
Contingency Delegated to Executive Committee	0	0	0	200,000	200,000	0	Available with a two-thirds vote of the Executive Committee
TOTAL EXPENDITURES	\$ 13,334,199	\$ 11,137,513	\$ 16,932,019	\$ 18,664,321	\$ 20,306,688	\$ 1,642,367	
TRANSFERS:							
Transfer In (Out) from:							
General Admin Transfer - PWC	\$ 3,406,408	\$ 3,719,516	\$ 3,719,516	\$ 3,719,516	\$ 4,029,101	\$ 309,585	Based on 3 year average time study of EIA staff
General Admin Transfer - EWC	4,244,899	4,033,519	4,033,519	4,033,519	4,315,948	282,429	" "
General Admin Transfer - PGL	485,595	536,365	536,365	536,365	675,527	139,162	" "
General Admin Transfer - GL1	2,234,023	2,082,121	2,082,121	2,082,121	2,268,661	186,540	" "
General Admin Transfer - GL2	1,463,613	1,315,307	1,315,307	1,315,307	1,391,829	76,522	" "
General Admin Transfer - Property	516,686	543,103	543,103	543,103	533,364	(9,739)	" "
General Admin Transfer - Medical Malpractice	541,700	487,850	487,850	487,850	493,242	5,392	" "
General Admin Transfer - MROCIP	30,537	95,683	95,683	95,683	100,166	4,483	" "

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018**

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
General Admin Transfer - EIAHealth	587,903	442,029	442,029	442,029	409,956	(32,073)	" "
General Admin Transfer - Dental	224,925	221,015	221,015	221,015	213,760	(7,255)	" "
General Admin Transfer - Miscellaneous Programs	130,846	15,000	15,000	15,000	12,800	(2,200)	Interest earned in program funds admin fees
General Admin Transfer - EIO	0	25,000	25,000	0	75,000	75,000	Fee to EIO for administrative services
Loss Prevention Subsidies, PWC	38,000	38,000	38,000	38,000	39,000	1,000	\$1,000 LP Subsidy per participating member
Loss Prevention Subsidies, EWC	164,000	165,000	165,000	165,000	168,000	3,000	" "
Loss Prevention Subsidies, PGL	13,000	13,000	13,000	13,000	12,000	(1,000)	" "
Loss Prevention Subsidies, GL1	88,000	101,000	101,000	101,000	100,000	(1,000)	" "
Loss Prevention Subsidies, GL2	10,000	11,000	11,000	11,000	14,000	3,000	" "
Loss Prevention Subsidies, Property	84,000	85,000	85,000	85,000	94,000	9,000	" "
Loss Prevention Subsidies, Med Mal	48,000	48,000	48,000	48,000	50,000	2,000	" "
Claims System Costs, PWC	540,317	741,344	741,344	741,344	774,678	33,334	Now participating in new claims system that includes all PWC TPAs
Claims System Costs, EWC	161,289	221,297	221,297	221,297	231,247	9,950	See Schedule 7
Claims System Costs, GL1	48,387	66,389	66,389	66,389	69,374	2,985	See Schedule 7
Claims System Costs, GL2	24,193	33,195	33,195	33,195	34,687	1,492	See Schedule 7
Claims System Costs, Med Mal	32,258	44,259	44,259	44,259	46,249	1,990	See Schedule 7
Risk Management Admin. Div. Subsidy, PWC	158,491	163,017	163,017	163,017	168,697	5,680	Estimate of Risk Management administrative dividend.
Risk Management Admin. Div. Subsidy, EWC	257,276	284,021	284,021	283,989	330,801	46,812	Final year for potential PE dividend. EIA Board voted to eliminate PE fee at
Risk Management Admin. Div. Subsidy, PGL	1,708	1,808	1,808	1,808	1,981	173	March 2017 meeting. These amounts were collected with the FY16/17 renewals.
Risk Management Admin. Div. Subsidy, GL1	57,690	73,240	73,240	73,189	77,710	4,521	Board may declare dividend in October 2017 and distribute
Risk Management Admin. Div. Subsidy, GL2	49,335	57,623	57,623	57,623	76,865	19,242	
Risk Management Admin. Div. Subsidy, Property	79,803	75,494	75,494	75,494	82,243	6,749	
Risk Management Admin. Div. Subsidy, Med Mal	253	260	260	260	424	164	
EIA Rent	(481,657)	(481,657)	(481,657)	(481,657)	(481,657)	0	Transfer to building program
Investment Fees	263,803	201,517	270,500	290,000	290,000	0	Charge to programs based on their share of treasury funds
TOTAL TRANSFERS	\$ 15,505,281	\$ 15,459,315	\$ 15,528,298	\$ 15,522,715	\$ 16,699,653	\$ 1,176,938	
Net Increase or (Decrease)	3,699,420	5,279,995	(168,799)	(1,639,279)	(1,763,380)	(124,101)	
NET POSITION - JULY 1	8,490,357	12,189,777	12,189,777	8,773,490	12,020,978		
NET POSITION - JUNE 30	\$ 12,189,777	\$ 17,469,772	\$ 12,020,978	\$ 7,134,211	\$ 10,257,598		
Designated For:							
Self Insured Retentions		\$ 193,220	\$ 193,220	\$ 193,220	\$ 193,220		
Risk Management Subsidies & CIM funds		7,705,000	6,938,408	5,073,292	6,572,129		
Designated for Equipment Replacement		3,201,739	3,547,451	1,867,699	3,492,249		
Balance of budgeted expenditures		5,027,914					

CSAC EXCESS INSURANCE AUTHORITY
Capital Outlay Budget
July 1, 2017 to June 30, 2018

Line Item	2017/18 Budget		
General Administration Fund			
<u>Furniture and Equipment</u>			
New workstations		\$	36,000
BizHub C308	2	12,000	24,000
Phone Application Server	0	0	0
New Phone System			125,000
HP Servers	0	0	10,000
Next Gen Firewalls	8,000	2	16,000
Conference Room Speaker System	1	20,000	20,000
Total Furniture and Equipment		\$	231,000
<u>Software</u>			
Website development		\$	720,000
Laserfiche Modules (Web/Forms/Portal)			28,000
Data Analytics development platform			118,000
Paperless AP Software-Capitalized			11,000
<u>New Claims System</u>			
Custom Development-bi-directional image inter			250,000
Systema Project Management			350,000
Line of business modules			45,000
User licenses			300,000
Insight reporter module			58,000
TPA Site license fees			58,000
New System modules - members			68,500
Systema Project Management-members			145,000
User licenses-members			115,000
Total Software Additions		\$	2,266,500
Building Fund			
ADA door button		\$	18,000
Tenant improvements - remaining TI allowance for one tenant			35,000
Total Building Fund		\$	53,000
EIO (Captive)			
Website development		\$	11,000
Total EIO (Captive)		\$	11,000
Grand Total Capital Outlay		\$	2,561,500

**CSAC Excess Insurance Authority
2017/18 Adopted Budget
Time Study Allocation**

Program	2017 Adjusted Time Study	2016 Adjusted Time Study	2015 Adjusted Time Study	FY 17/18 Budget Three Year Average Time Study	For Comparison	
					Prior Year Final Allocaton	Percentage of Prior Year
PWC	26.88%	27.49%	29.40%	27.92%	27.60%	101.15%
EWC	29.96%	30.04%	29.72%	29.91%	29.93%	99.93%
PGL	5.29%	5.10%	3.64%	4.68%	3.98%	117.67%
General Liability 1	16.73%	15.34%	15.10%	15.72%	15.45%	101.74%
General Liability 2	10.24%	9.27%	9.42%	9.64%	9.76%	98.85%
Property	3.17%	4.01%	3.91%	3.70%	4.03%	91.67%
Medical Malpractice	3.22%	3.39%	3.64%	3.42%	3.62%	94.51%
MR OCIP	0.47%	1.03%	0.58%	0.69%	0.71%	97.69%
EIAHealth	2.82%	2.82%	2.89%	2.84%	3.28%	86.71%
Dental	1.22%	1.52%	1.71%	1.48%	1.64%	90.39%
Total	0.00%	100.00%	100.00%	100.00%	100.00%	

**CSAC Excess Insurance Authority
2017/18 Budget
Employee Salary Expense**

Schedule 1

PERS employer rate for pre 1/1/13 employees	9.887%
PERS employer rate for post 12/31/12 employees	7.045%

