



2016 Annual Report



NCCSIF Program Administrators



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NCCSIF 2016 Annual Report

Table of Contents

Letter to Our Members.....	1
Mission Statement.....	2
History of the JPA.....	3
Organizational Profile	
Board of Directors.....	5
Executive Committee.....	6
Claims Committee.....	7
Finance Committee.....	8
Risk Management Committee.....	9
Police Risk Management Committee.....	11
Member Programs and Services	
Liability Program.....	12
Workers' Compensation Program.....	14
Property Program.....	16
Public Entity Physical Damage Program.....	18
Crime Program.....	18
Other Programs.....	19
Financial Overview.....	20
Service Providers and Consultants.....	24

Northern California Cities Self Insurance Fund

Letter to Our Members

Dear Members,

I am pleased to present the 2016 NCCSIF Annual Report at a time when the group is seeing improved results because of a renewed focus on risk management practices.

Over the last three years NCCSIF has focused on expanding the Risk Management services and training programs available to Members. This began with a baseline assessment of each Member's operations and continues with customized service plans to meet their needs. The Police Risk Management Committee has seen increased participation and ideas for training and equipment, including funding for body-worn cameras that have reduced the frequency and severity of claims, paying dividends almost immediately after their use.

These changes have contributed to NCCSIF's ability to return over \$1.5 million to members in the last year, and almost \$3 million the last two years. Assets increased to over \$51 million and the Net Position increased by \$800,000, prior to dividends.

While NCCSIF continues to be financially strong, the Liability Program experienced a number of large losses in the 2011 year that decreased reserves in the Shared Risk Layer. Members responded by reducing the Self-Insured Retention from \$1,000,000 to \$500,000 and providing additional funding to replenish reserves. Losses have since been trending down.

The Workers' Compensation Program has seen claims frequency stabilize and severity has improved since 2012's historically bad year. However, medical costs continue to rise in spite of Member efforts to control them, and an increase in disability rates has contributed to continued pressure on rates. Members' continued focus on risk management techniques, including return to work and ergonomic programs, have kept rate increases modest.

NCCSIF Members will continue to face challenges in managing their operations. NCCSIF has proven itself a valuable partner and resource by combining resources and pooling risks, enabling each Member to access broader coverage, lower rates, and more risk management services than they could receive on their own. I am proud to serve as NCCSIF President to support the continued success of the group through pooling and sound risk management practices.

Sincerely,



Russell Hildebrand
NCCSIF President
City Attorney - City of Rocklin

Northern California Cities Self Insurance Fund

Mission Statement

The Northern California Cities Self Insurance Fund (NCCSIF) is an association of municipalities joined together in 1979 to protect Member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.



Northern California Cities Self Insurance Fund

History of the JPA

The Northern California Cities Workers' Compensation Fund, a Joint Powers Authority, was formed in early 1979. It is one of the first pooled municipal insurance programs in the State. The JPA's original purpose was to provide medium-sized Northern California cities a mechanism to self-insure most of their Workers' Compensation benefits and obtain the advantages of group purchasing excess insurance for the rest.

In 1981, a number of members formed the Liability Program to apply the same concepts of pooling to coverage for General Liability, Automobile Liability, Errors and Omissions, and Employment Practices Liability. Since then the group has grown to twenty-two cities that pool coverage to a limit of \$500,000 for both Workers' Compensation and Liability.

Where originally the JPA relied upon excess coverage from the Commercial Insurance Marketplace, the excess coverage for both Workers' Compensation and Liability are now provided by excess Joint Powers Authorities. These are Joint Powers Authorities and larger individual entities grouped together to pool coverages and reduce the need for commercial coverage.

In 1987, the name of the Joint Powers Authority was changed to Northern California Cities Self Insurance Fund (NCCSIF). The same year, NCCSIF began offering group purchase of Property and Crime coverage and an Employee Assistance

Program. These are insurance programs since the cost to group purchase coverage continues to be less than self-insurance.

In 2008, NCCSIF started providing Wellness services to Members. During 2009, NCCSIF enhanced its risk management services through partnerships with Target Safety and Risk Management Solutions to provide online loss prevention services to the membership.

In 2012, NCCSIF hired Bickmore Risk Services as their Risk Control Services Vendor and expanded the number of risk management resources available to members.

In 2013, the City of Elk Grove joined NCCSIF's Workers' Compensation program, bringing the total number of members in the JPA to twenty-two.

In 2014, the Police Risk Management Committee recommended the use of body-worn cameras, and NCCSIF grant funds were provided for their purchase. Members realized the benefits of the cameras through fewer claims, so additional grants were approved by the Board for 2015/16.

In 2015, the members implemented a Scorecard system to effectively assess their risk control efforts, and the pool is continuing to expand and update the Risk Management Policies and Procedures to keep pace with current risk exposures.