Department	Position Count/ Full Time Equiv	Base Salary	Deferred			Life, AD&D LTD, STD & EAP			0.0145 Medicare Taxes	2017/18 Total Employee Expense	2016/17 Budget	2015/16 Budget
			PERS	Comp. 457b	Total Retirement	Flexible Benefits	Benefits	Total Benefits				
Administration	12	\$ 1,290,472	\$ 115,907	\$ 32,488	\$ 148,395	\$ 232,630	\$ 14,479	\$ 247,109	\$ 13,695	\$ 1,699,671	\$ 1,612,498	\$ 1,495,112
Finance	5	471,696	40,120	9,392	49,512	97,369	5,966	103,335	6,840	631,383	614,503	577,776
Information Technology	13	1,100,304	96,430	13,736	110,166	244,137	13,967	258,104	15,954	1,484,529	1,454,797	1,185,066
Claims	24	2,064,468	165,500	30,386	195,886	445,943	25,951	471,894	29,935	2,762,183	2,641,548	2,348,678
Member Services	12	1,130,796	94,459	15,348	109,807	225,791	14,013	239,804	16,397	1,496,804	1,285,269	1,177,294
Actuarial Services	7	872,720	53,630	23,297	76,927	134,061	9,436	143,497	12,654	1,105,799	851,909	372,422
Employee Benefits	2	201,600	16,180	2,640	18,820	36,692	2,544	39,236	2,923	262,579	241,150	225,612
Vacation Pay Liability		145,000	-	-	-	-	1,756	1,756	2,103	148,858	136,958	131,885
Salary and Benefit Savings		-	-	-	-	(50,000)	-	(50,000)	-	(50,000)	(100,000)	-
Reimbursement for Sr.LP Specialist - Schools		(150,000)	-	-	-	-	-	-	-	(150,000)	-	-
Actuarial Designation Progress		4,000	282	80	362	-	48	48	58	4,468	-	-
Incentive Pay Increase - Change in Classification		4,740	-	-	-	-	-	-	69	4,809	-	-
Incentive Pay		375,000	21,427	4,256	25,683	-	3,178	3,178	5,438	409,299	352,456	324,582
Total Salaries		7,510,796	603,935	131,623	735,558	1,366,623	91,338	1,457,961	106,065	9,810,380	9,091,088	7,838,427
Unemployment Cost		-	-	-	-	-	-	-	12,000	12,000	12,000	12,000
Temporary Help		154,200	-	-	-	-	-	-	-	154,200	2,500	47,500
Retiree Benefits		-	80,000	-	80,000	20,000	-	20,000	-	100,000	115,000	26,282
GASB 68 Pension Funding		-	-	-	-	-	-	-	-	-	-	1,847,008
Employment Services		-	-	-	-	-	-	-	-	12,750	13,450	19,660
OPEB contribution-retiree benefits		-	-	-	-	125,000	-	125,000	-	125,000	50,000	35,500
Reimbursement for OPEB retiree benefits		-	-	-	-	(45,000)	-	(45,000)	-	(45,000)	-	-
Total	75	\$ 7,664,996	\$ 683,935	\$ 131,623	\$ 815,558	\$ 1,466,623	\$ 91,338	\$ 1,557,961	\$ 118,065	\$ 10,169,330	\$ 9,284,038	\$ 9,826,377
Total Salaries			7,510,796									
Total Retirement			815,558									
Total Benefits			1,557,961									
Total Taxes			118,065									
Total Temporary Help			154,200									
Total Employment Services			12,750									
Grand Total			\$ 10,169,330									

Notes:

FY17/18 - Six new positions in FY17/18 are across five areas: IT, Data & Analytics, Workers' Comp, Member Services and Loss Prevention. These positions spread technical work among staff, speed up product & project timelines, reduce caseloads, increase control over services and address the increase in administration work load. There are also three reclassifications relating to increased responsibilities, higher level of work, increased technical tasks and in one case, new supervisory responsibilities.

FY16/17 - Underwriting Assistant position added mid-year FY15/16. Six positions added in FY16/17: two actuarial positions to bring actuarial services in-house, two IT positions due to continued EIA growth and additional projects, two claims positions based on claims caseload.

FY15/16 - Three new IT positions added in FY15/16 for claims system, website development and pool management system workload. Two positions upgraded based on increased staffing and related workload. Data analytics position added to enhance claims data analysis for members. Underwriting Assistant position eliminated. Two positions added for new Member Services Department.

FY15/16 - 90% of estimated 6/30/15 unfunded pension liability was funded in conjunction with implementation of GASB 68.

CSAC Excess Insurance Authority
Publicly Available Pay Schedule
Salary Range Effective July 1, 2017

Schedule 1A

Position	Salary Grade	Salary Range (annual)	
Chief Executive Officer	Contract	346,000	
Chief Officer - Grade 16	16	214,620	343,392
Chief Officer - Grade 15	15	164,892	263,832
Chief Officer - Grade 14	14	134,664	215,460
Manager - Grade 13	13	126,108	189,168
Manager - Grade 12	12	114,876	172,320
Manager - Grade 11	11	106,416	159,624
Supervising Senior Specialist - Grade 10	10	88,368	128,136
Senior Specialist - Grade 9	9	76,824	111,396
Senior Specialist - Grade 8	8	73,260	106,224
Specialist - Grade 7	7	63,984	89,580
Specialist - Grade 6	6	56,448	79,032
Specialist - Grade 5	5	53,880	75,432
Support Specialist	4	50,844	71,184
Technical Support Specialist	3	45,492	63,684
Technician	2	40,656	56,916
Clerical Assistant	1	37,488	48,732

CSAC Excess Insurance Authority
2017/18 Budget
Employee Benefits

Flexible Spending Benefit Program Contribution

	Jan 2017 Rates			Estimated Rate Change	Estimated 2018 Rates		
	Emp. Only	Emp. + 1	Family		Emp. Only	Emp. + 1	Family
Anthem Blue Cross Select HMO	\$ 907.08	\$ 1,814.16	\$ 2,358.41	15%	\$ 1,043.14	\$ 2,086.28	\$ 2,712.17
Blue Shield Access+ HMO	859.42	1,718.84	2,234.49	15%	988.33	1,976.67	2,569.66
HealthNet SmartCare	672.66	1,345.32	1,748.92	15%	773.56	1,547.12	2,011.26
Kaiser	690.56	1,381.12	1,795.46	15%	794.14	1,588.29	2,064.78
United Healthcare HMO	756.78	1,513.56	1,967.63	15%	870.30	1,740.59	2,262.77
PERS Choice	723.47	1,446.94	1,881.02	15%	831.99	1,663.98	2,163.17
Average	768.33	1,536.66	1,997.66		883.58	1,767.16	2,297.30
Dental	60.60	110.10	184.30	0%	60.60	110.10	184.30
Vision	7.30	12.90	20.30	5%	7.67	13.55	21.32
Totals	<u>\$ 836.23</u>	<u>\$ 1,659.66</u>	<u>\$ 2,202.26</u>		<u>\$ 951.84</u>	<u>\$ 1,890.80</u>	<u>\$ 2,502.92</u>
Estimated 2017 Increase 50% of 2017 Projected Rate Increase							
	Flexible Benefit Eff 1/1/17	EIA Payment	Flexible Spending Plan		Estimated Flexible Benefit Eff 1/1/18	EIA Payment	Flexible Spending Plan
	<u>\$ 1,623.56</u>	<u>\$ 128.00</u>	<u>\$ 1,495.56</u>		<u>\$ 1,773.89</u>	<u>\$ 133.00</u>	<u>\$ 1,640.89</u>