Northern California Cities Self Insurance Fund

NCCSIF Historical Timeline

1979	1980	1981	1982	1983	1984	1985
<p>The Northern California Cities Workers' Compensation Fund, a Joint Powers Authority, was formed in early 1979. It is one of the oldest pooled municipal insurance programs in the State.</p> <p>Members who joined the pool: Anderson, Corning, Folsom, Galt, Jackson, Placerville, Rio Vista and Willows</p>	<p>Additional members join the WC JPA:</p> <p>Gridley Rocklin</p>	<p>A number of the member cities desired to apply the same concepts of pooling to Automobile and General Liability coverage.</p> <p>LIABILITY Anderson Corning Folsom Galt Gridley Rocklin Willows</p> <p>WC Auburn</p>	<p>City of Nevada City joins the WC JPA</p>	<p>Additional members join the WC JPA:</p> <p>Dixon Red Bluff</p>	<p>City of Lincoln joins the WC JPA</p>	<p>A number of the member cities join the Liability JPA:</p> <p>Lincoln Oroville Paradise Rio Vista</p>
1986	1987	1988	1990	1991	1992	1993
<p>Additional members join the Liability JPA:</p> <p>Auburn Red Bluff</p>	<p>The name of the Joint Powers Authority was changed to Northern California Cities Self Insurance Fund (NCCSIF).</p> <p>NCCSIF offers group purchase of Property, Crime & EAP programs.</p> <p>The following members joined the JPA:</p> <p>LIABILITY City of Jackson</p> <p>WC - Town of Paradise</p>	<p>Additional members join the Liability JPA:</p> <p>Colusa Dixon</p>	<p>The City of Oroville joins the WC JPA</p>	<p>The City of Marysville joins the Liability JPA</p> <p>NCCSIF begins shared risk program for Liability and Workers' Compensation</p> <p>NCCSIF begins a Risk Management Committee</p> <p>Alliant - Marilyn Kelley joins and becomes Program Administrator</p>	<p>The City of Yuba City joins the Liability JPA</p> <p>Additional members join the WC JPA: Colusa Marysville Yuba City</p>	<p>NCCSIF is one of the first JPAs to achieve CAJPA Accreditation with Excellence</p>
1996	2003	2007	2008	2009	2010-2013	2014-2015
<p>NCCSIF joins CJPRMA for Excess Liability Coverage</p>	<p>NCCSIF joins CPEIA for Excess Workers' Compensation Coverage</p>	<p>NCCSIF's Shared Risk Liability Layer changes from \$500,000 to \$1,000,000.</p> <p>NCCSIF joins CSAC-EIA for Excess Workers' Compensation Coverage</p>	<p>NCCSIF Revises its Dividend Formula and Distributes \$6M to Members</p> <p>Multiple risk management services are paid for by an administrative surplus: BackSafe for Fire and Public Works, Wellness Programs, Lexipol Daily Training Bulletin for PDs</p>	<p>NCCSIF is once again awarded the CAJPA Accreditation with Excellence</p> <p>Online risk management services are enhanced through partnerships with TargetSafety and Risk Control Online.</p>	<p>2010 City of Ione joins Liability and Workers' Compensation JPA</p> <p>2013 City of Elk Grove joins Workers' Compensation JPA</p>	<p>2014 Identity Fraud Coverage</p> <p>2015 CAJPA Accreditation with Excellence</p> <p>Review and Revision of Policies and Procedures</p>

Northern California Cities Self Insurance Fund

Board of Directors

The Board of Directors of NCCSIF is composed of a representative appointed by the City Council of each member agency. An Alternate Member is also appointed to serve in the

absence of the appointed representative. Only the Board Member - or in the Board Member's absence the Alternate Member - has voting authority.

Current Members are as follows:

Member	Board Director	Alternate	Member	Board Director	Alternate
City of Anderson*	Jeff Kiser	Liz Cottrell	City of Lincoln	Astrida Trupovnieks	Sheila VanZandt
City of Auburn	Shari Harris	Tim Rundel	City of Marysville	Satwant Takhar	Walter Muncheimer
City of Colusa	Toni Benson	<i>Vacant</i>	City of Nevada City	Corey Shaver	Catrina Olson
City of Corning*	Kristina Miller	Tom Watson	City of Oroville	Liz Ehrenstrom	<i>Vacant</i>
City of Dixon	Michelle Pellegrino	Kim Stalie	City of Placerville*	Dave Warren	Cleve Morris
City of Elk Grove	Brad Koehn	Jonathan Hobbs	City of Red Bluff	Sandy Ryan	Cheryl Smith
City of Folsom*	Bruce Cline	Elaine Andersen	City of Rio Vista*	Donna Lee	Marni Rittburg
City of Galt*	Paula Islas	<i>Vacant</i>	City of Rocklin	Russell Hildebrand	Kimberly Sarkovich
City of Gridley	Matt Michaelis	Elisa Arteaga	City of Willows*	Tim Sailsbery	Scott Taylor
City of Ione	Jon Hanken	Anna Daneri	City of Yuba City	Natalie Springer	Robin Bertagna
City of Jackson*	Michael Daly	Dalacie Blankenship	Town of Paradise	Gina Will	Crystal Peters

**Founding Members*

Northern California Cities Self Insurance Fund

Claims Committee

The Claims Committee reviews claims in the Shared Risk Layer, authorizes settlements and makes determinations on coverage. Authority is granted to the Executive Committee to act as or appoint members of the Claims Committee. All claims are reported to the Claims Administrator regardless of the claim values. The Claims Committee meets as necessary to review all open reported claims likely to involve the Authority's shared risk portion of the Liability and Workers' Compensation Programs.

NCCSIF has retained York Risk Services Group, Inc. as Claims Administrator, and they are responsible for managing claims to conclusion, including investigation, negotiation, assignment of legal counsel, and litigation management. They also provide reports regarding claim status, reserves, and settlement recommendations to the Claims Committee.

Members have authority to settle claims in their Banking Layer up to \$50,000 (\$100,000 for Folsom) for Liability and \$100,000 for Workers' Compensation. The Claims Committee has authority up to \$250,000. The Board of Directors has authority to settle claims over \$250,000 up to the SIR of \$500,000 for both Liability and Workers' Compensation. The Claims Committee is also granted authority to deny claims and to refer claims to counsel for coverage opinions.

NCCSIF hires an independent claims auditor to perform an audit for the Liability Program every odd-numbered year and an audit for the Workers' Compensation Program every even-numbered year.

Claims Committee members are selected from the Executive Committee annually at the spring meeting.

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Finance Committee

The NCCSIF Board of Directors has delegated financial investment authority and other duties to the Executive Committee. The Executive Committee delegates these duties to the Finance Committee on an as-needed basis. Finance Committee members are appointed by the Executive Committee as follows:

The Treasurer and other Board members or Alternates are appointed by the Executive Committee. It is desired that one member of the committee shall be a finance or assistant finance director of an NCCSIF member.

A Treasurer is annually elected by the Board of Directors and serves as the Chair of the Finance Committee.

Finance Committee Chair & Treasurer:

Tim Sailsbery, City of Willows

Duties delegated to the Finance Committee may include:

1. Discuss strategies with the Investment Advisors in accordance with the Investment Policy and direct overall investment strategy.
2. Review cash management requirements on an annual basis and give direction to the accountant to make adjustments.
3. Review the independent auditor's proposed audit scope and approach.
4. Review the performance of the independent auditor.
5. Recommend the appointment to the Executive Committee of the independent auditor and review audit fees.
6. At the direction of the Board or the Executive Committee, review with counsel any legal matters that could have significant impact on the financial statements.
7. Review and make recommendations to the Board or the Executive Committee to maintain or change the Investment Policy in accordance with California Government Code.
8. Advise the Board and the Executive Committee on other financial matters.

Northern California Cities Self Insurance Fund

Risk Management Committee

NCCSIF established a formal Risk Management Committee in 1991. The Committee is comprised of one member from each City, and over the years it has been enriched by participation from employees from Public Works, Finance, Human Resources, Police, Fire, and City Management who have all worked to provide a broad range of ideas and risk management services to the members.

It is the JPA's philosophy that the consideration of worker safety, and the safety of the general public, bears as high a priority as the decision to commit funds or to complete a task. Our goal is to foster loss control programs to guard against all types of accidents and incidents wherever possible.

Recognizing the above goal, the Committee annually recommends and administers a Risk Management Budget as approved by the Board of Directors. That budget represents 50% of the total program administration expenses, not including claims management. These services include:

Contract Risk Management Services

NCCSIF hired Bickmore in 2012 as their Risk Control Services provider to perform a Hazard and Risk Assessment for each member and recommend policies, procedures, and training to address their individual needs. As a result, members are

receiving more direct assistance in managing their operations in ways that reduce the frequency and severity of claims.

Consulting by Bickmore Risk Services includes:

- Hotline Services – one of the most popular services provided
- Hazard & Safety Assessments
- Program/Policy Development
- On-site Training
- Safety Materials
- Webinars – WC and Liability Risk Management Topics
- Training Matrix

Safety Library

On-line Video Libraries are available through the Bickmore website, riskcontrol.brsrisk.com as well as the CSAC- EIA website, csac-eia.org.

Conference Attendance

Sponsorship of members for attendance at the Annual PARMA or CAJPA Risk Management Conference.