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Authority Meeting Expense

Line Item	2016/17 Budget	Quantity	Cost per Item	2017/18 Budget
October - Aptos				
Wed. EC Dinner	\$ 12,500	100	\$ 125	\$ 12,500
Thur. Morning Meetings	6,000	100	60	6,000
Thur. EC & Seminar Lunch	7,000	100	70	7,000
Thur. Afternoon Break	1,500	75	20	1,500
Thur. BOD Dinner	14,375	115	125	14,375
Fri. BOD Morning Break	6,000	100	60	6,000
Fri. BOD Lunch	7,000	100	70	7,000
Meeting Room Rental Fees	1,000			1,000
AV Rentals	10,000			10,000
Lodging	53,000	200	265	53,000
Member Travel Expenses	18,000			18,000
Total October Meeting	\$ 136,375			\$ 136,375
March - Hilton, Sacramento				
Wed. EC Dinner	\$ 3,500	50	\$ 70	\$ 3,500
Thur. EC Meetings	4,000	80	50	4,000
Thur. EC Lunch	4,950	90	55	4,950
Thur. Afternoon Break	1,125	75	15	1,125
Thur. BOD Dinner	6,750	90	75	6,750
Fri. BOD Meeting	5,000	100	50	5,000
Fri. BOD Lunch	5,500	100	55	5,500
Meeting Room Rental Fees	1,000			1,000
AV Rentals	12,000			12,000
Lodging	15,625	125	125	15,625
Member Travel Expenses	10,000			13,000
Total March Meeting	\$ 69,450			\$ 72,450
June - Hilton, Sacramento				
Wed. EC Dinner	\$ 3,500	50	\$ 70	\$ 3,500
Thur. EC Meeting	4,000	80	50	4,000
Thur. EC Lunch	4,950	90	55	4,950
Thur. Afternoon Break	1,125	75	15	1,125
Thur. BOD Dinner	6,750	90	75	6,750
Fri. BOD Meeting	5,000	100	50	5,000
Fri. BOD Lunch	5,500	100	55	5,500
Meeting Room Rental Fees	1,000			1,000
AV Rentals	12,000			12,000
Lodging	15,625	125	125	15,625
Member Travel Expenses	10,000			13,000
Total June Meeting	\$ 69,450			\$ 72,450

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Authority Meeting Expense

Line Item	2016/17 Budget	Quantity	Cost per Item	2017/18 Budget
Public Entity Annual Meetings				
Northern California - Folsom				
Seminar Breakfast/Morning Break	\$ 300	60	\$ 5	\$ 300
Seminar Lunch	1,200	60	20	1,200
Seminar Afternoon Break	300	60	5	300
Lodging	1,250	10	125	1,250
Member Travel Expenses	3,500			3,500
Southern California - Ontario				
Seminar Breakfast/Morning Break	3,000	60	50	3,000
Seminar Lunch	2,400	60	40	2,400
Seminar Afternoon Break	600	60	10	600
AV/Equipment	2,000			2,000
Lodging	2,000	10	200	2,000
Member Travel Expenses	3,500			3,500
Total Public Entity Annual Meeting	\$ 20,050			\$ 20,050
EIA Encounter Meetings				
Northern California - Hilton, Sacramento				
Seminar Morning Break Service	\$ 2,800	70	\$ 40	\$ 2,800
Seminar Lunch	2,800	70	40	2,800
Seminar Afternoon Break Service	700	70	10	700
Lodging	1,250	10	125	1,250
Member Travel Expenses	1,000			1,500
Southern California - Ontario				
Seminar Morning Break Service	2,000	50	40	2,000
Seminar Lunch	2,000	50	40	2,000
Seminar Afternoon Break Service	500	50	10	500
AV/Equipment	2,000			2,000
Lodging	2,000	10	200	2,000
Member Travel Expenses	1,000			1,500
Total EIA Encounter Meetings	\$ 18,050			\$ 19,050

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Authority Meeting Expense

Line Item	2016/17 Budget	Quantity	Cost per Item	2017/18 Budget
Educational Forums				
Northern California - Pleasanton				
Seminar Morning Break Service	\$ 1,600	40	\$ 40	\$ 1,600
Seminar Lunch	2,000	40	50	2,000
Seminar Afternoon Break Service	400	40	10	400
Room Rental	1,000			1,000
Speaker's Fees	3,000			3,000
AV/Equipment	2,000			2,000
Lodging	2,000	10	200	2,000
Member Travel Expenses	1,000			1,500
Southern California - Ontario				
Seminar Morning Break Service	1,600	40	40	1,600
Seminar Lunch	2,000	40	50	2,000
Seminar Afternoon Break Service	400	40	10	400
Room Rental	1,000			1,000
Speaker's Fees	3,000			3,000
AV/Equipment	1,000			2,000
Lodging	2,000	10	200	2,000
Member Travel Expenses	1,000			1,500
Total Educational Forums	\$ 25,000			\$ 27,000
Executive Committee Retreat				
Pre-conference Dinner	\$ 3,750	50	\$ 75	\$ 3,750
1st Day Meeting Expense	500			500
1st Day Breakfast	1,750	50	35	1,750
1st Day Lunch	2,000	50	40	2,000
1st Day Break	500	50	10	500
1st Day Dinner	3,000	50	60	3,000
2nd Day Meeting Expense	500			500
2nd Day Breakfast	2,250	50	45	2,250
2nd Day Lunch	1,500	50	30	1,500
AV Rentals	500			500
Lodging	15,000	75	200	15,000
Facilitator	7,000			9,000
Member Travel Expense	5,000			7,500
Executive Committee Retreat Totals	\$ 43,250			\$ 47,750

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Authority Meeting Expense

Line Item	2016/17 Budget	Quantity	Cost per Item	2017/18 Budget
Board/Exec Committee Travel				
Property Renewal Trip	\$ 15,400			\$ 19,600
Liability Renewal Trip	4,400			\$ 4,200
Conference Travel	1,075			\$ 1,100
Board/Exec Committee Travel Total	<u>\$ 20,875</u>			<u>\$ 24,900</u>
Budget Savings	<u>(40,000)</u>			<u>(40,000)</u>
Total Authority Meeting Expenses	<u>\$ 362,500</u>			<u>\$ 380,025</u>

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Committee Expenses

Line Item	Number of Members	Number of In-Person Meetings	Cost Per In-Person Meeting	Number of Web Ex Meetings	Cost Per Web Ex Meetings	2016/17 Budget	2017/18 Budget	Budget Inc. (Dec.)
<u>EIA Committees</u>								
Claims Review	11	8	\$ 2,669	6	\$ 32	\$ 20,712	\$ 21,542	\$ 830
EAGLE	5	2	1,036	1	25	\$ -	2,098	2,098
EIAHealth	9	4	2,208	3	44	8,815	8,962	147
Employee Benefits	9	3	2,081	2	32	7,081	6,308	(773)
Executive	12	8	4,760	5	25	37,208	38,205	997
Finance	9	5	1,925	1	13	13,083	9,638	(3,445)
General Liability 2	15	2	4,189	3	80	6,494	8,618	2,124
Legislative	15	8	4,953	3	57	36,414	39,791	3,377
Loss Prevention	11	2	3,429	4	14	8,058	6,914	(1,144)
Medical Malpractice	9	2	2,215	6	35	4,576	4,640	64
Member Services	9	3	1,998	2	25	-	6,043	6,043
Primary General Liability	7	1	1,627	1	25	1,727	1,652	(75)
Primary Workers' Compensation	11	4	3,375	2	30	11,436	13,560	2,124
Property	12	2	2,303	2	16	5,468	4,638	(830)
Technology	9	2	2,070	4	25	3,610	4,240	630
Underwriting	9	6	2,290	2	17	10,456	13,774	3,318
Pre-EB Committee Dinners			4,000			-	4,000	4,000
All Other Pre-Committee Dinners			8,000			-	8,000	8,000
Less Savings						(35,027)	(50,124)	(15,097)
Total Committees						\$ 140,110	\$ 152,497	\$ 12,387

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Training and Education

Line Item		2016/17 Budget	2017/18 Budget	Budget Inc. (Dec.)
Periodicals and Publications				
GASB	CFO	\$ 450	\$ 450	\$ -
Business Insurance	CFO	175	200	25
AICPA	CFO	470	-	(470)
California W.C. Reporter	Claims	500	550	50
Work Comp Central	Claims	550	550	-
Workers' Comp Executive	Claims	600	600	-
Pacer Online Service	Claims	150	150	-
Workers' Comp Codes	Claims	1,200	1,200	-
California Workers' Comp Handbook	Claims	650	650	-
Lexis/West Law Research	Claims	-	2,000	2,000
Member Services Periodicals	GA	1,795	1,795	-
Employee Benefit News	GA	300	300	-
Actuarial/Data Publications	GA	-	100	100
Insurance Newscast	GA	25	-	(25)
HR Magazine & Library	GA	200	200	-
HR Pamphlets & Posters	GA	-	300	300
Other	GA	500	500	-
Total Periodicals and Publications		<u>\$ 7,565</u>	<u>\$ 9,545</u>	<u>\$ 1,980</u>
Education & Training				
IT Education and Training		\$ 47,300	\$ 60,500	\$ 13,200
Fund Accounting/ABRA Training		3,800	5,300	1,500
Education and Training - Mgmt & Employee		23,600	14,100	(9,500)
Education Allowance Pool*		29,600	31,900	2,300
Total Education & Training		<u>\$ 104,300</u>	<u>\$ 111,800</u>	<u>\$ 7,500</u>
Scholarships				
Educational Scholarships - PRIMA	All	\$ 8,000	\$ 8,000	\$ -
Total Scholarships		<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ -</u>

* Education Allowance is based on the CSU Sacramento tuition rates for two six-unit semesters and is estimated to be a total of \$4,000.