Northern California Cities Self Insurance Fund

Seminars and Training Sessions

Selection of topics determined annually by the Committee including:

- Bickmore: on-site sessions covering employment issues such as Harassment, Skills for Supervisors, and e-mail communications
- TargetSolutions: online training services on a variety of topics including OSHA Compliance and Employment Practices
- My Safety Officer and Risk Control Online: online programs to assist in the management and employment and safety training requirements for employees
- Wastewater Services Safety: updates wastewater safety policies at the City level on an as needed basis
- Regional Workshops: NCCSIF conducts regional workshops on pertinent safety topics. Topics for 2016 consisted of AB 1825: Prevention of Sexual Harassment & Abusive Conduct Training, Traffic Control/Flagger & Excavation Competent Person.

Website

NCCSIF website maintenance, including a “Risk Management” tab where members can access Risk Management information.

Additionally, the Committee has adopted and frequently reviews policies and procedures on various topics:

P & P NUMBER	SUBJECT	LAST REVISION	TYPE
RM-1	Compliance with Risk Management Standards	06/14/1996	Mandatory
RM-2	Driving Standards	04/24/2009	Mandatory
RM-3	Sidewalk Inspection and Maintenance	11/19/2015	Advisory
RM-4	Use of Public Facilities	01/11/2008	Advisory
RM-5	Unlawful Harassment Policy	04/15/2010	Mandatory
RM-6	Approval of Coverage for Skateboard Parks	12/19/2008	Mandatory
RM-7	Pool Operation <i>(Aquatics Programs - under review)</i>	01/14/2010	Advisory
RM-8	Development and Operation of Bicycle Parks	10/24/2003	Mandatory
RM-9	Sewer Overflow and Backup Response	11/19/2015	Advisory
RM-10	Risk Management Committee Composition & Duties	09/02/2010	Mandatory
RM-11	Review of Member Risk Assessments	06/23/2011	Mandatory
RM-12	Risk Management Reserve program	11/19/2015	Optional
RM-13	ADA Compliance and Transition Plans	11/19/2015	Mandatory
RM-14	Urban Forest Management <i>(Draft form – currently under review)</i>	<i>Pending</i>	

Northern California Cities Self Insurance Fund

Police Risk Management Committee

The Police Risk Management Committee (PRMC) is a subcommittee of the Risk Management Committee. Given the importance of managing public safety risks and the unique nature of their operations, members agreed to form a separate Risk Management Committee for police departments.

All members who have police departments are encouraged to participate in the Police Risk Management Committee. One of their first recommendations upon formation was to contract with Lexipol to develop and annually update member police procedure manuals. Lexipol also provides interested police departments with their Daily Training Bulletin, an online service developed to keep officers apprised of their department's various policies and procedures.

The Police Risk Management Committee is working with Bickmore to coordinate and organize training seminars by leading law enforcement professionals, designed to reduce the various risk exposures generated by the performance of police duties in the current legal environment.

A training session is held at each Police Risk Management Committee meeting. Topics for 2015 included:

- Wellness and Fitness in Law Enforcement: The Tactical Athlete
- Critical Incident Command: Leading in the Edge of Chaos
- 21st Century Policing – Lessons Learned: The Case for Change
- Managing Your Message Social Media Style

The Committee also reviews major claims for risk management practices that can be shared or improved and evaluates equipment that can prevent or minimize losses.

In 2014 participating members began using body-worn cameras to reduce the frequency and severity of police claims.

In 2015 the Board continued their commitment to the PRMC by authorizing another \$50,000 in grant funds to meet the ongoing risk management needs of the members including:

- Body Cameras
- Storage Solutions
- Fitness Programs

Northern California Cities Self Insurance Fund

Liability Program

The Liability Program provides coverage for losses Member Entities become legally obligated to pay as damages because of bodily injury, property damage, employment practices liability, personal injury and public officials’ errors or omissions. Coverage is included for the Member Entity and its commissions, agencies, districts, authorities, boards, or similar entities coming under the Member Entity's direction or control. There are nineteen (19) members in the Liability Program.

The total limit of liability provided under the Liability Program is \$40,000,000 per occurrence, with a sublimit of \$10,000 for employment practices liability. The program is divided into three separate coverage layers - Banking, Shared Risk and Excess Coverage - as noted below:

<p><u>Excess Layer</u></p> <p>Excess Insurance: \$5,000,000 to \$40,000,000 CJPRMA Members: \$500,000 to \$5,000,000</p>
<p><u>Shared Risk Layer</u></p> <p>Member Banking Layer Limit to \$500,000</p>
<p><u>Banking Layer</u></p> <p>Folsom: \$0 to \$100,000 All Other Members: \$0 to \$50,000</p>

All three coverage layers include self-insurance. The Banking Layer is funded to pay for each Member’s own claims, similar to a deductible. The Shared Risk Layer is funded to pay for claims that are shared by all NCCSIF Members. The Excess Layer is funded through the California Joint Powers Risk Management Authority (CJPRMA). Since 1994 NCCSIF has participated in CJPRMA, which shares risk up to \$5,000,000 with three other JPAs and 17 larger individual cities. CJPRMA purchases excess reinsurance for total limits of \$40,000,000 inclusive of NCCSIF’s retained limit of \$500,000 per occurrence.

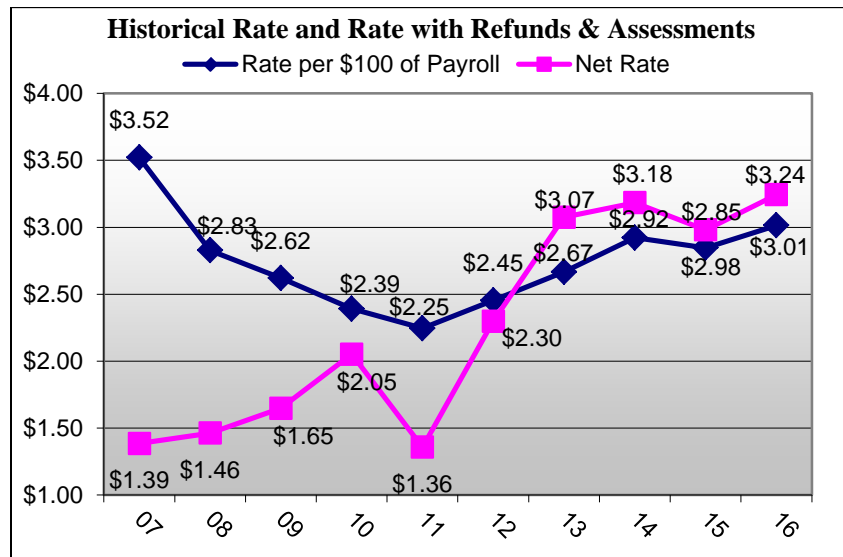
As a result of sharing risk to \$5,000,000, CJPRMA is largely removed from the impact of insurance market conditions. In addition, members share in dividends declared when CJPRMA exceeds its funding goals. In 2015 NCCSIF received dividends from CJPRMA of \$251,186 which were credited to the liability shared risk assessments.

Total funding for the Liability Program in 2015/16 is \$4,598,242. This represents a 7.5% increase, though at a higher funding confidence level from the prior year. The Banking Fund returned \$99,287 to Members who exceeded their target funding levels. The Shared Risk Layer Fund was assessed \$348,814 this year after application of the CJPRMA refund.

Northern California Cities Self Insurance Fund

The members increased the funding confidence level from 65% to 67.5% with a goal of funding at a 70% confidence level in the future.

The Board of Directors annually reviews the Banking and Shared Risk financial status to evaluate the appropriateness of declaring either a refund or an assessment. The following chart shows the historical rates with and without the impact of refunds and assessments.

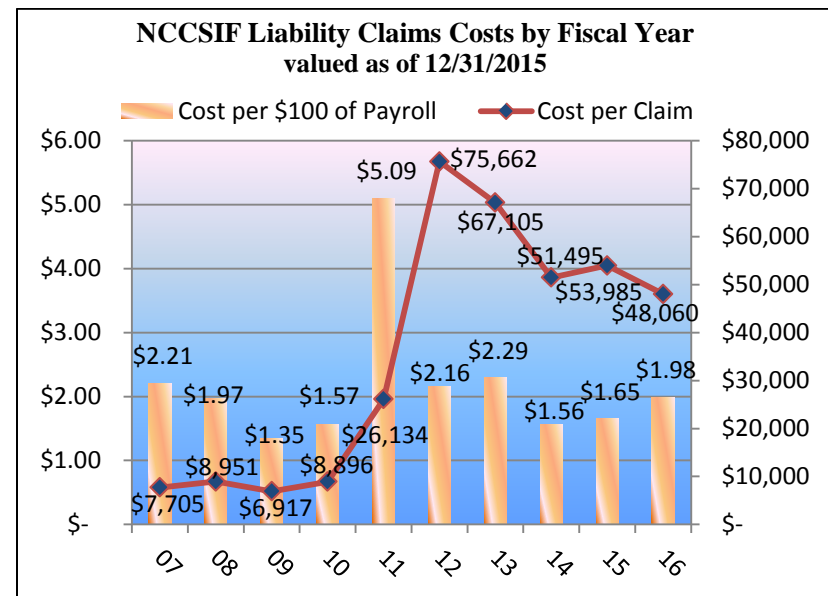


Eight years ago the Liability Program net rates reached historic lows due to large dividends that continued for several years. The gross rate hit a low of \$2.26 in 2012 before climbing the last three years, due to an increase in anticipated losses and

decreases in payroll. The increase in the net rate is due to the Shared Risk Layer Assessments for the last three years.