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Training and Education

Line Item	2016/17 Budget	2017/18 Budget	Budget Inc. (Dec.)
Conferences and Seminars			
AGRIP Spring/Fall Conference	\$ 7,250	\$ 11,575	\$ 4,325
AON	-	800	800
AICPA / GFOA	2,000	1,800	(200)
CA Div. Of WC Annual Seminar	800	800	-
CAJPA	10,150	11,900	1,750
CAJPA Finance & Technology Spring Meeting	2,000	2,600	600
CAJPA Legislative Day	600	600	-
CCWC Forum	700	700	-
PARMA (Conference & Chapter Meetings)	9,150	9,450	300
Member Services/LP (ASSE, CSOOC, CASBO, etc.)	13,850	12,600	(1,250)
CalPELRA	2,250	750	(1,500)
Laserfiche Conference	1,600	4,600	3,000
PRIMA	-	-	-
RIMS	-	1,000	1,000
IT Conferences	-	12,400	12,400
Data and Analytics Conferences	4,060	4,060	-
National WC Disability Conference		1,500	1,500
Dana Point WC Conference		1,500	1,500
National CLR Liability Conference		3,000	3,000
Valley Industrial Claims Seminars		500	500
Other	7,500	5,400	(2,100)
Totals Conferences and Seminars	\$ 61,950	\$ 87,535	\$ 25,585

Memberships					
CAJPA, PRIMA, PARMA, CalPELRA, IEA, RIMS	GA	\$ 2,650	\$ 3,450	\$ 800	
AGRIP	CEO	3,000	3,795	795	
CCWC, AWCP, CPCU, State Bar of California	WC	6,950	7,050	100	
CSOOC, ASSE, PASMA, NFPA BCSP	LP	2,600	2,270	(330)	
CFPS, WSO, ACG-IH	LP	460	465	5	
American Society for Training & Development	LP	430	-	(430)	
American Board of Industrial Hygene	LP	125	125	-	
Sacramento Claims Association	Liab	400	400	-	
GFOA, GASB, AICPA, FEI	CFO	1,200	1,125	(75)	
Costco/Sams Club	GA	170	170	-	
Meeting Planners Association	GA	400	-	(400)	
Society of Government Mtg Prof	GA	75	100	25	
SHRM, SAHRA (HR)	HR	315	315	-	
California Chamber of Commerce	GA	500	500	-	
IFEBP (Emp Benefits)	EB	900	-	(900)	
CSAC Premiere Membership	GA	25,000	25,000	-	
California Health Care Coalition	EB	2,000	2,000	-	
Int'l Foundation for Employee Benefit Plans	EB	900	1,000	100	
CASBO	GA	1,400	1,400	-	
League of California Cities	GA	3,000	3,000	-	
Data & Analytics Dept Memberships	GA	-	1,500	1,500	
Other	GA	4,660	3,820	(840)	
Total Memberships		\$ 57,135	\$ 57,485	\$ 350	

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Computer Hardware, Software, Technical Support

	2016/17 Budget	Quantity	Cost Per Item	2017/18 Budget	Budget Incr(Decr)
<u>Computer Supplies and Software</u>					
Adobe Acrobat	\$ 10,011			\$ 4,386	\$ (5,625)
Microsoft Software and Licenses	57,800			19,600	(38,200)
Anti-Virus Licenses	525	15	\$ 80	1,200	675
Online subscriptions	3,000	1	3,000	3,000	-
Mindjet Mindmanager Pro 9	2,625	6	375	2,250	(375)
Laserfiche Additional Licenses and LSAP	6,250	10	625	6,250	-
GFI Licenses	350	15	350	5,250	4,900
Zen Desk Tracking System	6,175			6,175	-
Zerto License	3,000	2	1,500	3,000	-
Monitoring Software	10,000	1	10,000	10,000	-
ShadowProtest Backup Software	2,500	1	3,500	3,500	1,000
VMWare vSphere Standard (per core) Hosts	8,800	-	-	-	(8,800)
VMWare vSphere Standard Server	5,400	-	-	-	(5,400)
Firewall Modules	-	1	10,000	10,000	10,000
LogMeIn Rescue	-	1	3,000	3,000	3,000
SANS Security Software & Tools	-	1	10,000	10,000	10,000
Patch Management Software	-	1	4,000	4,000	4,000
Visual Studio & MSDN	4,200	1	1,500	1,500	(2,700)
Syncfusion Studio	2,165	-	-	-	(2,165)
Wrike Project Management	3,000	1	3,000	3,000	-
Unfuddle Subscription - Source code management	510	1	510	510	-
BCC - Employer ACA Reporting Software	2,500	1	2,500	2,500	-
Software for new Member Services Dept. employees	-			-	-
Pool Management Software - CHSI Functionality	30,000	-		20,000	(10,000)
Pool Management Software - CHSI	141,900	-		141,900	-
Signature Software	2,000	1	2,000	2,000	-
Wireframe Software	2,500	25	100	2,500	-
Easy Netscaler	2,227	-	-	-	(2,227)
Collaboration/Project Management Tools	5,000	65	1,062	69,030	64,030
Paperless AP Software	-	1	9,000	9,000	9,000
Sharefile	-			8,500	8,500
<u>Annual Maintenance</u>					
Anti-Virus Maintenance	200	2	100	200	-
Mindjet Mindmanager Pro 9 1 Yr Maintenance	7,380	90	90	8,100	720
Symantec Anti-Virus Renewal	3,030	110	30	3,300	270
GFI MailArchiver Annual Support	1,350	100	15	1,500	150
Barracuda Annual Support	1,699			1,700	1
Abra Annual Support	2,800	-	-	-	(2,800)
Abila MIP Fund Accounting Software Annual Support	5,200	1	5,500	5,500	300
EBS Annual Support	-	1	3,500	3,500	3,500
Laserfiche (LSAP Annual Maintenance)	12,000	1	12,000	12,000	-
Firewall annual maintenance	-	4	3,000	12,000	12,000
VMWare vSphere Standard (per core) Hosts SSA	2,800	8	350	2,800	-
VMWare vSphere Standard Server SSA	1,350	1	1,350	1,350	-
VMWare Maintenance - vSphere Essentials	650	2	350	700	50
Fortinet Renewal Maintenance	-	1	10,000	10,000	10,000
Zerto Annual Maintenance	2,250	7	450	3,150	900
SSL Certificates	800	10	100	1,000	200
CHSI Escrow Account	995	1	995	995	-
FPPC Software Maintenance and Hosting	3,500	1	3,500	3,500	-
BCC - Employer ACA Reporting Maintenance	3,000	1	3,000	3,000	-
Qlik Software Maintenance	16,458	1	23,235	23,235	6,777
Miscellaneous Software Expenses	7,000	1	7,000	7,000	-

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Computer Hardware, Software, Technical Support