Due to the fact that NCCSIF doubled the size of the Shared Risk Layer from \$500,000 to \$1,000,000, the claims cost obligations for that layer have increased since 2007. Due to unfavorable claims development in 2012, NCCSIF made the decision to lower the Shared Risk Layer from \$1,000,000 back to \$500,000.

The following chart shows historical claims performance and illustrates that liability claims tend to be volatile.



Northern California Cities Self Insurance Fund

Workers' Compensation

California Workers' Compensation laws require every employer to provide benefits to employees for injury and/or illness arising out of, or in the course of, employment. Statutory benefits prescribed by law include:

- Medical Treatment
- Temporary Disability Payments
- Permanent Disability Compensation
- Rehabilitation
- Death Benefits

The total amount of benefits provided under the Workers' Compensation Program is limited only by State Law, also known as Statutory Limits, with a \$5,000,000 limit for Employers' Liability. The program is divided into three separate coverage layers, Banking, Shared Risk (which are self-funded) and Excess Coverage as illustrated in the chart below:

<p align="center"><u>Excess Coverage</u> \$500,000 – Statutory/Workers' Compensation \$500,000 - \$5,000,000 – Employer's Liability</p>
<p align="center"><u>Shared Risk Layer</u> Banking Layer Limit to \$500,000</p>

<p align="center"><u>Banking Layer</u> \$0 to \$100,000</p>
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This program has seen a reduction in the number of claims from a high of 458 in 2003 to 378 in 2015. Average claim costs have gone from a high of \$21,346 in 2012 to \$14,034 in 2014. Part of this reduction is due to the fact that the severity of claims in 2012 was well above average, but this also reflects a reduction in the number of employees, legislative reforms and more proactive claims management.

In spite of these reductions there is still an increase in claims medical costs. The CPI index for Medical costs continues to outpace the CPI index as whole. This means that medical costs will continue to have a major impact on total NCCSIF loss costs. They currently represent 39% of total paid claims for 2015.

The total cost of the program for 2015 was \$9,958,106, before dividends, an increase of 7.8% over the prior year. The rate remained steady with the increase attributable to increase in confidence level from 65% to 67.5% and increase in payroll.

All twenty-two members participate in the program. The following chart on the next page shows the historical Workers'

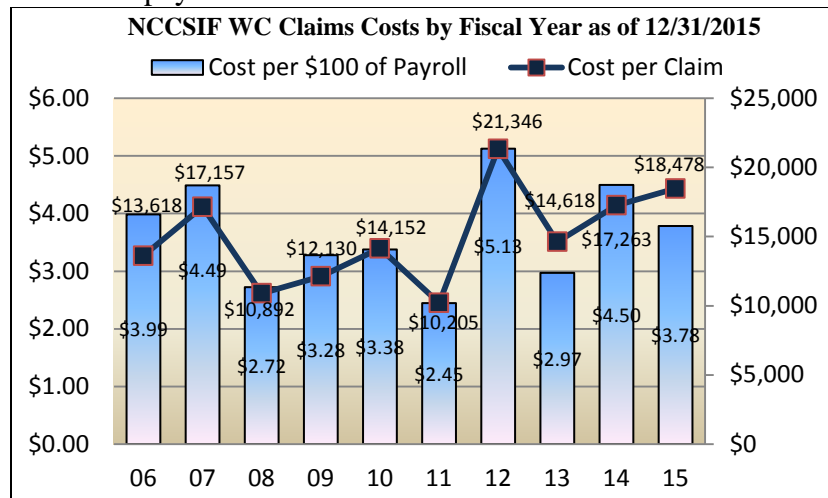
Northern California Cities Self Insurance Fund

Compensation payrolls and reflects the addition of Elk Grove in FYE 2014.

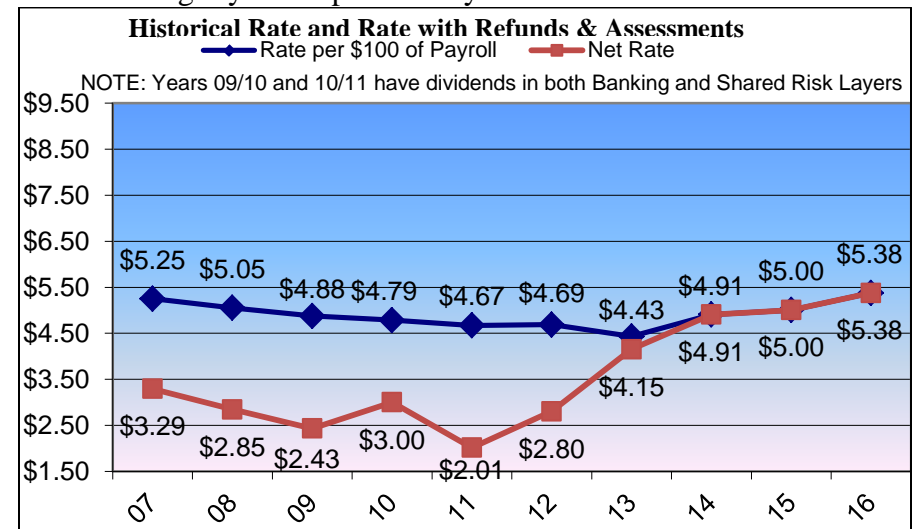
The Excess Coverage is provided through a joint powers authority, the CSAC Excess Insurance Authority (EIA). Since joining this group in 2003, the cost of Excess Insurance has stabilized, though rates increased in 2015 due to the impact of above average losses in 2010 and 2012.