	2016/17 Budget	Quantity	Cost Per Item	2017/18 Budget	Budget Incr(Decr)
Computer Supplies	5,000	1	5,000	5,000	-
Total Computer Supplies and Software	<u>\$ 389,899</u>			<u>\$ 461,581</u>	<u>\$ 71,682</u>
<u>Computer Hardware</u>					
HP Monitors	\$ 4,200	16	\$ 300	\$ 4,800	\$ 600
Backup Tapes	500	1	500	500	-
AWS Environment - Qlik	9,526	1	9,526	9,526	-
Next Gen Firewalls	12,800			-	(12,800)
Cloud Logging for Firewalls	1,200	4	300	1,200	-
Network Penetration Testing Service	3,200	8	500	4,000	800
WAN Firewall	600	1	1,500	1,500	900
Workstation Battery Backup	2,000	1	2,500	2,500	500
Desktop Computers	18,000	10	1,500	15,000	(3,000)
Laptop Computers	30,000	22	2,500	55,000	25,000
HP ProCurve Ethernet Switch	1,800	-	-	-	(1,800)
Equipment Cart	-	1	400	400	400
Adjustable Monitor Stands	-	6	50	300	300
Meeting Room Phones	-	4	500	2,000	2,000
RoomDisplay Board (LP)	-	1	1,500	1,500	1,500
RoomFinder Board	-	1	2,000	2,000	2,000
Power Distribution Unit	1,100	2	550	1,100	-
HP Printer (Letter and Envelope)	750	-	-	-	(750)
Desktop Phones	2,625	6	-	-	(2,625)
Phone Headsets	2,400	12	300	3,600	1,200
Mobile Phones	1,500	15	350	5,250	3,750
Ergonomic Equipment	1,000	1	1,000	1,000	-
Miscellaneous Computer Hardware	5,000	1	5,000	5,000	-
Equipment for converting space into conference room	-	1	5,000	5,000	5,000
Contingency	5,000	1	5,000	5,000	-
Total Computer Hardware	<u>\$ 103,201</u>			<u>\$ 126,176</u>	<u>\$ 22,975</u>
<u>WebEx Web Conferencing</u>	<u>\$ 14,040</u>	12	\$ 1,300	<u>\$ 15,600</u>	<u>\$ 1,560</u>
<u>Computer Technical Assistance</u>					
Accounting System	\$ 3,500	1	3,500	3,500	\$ -
Data Center Usage (Colocation services)	22,200	12	2,000	24,000	\$ 1,800
ATS	4,200	12	400	4,800	\$ 600
Network Consulting	71,500			60,000	(11,500)
MIP Consulting - Systema/Abila interface	15,000			15,000	-
HR System Consulting - Reports	-	1	7,500	7,500	\$ 7,500
HR System Customization	-	1	7,500	7,500	\$ 7,500
Printer Maintenance	500	1	500	500	\$ -
Total Computer Technical Assistance	<u>\$ 116,900</u>			<u>\$ 122,800</u>	<u>\$ 5,900</u>
<u>Website Design/Hosting/Support</u>					
Website Hosting/Support Annual Maintenance	\$ 7,500			\$ 8,000	\$ 500
Website Design	250,000			302,000	52,000
Support for Benchmarking/Analytics	15,000			15,000	-
Total Website Design/Hosting/Support	<u>\$ 272,500</u>			<u>\$ 325,000</u>	<u>\$ 52,500</u>

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Technology Program Expenses

	2016/17 Budget		2017/18 Budget
<u>EIA Claims System Expense Line Item</u>			
Application Service Provider (ASP) Fee (\$275 per month per user)	\$ 10,200		\$ -
New System			
Maintenance due at production use of software	24,560		34,000
Cloud Hosting due at delivery of trial conversion	45,000		45,000
Escrow account	800		800
TPA to TPA Conversion	110,000		140,000
TPA Data Conversion and SIMS Training	346,500		278,000
TPA Maintenance due at production use of software	136,400		209,300
TPA Cloud Hosting due at delivery of trial conversion	307,800		473,100
Depreciation on new software	354,762		321,022
Subtotal	1,336,022		1,501,222
Estimated unspent funds from prior budget	(229,538)		(344,987)
Amount To Allocate to Programs	\$ 1,106,484		\$ 1,156,235
<u>Allocation of EIA Claims System Costs</u>			
PWC	\$ 741,344	67%	\$ 774,678
EWC	221,297	20%	231,247
General Liability 1	66,389	6%	69,374
General Liability 2	33,195	3%	34,687
Medical Malpractice	44,259	4%	46,249
<u>Total Allocated</u>	<u>\$ 1,106,484</u>	<u>100%</u>	<u>\$ 1,156,235</u>
<u>Member Claims System Expense Line Item</u>			
Member Data Conversion and SIMS Training	\$ 275,000		\$ 275,000
Member Maintenance due at production use of software	157,946		185,000
Member Cloud Hosting due at delivery of trial conversion	162,000		185,000
Depreciation on new software	131,595		132,591
Less Revenue for Member access to new system	\$ (726,541)		\$ (777,591)

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Insurance

Line Item	Renewal Date	2016/17 Budget	2017/18 Budget	+ or -
General Administration Fund				
Workers Compensation				
PWC	7/1/2016	\$ 35,000	42,000	\$ 7,000
EWC	7/1/2016	120,000	123,000	3,000
Blanket Bond/Commercial Crime	6/30/2016	1,700	1,800	100
Property	7/1/2016	10,000	8,600	(1,400)
Liability	7/1/2016	67,000	79,000	12,000
Cyber Liability Premium	7/1/2016	1,152	1,500	348
Pollution Insurance		1,900	-	(1,900)
Less Allocated to Iron Point Building		(16,500)	(17,675)	(1,175)
Total General Admin Insurance		<u>\$ 220,252</u>	<u>\$ 238,225</u>	<u>\$ 17,973</u>

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Printing

Line Item	2016/17 Estimated Budget	Quantity	Cost Per Item	2017/18 Estimated Budget
Copier Cost	\$ 20,400			\$ 21,700
Binding Supplies	1,500			1,500
Other Supplies				
Total In House Printing	\$ 21,900			\$ 23,200
Letterhead	\$ 3,525	7,500	\$ 0.47	\$ 3,525
2nd Sheet	875	2,500	0.35	875
Envelopes	2,700	10,000	0.27	2,700
Large Envelopes	1,000	1,000	1.00	1,000
Annual Report	21,000			21,000
Business Cards	4,500	9,000	0.50	4,500
Member Services Projects	5,000			5,000
Other Projects	2,000			2,000
Total Outside Printing	\$ 40,600			\$ 40,600
Total Printing	\$ 62,500			\$ 63,800

CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Member Development

	2016/17 Budget	2017/18 Budget	Budget Incr(Decr)
Marketing Expense			
Booth Maintenance	\$ 500	\$ 3,000	\$ 2,500
CASBO	-	7,500	7,500
ASC	-	7,500	7,500
CalPELRA Exhibit Expenses	2,600	3,500	900
Conference Booth Shipping Charges	500	500	-
RCRC Sponsorship	1,500	1,500	-
RCRC Attendance at Conference	500	500	-
Controllers/Auditors Conference Sponsor	500	-	(500)
Exhibitor Raffle Prizes	800	650	(150)
Booth Art Work	500	500	-
EAGLE Awards		-	-
Meeting Signage	400	400	-
Marketing Clothing Items	4,491	4,200	(291)
Member Give Away Items	17,127	16,392	(734)
Total	\$ 29,418	\$ 46,142	\$ 16,724
Member Recognition & Awards	\$ 17,500	\$ 15,500	\$ (2,000)
Grand Total - Member Development	\$ 46,918	\$ 61,642	\$ 14,724

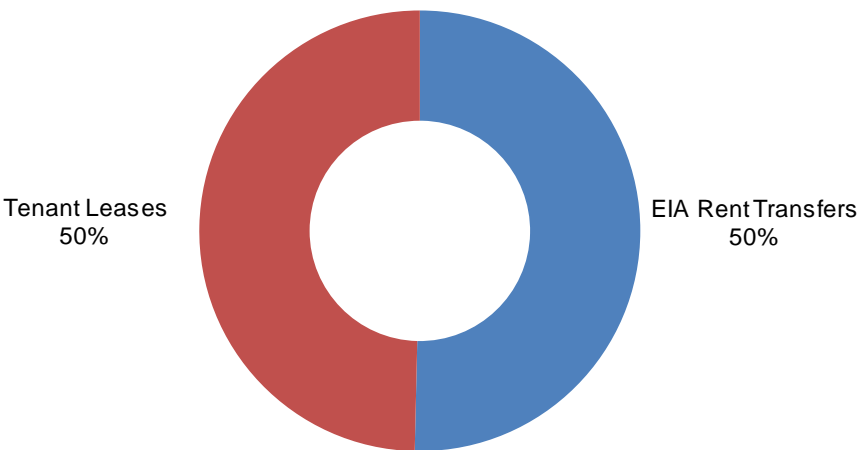
CSAC EXCESS INSURANCE AUTHORITY
2017/18 Budget Worksheet
Awards and Recognition