Annually, the Board of Directors reviews the Program’s financial status to evaluate the appropriateness of declaring either a refund or an assessment. In spring of 2015, NCCSIF returned \$566,413 in Shared Layer dividends to its members and \$365,738 dividends in the Banking Layer.

The following chart shows Workers’ Compensation costs by claim and payroll.



The following chart shows the historical rates with and without the impact of refunds and assessments. The rates were decreasing beginning 2006 until 2014 however, the rates increased slightly in the past three years.



These excellent financial results are due to a combination of NCCSIF cost containment strategies, including encouraging return to work modified duty placement for injured workers, increased loss control training for the members, and quality claims management from York Risk Services.

The York claims examiner is responsible for advising the member on the merits of each claim and the appropriate action to be taken, as well as providing for necessary investigation of claims and oversight of legal defense.

Northern California Cities Self Insurance Fund

Property Program

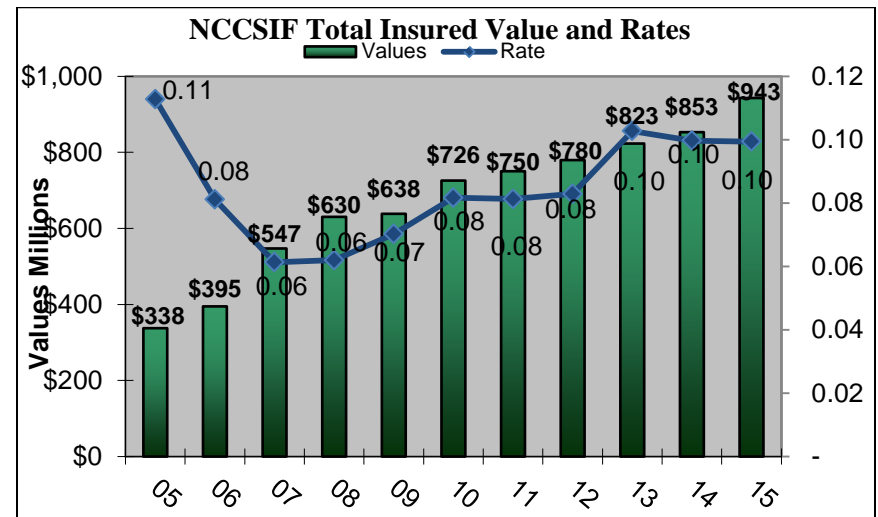
This year NCCSIF renewed coverage through the Alliant Property Insurance Program (APIP). This Program provides broad replacement cost coverage for all buildings and contents, subject to a \$1 billion limit per occurrence and a \$5,000 deductible per claim. NCCSIF members purchase Boiler & Machinery Coverage at a \$100,000,000 limit per occurrence at a \$2,500 deductible per claim. Selected members also insure for auto physical damage and flood coverage through the program excess of a flood deductible of \$100,000 or \$250,000 for Flood Zones A & V.

The Property Program also includes a number of coverages tailored to NCCSIF members, including Pollution Liability, Cyber Liability, Course of Construction, and Rental Income and Tax Interruption. The coverage also provides sub-limits for unscheduled property, new acquisitions, and Increased Cost of Construction.

NCCSIF continues to approve funding for property appraisals to be completed for its members as needed to maintain accurate valuations.

NCCSIF increased the total values insured from \$852 million in 2014 to \$984 million in 2015, while the rate decreased from \$0.10 to \$0.075 per \$100 in values.

The chart below shows the Total Insured Values in the program along with the coverage rate per \$100 of values.



Membership in APIP has grown to fifteen NCCSIF members. Program participants are: Cities of Anderson, Auburn, Colusa, Dixon, Folsom, Galt, Gridley, Ione, Lincoln, Marysville, Oroville, Red Bluff, Rocklin, Yuba City and Town of Paradise.

Northern California Cities Self Insurance Fund

Physical Damage Program

Selected Members are enrolled in the Alliant Physical Damage Program. The program was initially designed specifically for public agencies – including rural cities, sanitation districts, and wastewater districts – with a limited number of higher-valued vehicles. The program has expanded to include other types of vehicles and mobile equipment.