Employee Recognition	2016/17 Budget	2017/18 Budget	Budget Incr(Decr)
Weekly Employee recognition	\$ 1,000	\$ 2,080	\$ 1,080
Monthly Employee recognition	700	700	-
Staff Appreciation Day	2,500	2,500	-
Retirement Parties	-	-	-
Training Meals	-	8,400	8,400
Staff Appreciation Food	-	700	700
Staff Retreat Food	-	700	700
Flowers (birth/death)	-	375	375
Leaving/Thank You Events	-	600	600
Staff showers (baby/wedding)	-	240	240
Printed Items (Baudville)	250	250	-
Misc/Other	1,000	500	(500)
Years of Service Recognition	500	500	-
Staff Retreat	8,000	8,000	-
Total Employee Recognition	\$ 13,950	\$ 25,545	\$ 11,595

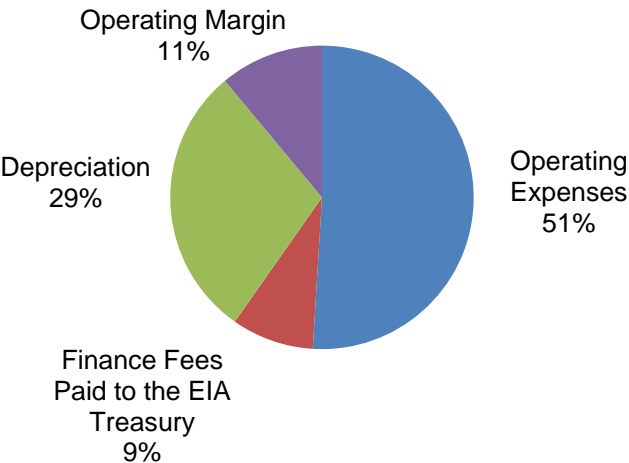
Building Fund

The EIA has invested \$9.1M in our office facility located on Iron Point Circle in Folsom, California. This investment includes improvement to our office as well as preparing the remaining space for our tenants. The building fund houses the EIA at low occupancy cost as well as provides profit from our leasing operations. The building fund budget expects a net margin of \$106k. The Building Fund budget is illustrated in the following charts.

Building fund Revenues and Transfers
(in thousands)



Building Fund Budget
(in thousands)



**CSAC EXCESS INSURANCE AUTHORITY
IRON POINT BUILDING PROGRAM
Adopted Budget
July 1, 2017 to June 30, 2018**

Sources and Uses of Financial Resources	CAFR Actual 2015/16	Year to Date 3/31/2017	Estimated 2016/17	Revised Budget 2016/17	Budget 2017/18	Increase (Decrease)	Text Detail
REVENUES:							
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	
Lease Income - Tenants	443,946	307,278	459,523	460,580	475,050	14,470	Escalations in rent clauses
Other Income	0	0	0	0	0	0	
TOTAL REVENUES	\$ 443,946	\$ 307,278	\$ 459,523	\$ 460,580	\$ 475,050	\$ 14,470	
EXPENDITURES:							
Operating Expenses							
Janitorial	\$ 51,969	\$ 38,836	\$ 58,280	\$ 58,280	\$ 66,070	\$ 7,790	\$4k April building spruce up: wax bathroom floors & carpet cleaning
Utilities	80,055	54,383	85,400	89,310	89,550	240	
Garbage	5,407	3,632	5,700	6,300	6,300	0	
Water and Sewer	8,040	5,589	9,180	9,180	9,230	50	
Security & Fire Sprinkler Monitoring	12,225	7,800	14,000	20,350	14,220	(6,130)	\$6k in FY16/17 to replace locks
Landscape Maintenance	9,399	4,146	13,705	13,705	17,320	3,615	\$2,500 irrigation change to color area to reduce water usage.
Pest Control	1,260	840	1,260	1,380	1,380	0	
Commission Expense	0	0	0	0	0	0	
Common Area Maintenance	20,726	14,203	22,600	23,305	23,305	0	
Consulting Services	0	0	20,000	20,000	0	(20,000)	
Building Maintenance	30,050	23,633	54,100	69,100	108,390	39,290	\$6.5k for window repairs; \$4k roof repairs; \$35k for window/flashing replacement; \$15k for unanticipated emergency repairs
Mello Roos Tax	15,114	7,574	15,114	15,570	15,760	190	
Insurance	16,000	16,500	16,500	16,500	17,675	1,175	
Legal Service	0	0	3,600	3,600	60,000	56,400	
Management Fees	34,798	24,000	36,000	34,840	38,440	3,600	
Finance Fees to EIA Treasury	72,492	58,040	74,600	76,800	84,000	7,200	\$6.0M avg borrowed at 1.4%
Total Operating Expenses	357,536	259,175	430,039	458,220	551,640	93,420	
Depreciation							
Depreciation - Building	113,822	71,663	95,550	95,550	95,550	0	
Depreciation - Roof	73,529	6,250	8,340	8,340	8,340	0	
Depreciation - Parking Lot		7,454	9,940	9,940	9,940	0	
Depreciation - Tenant Improvements	109,110	122,497	160,000	193,370	165,420	(27,950)	
Total Depreciation	296,461	207,864	273,830	307,200	279,250	(27,950)	
Appropriation for Contingencies	0	0	0	0	20,000	20,000	
TOTAL EXPENDITURES	\$ 653,997	\$ 467,039	\$ 703,869	\$ 765,420	\$ 850,890	\$ 85,470	
TRANSFERS:							
Transfers in from General Administration							
Building Rent	481,657	481,657	481,657	481,657	481,657	0	
TOTAL TRANSFERS	\$ 481,657	\$ 481,657	\$ 481,657	\$ 481,657	\$ 481,657	\$ -	
Net Operating Margin	271,606	321,896	237,311	176,817	105,817	(71,000)	
NET POSITION - JULY 1	613,294	884,900	884,900	857,949	1,122,211		
NET POSITION - JUNE 30	\$ 884,900	\$ 1,206,795	\$ 1,122,211	\$ 1,034,766	\$ 1,228,028		

March YTD activity is through February since March activity reports were not yet available and the March bank account has not been reconciled. March activity is included in the full year estimate.

CSAC EXCESS INSURANCE AUTHORITY

CALIFORNIA



STATISTICAL/ SUPPLEMENTAL SECTION

For the Fiscal Year
July 1, 2017 to June 30, 2018

STATISTICAL SECTION

Demographic and Economic Information

These schedules offer demographic and economic information indicators to help the reader understand the environment within which the Authority's financial activities take place. The number of Workers' Compensation and General Liability 1 claims are an overall indicator of the Provision for Claims and Premium Revenue as is Total Lives in the EIAHealth program. Property values are indicators for Property premiums.

	<u>Page</u>
Number of Claims	137
Employees and Lives Covered	138
Property Values	138

Operating Information

This schedule contains information regarding Authority employees by department, member participation by program, and the growth of office space.

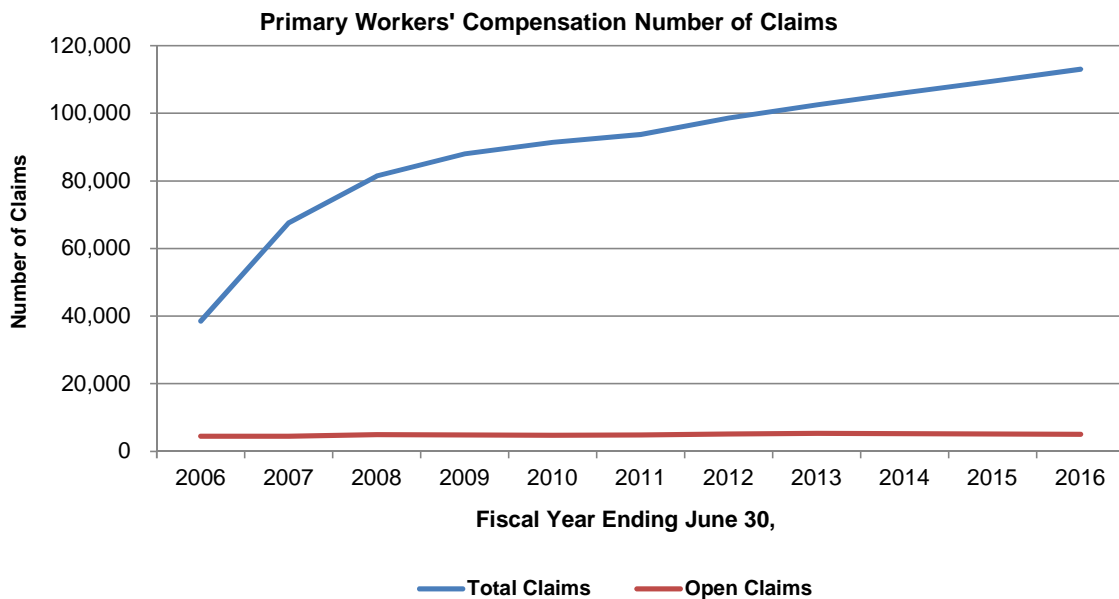
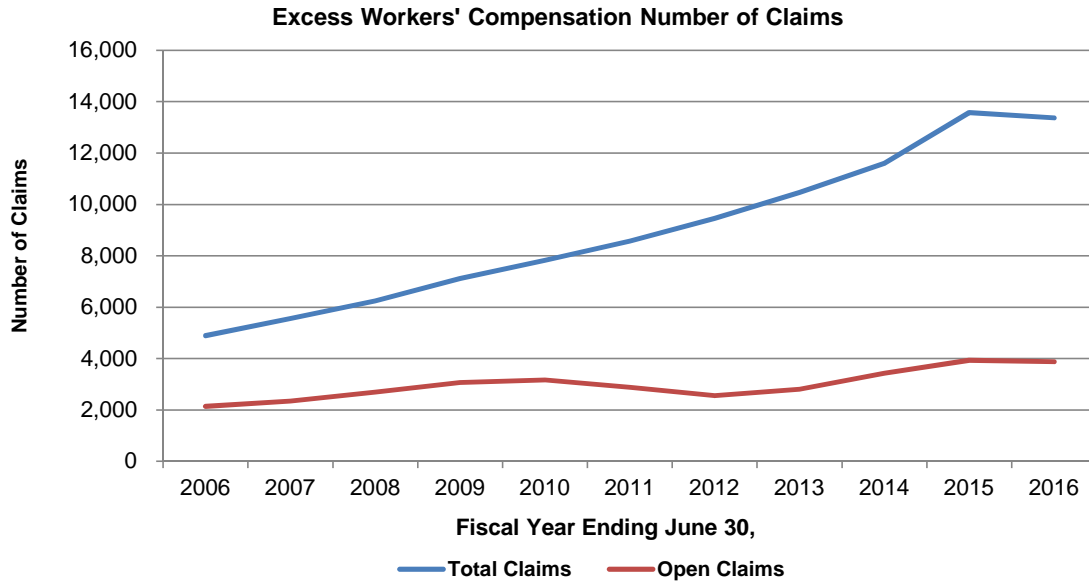
	<u>Page</u>
Operating Indicators and Statistics	139

Schedules showing trends for property tax rates and revenues along with corresponding assessed valuations are not presented since the Authority does not levy such taxes.

Schedules showing bonded debt and related legal debt ratios are also not applicable.

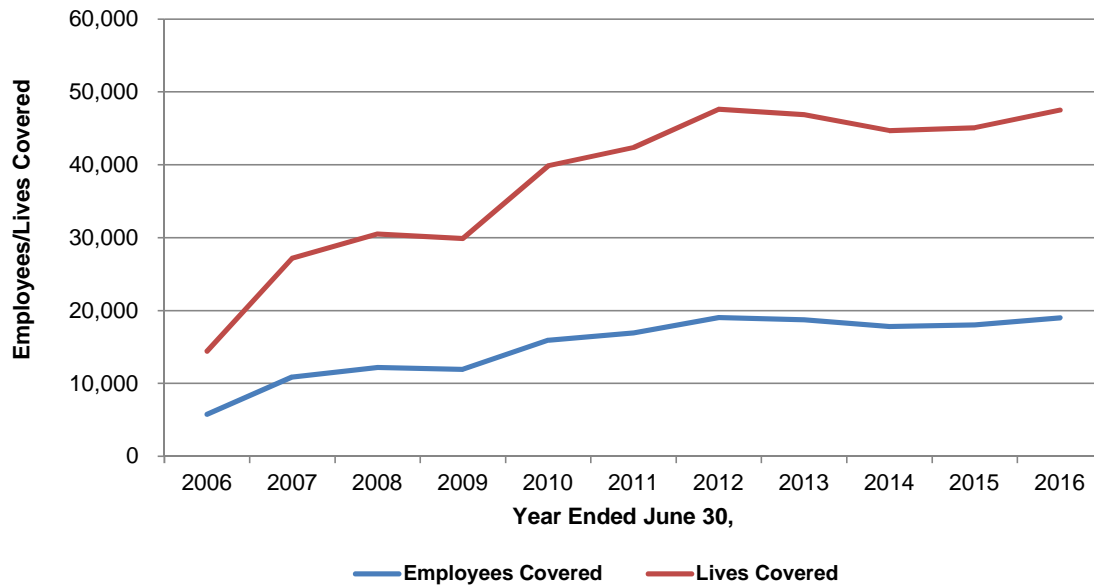
**CSAC EXCESS INSURANCE AUTHORITY
ECONOMIC INDICATORS AND INFORMATION
JUNE 30, 2016**

The best economic indicator of the financial stability for the CSAC Excess Insurance Authority is the estimation of incurred claims expense (line 6) and claims paid (line 3) reported in the Schedule of Claim Development and Earned Assessments in the Required Supplemental Information section of the CAFR's Financial Section. Other relevant economic and demographic information would include trends for the number of claims, covered payrolls, property values, and EIA Health employees and lives covered as shown on the following charts.

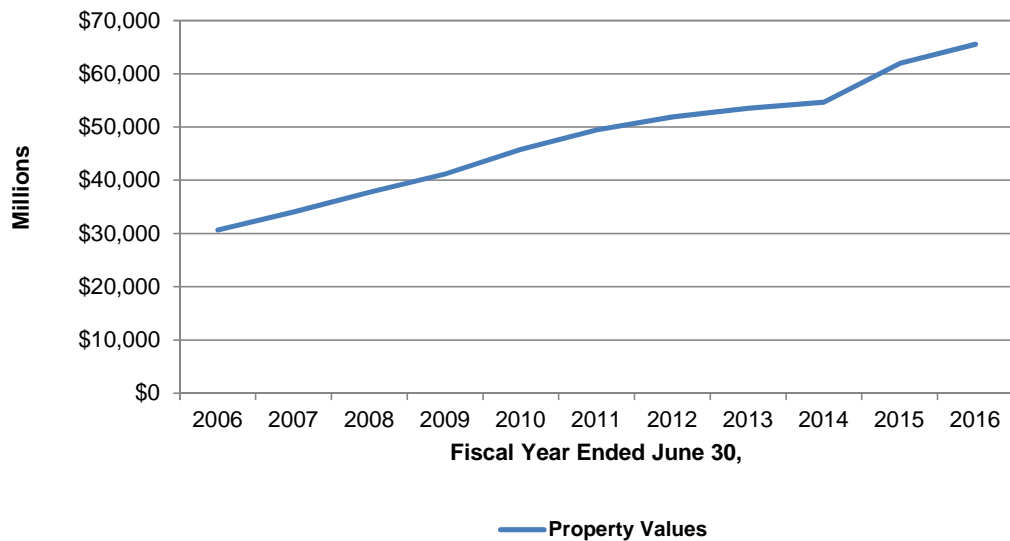


**CSAC EXCESS INSURANCE AUTHORITY
ECONOMIC INDICATORS AND INFORMATION
JUNE 30, 2016**

EIAHealth Employees and Lives Covered



Property Values



**CSAC EXCESS INSURANCE AUTHORITY
OPERATING INDICATORS AND STATISTICS
JUNE 30, 2016**

	Budget Year Beginning				
	2013	2014	2015	2016	2017
Budgeted Full-Time					
Equivalents by Department					
Administration	12	12	14	11	12
Actuarial				5	7
Finance	6	6	5	5	5
Information Technology	9	9	11	13	13
Claims	18	21	21	23	24
Member Services (LP)	6	8	10	10	12
Employee Benefits	3	2	2	2	2
Total Employees	54	58	63	69	75
Number of Retirees	4	4	4	6	7

	Fiscal Year-End			
	Actual		Budgeted	
	2015	2016	2017	2018
Member Units				
Primary Workers' Comp	39	38	39	39
Excess Workers' Comp	168	170	170	172
Primary General Liability	23	23	33	22
General Liability 1	105	119	114	114
General Liability 2	11	12	15	15
Property	85	101	99	97
Medical Malpractice	49	49	51	51
EIAHealth	26	30	32	32
Dental	142	155	153	153
Total Member Units	648	697	706	695
Member Counties	55	55	55	55
Member Public Entities	262	273	272	273
Total Members	317	328	327	328

GLOSSARY

Aggregate: The cumulative amount of all losses for a period of time.

Aggregate Stop Loss: A financial arrangement with the JPA's excess carrier that caps the aggregate to a predetermined limit at which point the excess carrier would begin to reimburse for losses within the JPA's self-insured retention or pooled layer.

Assessment: An additional amount charged a member if it is determined that the initial contribution paid is not adequate to fund the losses incurred.

Attachment Point: The dollar amount of a loss where the next layer of insurance begins to pay for the loss.

Balanced Budget: Budgeted revenues are equal to or exceed budgeted expenses.

Capital Expenditures/Capital Assets: Capital assets include furniture, equipment, and software, tenant improvements, building, with an individual cost of \$5,000 or more.

Captive Insurance Company: An insurance company that is wholly owned and controlled by its insureds; its primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer's underwriting and investment profits.

Ceded Premiums/Claims Costs: Premiums paid to an insurance company and claims costs that are transferred to another entity in connection with a reinsurance arrangement.

Claims Made: Method of determining whether or not coverage is available for a specific claim. A claims-made policy states that a claim must be made during the policy period or the extended reporting period, if applicable.

Commutation: A clause in a reinsurance agreement which provides for estimation, payment and complete discharge of all future obligations for reinsurance losses incurred, regardless of the continuing nature of certain losses.

Confidence Level: The confidence level is a percentage estimate of the ultimate pool layer costs. The actuary's expected costs are shown at slightly more than average (approximately 55%). About half the time, the actual costs will be lower than the actuary's estimates and half the time the actual costs will be higher. To be more conservative, pools set aside additional sums of money to increase the chance that enough funds are available to pay claims. For example, if the actuary's estimate at the 70% confidence level is \$1M, then there is a 30% chance that losses will exceed \$1M.

Contribution: The amount paid by an EIA member to receive a specified type of insurance coverage for a defined period of time.

Corridor Retention or Deductible Pool: An aggregated pool layer above which a carrier will reimburse the Program for losses that exceed the aggregate attachment point on a per claim basis.

Deductible: An amount the insured must pay before payments for covered services begin. The deductible is usually a fixed amount. For example, an insurance plan might require the insured to pay the first \$50 of covered expense during a calendar year.

Deposit Premium: Amount of premium paid at the beginning of the coverage period, which is then adjusted to a final premium amount at the end of the coverage period. This is most common in workers' compensation, where premiums are based on estimated payroll amounts at inception and adjusted based on actual payroll amounts afterwards.

Discount Rate: The assumed interest rate used to calculate the present value of future claim liabilities. Also used in calculating premium needed to fund claim payments.

DOL (Date of Loss): The first date on which an insured event occurred.

Enterprise Fund – Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

Excess Coverage: Insurance coverage which does not provide for payment to the insured until underlying insurance coverage has paid its limits or the insured has paid its self-insured retention.

Excess Insurance: Joint purchase insurance purchased to provide higher limits than the primary policy or pool layer provides. Policy terms may differ and policy covers the member not the pool.

First Dollar Coverage: Insurance coverage that begins with the first dollar of a covered loss. The insured does not have a deductible or self-insured retention to meet before coverage begins as long as the loss is for a covered peril.

General Liability Coverage (GL): Provides coverage for claims from third parties alleging damages due to negligence on the part of the member arising out of personal injury, property damage, public officials errors and omissions, employment practices liability, and automobile liability.

IBNR (Incurred but Not Reported): This is an actuarial term referring to the estimated future loss development, as well as the estimated cost of claims that have happened but are not yet included in the claims data. A reserve for IBNR is established by the actuary as part of the Ultimate Loss Costs to contemplate for these future estimated costs.

Incurred Loss: This is the expected value of any claim. It includes the amount already paid plus the estimated amount yet to be paid (reserves).

Investment Gap: The difference between what the Authority is currently earning and what was actuarially projected would be earned on funds when premium was calculated, that is the difference between actual earnings rate and discount rate.

Limit of Liability: The most that will be paid in a loss.

Loss Adjustment Expense: the costs associated with settlement of a specific claim, other than the claim payment itself i.e., legal fees, appraisal fees and court costs.

Loss Development: The process of change in amount of losses as a policy or accident year matures, as measured by the difference between paid losses and estimated outstanding losses at one point in time, and paid losses and estimated outstanding losses at some previous point in time. In common usage, it might refer to development on reported cases only, whereas a broader definition also would take into account the IBNR claims.

Loss Portfolio Transfer: A financial reinsurance transaction in which loss obligations that are already incurred and will ultimately be paid are ceded to a reinsurer. In determining the premium paid to the reinsurer, the time value of money is considered, and the premium is therefore less than the ultimate amount expected to be paid.

Mega Fund: An aggregated pool layer that caps the aggregate to a predetermined limit at which point the excess carrier would “drop down” and begin to reimburse for losses within the JPA’s SIR or pooled layer.

Member: A County or Public Entity participating in the Authority pool.

MOC (Memorandum of Coverage): The policy or coverage document outlining the terms and conditions of coverage, similar to an insurance policy.

Net Position: Assets plus Deferred Outflow of Resources less Liabilities and Deferred Inflow of Resources. Net Position represents investment in capital assets as well as unrestricted fund balance available for future operations or distribution.

Non-Admitted Insurer: An insurance company not licensed in a state.

Occurrence: An accident or event which triggers coverage.

Occurrence Basis: Method of determining whether or not coverage is available for a specific claim. An occurrence basis policy covers events that occur while the policy is in force, regardless of when a claim is actually made.

Pool Layer: The insurance coverage retained by the Excess Insurance Authority. Losses within this layer are paid by the EIA.

Pooled Loss: The portion of a loss that is allocated to, or paid by, the self-insured pool. For example, the General Liability Program I pools, or self-insures the difference between a member's SIR and \$5M of each occurrence. Loss costs exceeding this amount are paid by excess insurance.

Premium: The amount paid by an EIA member to receive a specified type of insurance coverage for a defined period of time-see also Contribution.

Provision for Insured Events: The expense amount for pooled claims on the Statement of Revenues, Expenses and Changes in Net Assets (Income Statement).

Quota-share arrangement: An agreement between two insurers to split the cost of claims within a coverage layer based upon a certain formula or percentage.

Reinsurance: Insurance purchased by the EIA from other insurers to reimburse the pool for covered losses. Losses revert to the EIA if the reinsurer is unable to meet its obligations. Reinsurance provides coverage to the pool, and is identical to what the pool covers.

Retained Risk: The portion of risk that the pool self-funds.

Reserves: The estimate of the total cost of a claim. Reserves may be estimated by category, such as personal injury, property damage, or medical costs.

Risk Pools: A group of entities collectively purchasing a certain type and level of insurance to protect them from claims covered by that insurance. Pooling is designed to help provide more stable rates over the long-term horizon and also helps to reduce the cost of insurance by spreading fixed administrative costs over a larger group.

Self-Insurance: Practice of an individual, group of individuals, employer or organization to pay for losses rather than transfer the cost to another. The entity may self-insure all or a portion of the expected losses.

SIR (Self Insured Retention): This is the amount of each loss for which the member is responsible. Once the value of the claim has exceeded their SIR, the member may seek reimbursement for those expenses in excess of their SIR.

Target Equity: The range of net position that various governing committees decide is appropriate. Committees use an actuarially determined confidence level discounted for investment income and a variety of target ratios (such as gross premium to equity target ratio) to determine the target equity range.

Third-party Administrator: An entity that is hired to handle the administration of claims processing.

Tower: Various programs have many different insurance placements or segregation of members into types, which the EIA categorizes as “towers” to illustrate the separation or layering of the various placements.

Transferred Risk: The portion of risk, insured or reinsured, by a private insurer or reinsurer and not retained by the pool.

ULAE (Unallocated Loss Adjustment Expenses): In the context of risk financing, costs that cannot be associated with specific claims, but are related to claims paid or in the process of settlement, such as salaries and other internal costs of the pool’s claims department. This amount is calculated for the entire life of the claim.

Ultimate Net Loss: The total cost of a claim. The difference between incurred loss and Ultimate Net Loss is the loss development or IBNR-the actuary may estimate that losses may develop or become larger because of inflation, changes in law etc.