It provides an All Risk Equipment Floater including earthquake and flood for scheduled equipment on file with the Company through AGCS Marine Insurance Services, Inc. Claims

valuation is on a replacement cost basis if desired for vehicles or equipment less than four years old, otherwise the policy will pay to replace damaged property on a like kind and quality basis (not new for old).

Currently eleven of the twenty-two NCCSIF Members are enrolled in this program. The deductible varies for each member as selected annually and covers all risks of direct physical loss or damage from any external cause, including general average and salvage charges, except perils excluded.

Northern California Cities Self Insurance Fund

Crime Program

The NCCSIF Crime Program provides for coverage of employee theft through the National Union Insurance Company, A.M. Best Rated A++ XV.

Fifteen of the twenty-two NCCSIF members participate in the Crime program. The per-occurrence limit was increased to \$1,000,000 in 2007. Coverage is subject to a \$5,000 deductible.

Program 15 participants are Cities of Anderson, Auburn, Colusa, Corning, Dixon, Galt, Gridley, Ione, Lincoln, Marysville, Oroville, Red Bluff, Rocklin, Yuba City and Town of Paradise.

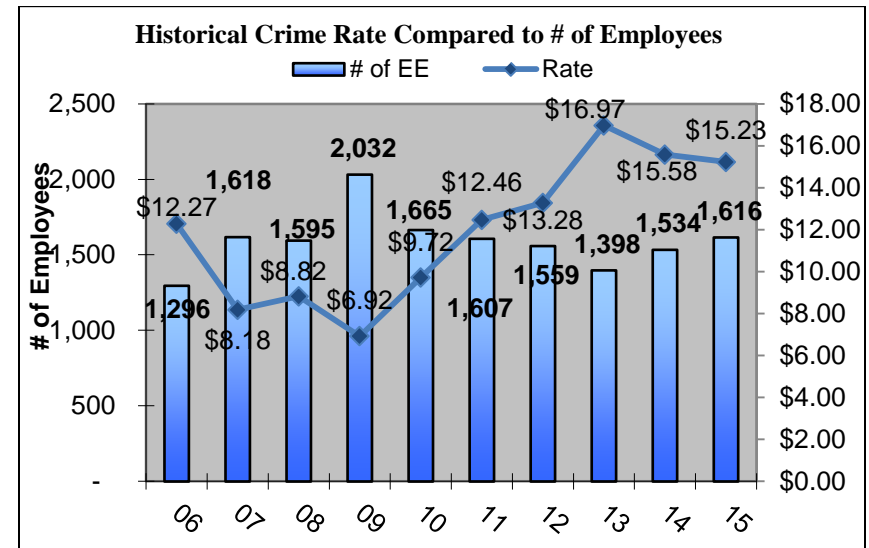
Program Highlights:

- Includes volunteer workers other than fund solicitors as employees
- Includes specified directors and trustees on committees as employees
- Includes chairperson and members of committees as employees
- Deletes Treasurer/Tax Collector and Bonded Employees exclusions
- Includes specified non-compensated officers as employees

- Specified City Officials Coverage Endorsement (for cities that are required by their city charter to individually bond certain employee or officer positions)

Insuring Agreements	Limits of Insurance
Employee Theft – Per Loss Coverage Including Faithful Performance of Duty	\$1,000,000
Forgery or Alteration including Credit, Debit or Charge Card Forgery	\$1,000,000
Computer Fraud	\$1,000,000
Investigative Expenses	\$50,000

Limits of Insurance are subject to a \$5,000 Deductible



Northern California Cities Self Insurance Fund

Other Programs

Employee Assistance Program (EAP)

Eighteen NCCSIF members participate in the group purchase of an Employee Assistance Program. An Employee Assistance Program (EAP) is a worksite-based program designed to assist City employees in identifying and resolving personal concerns, including, but not limited to, health, marital, family, financial, alcohol, drug, legal, emotional, stress, or other personal issues that may affect job performance.

NCCSIF's current EAP carrier, ACI, has provided services for NCCSIF's participating cities since 2002. ACI Specialty Benefits offers EAP, Work life and Wellness models. The program NCCSIF participates in features an unlimited EAP benefit package which includes consultation, training, (Critical Incident Stress Debriefing (CISD) response, childcare, and eldercare, legal and financial consultation. ACI's EAP always includes employees and ALL of their family members – whether or no they live in the home.

In 2008 NCCSIF's Risk Management Committee approved free participation for all interested members in ACI's AppleCore Wellness program. Members recently participated in Walking Challenges as part of the Wellness Program.

Identity Fraud Protection

New this year is a program to protect Member employees from the impact of identity fraud. Identity Fraud Reimbursement Coverage and Resolution Services are offered through Travelers Insurance Company, with a limit of up to \$25,000 to reimburse many of the costs and expenses associated with identity recovery, including lost wages, attorney fees, and document replacement fees.

Employees have access to a fraud specialist who will provide unlimited assistance to restore a victim's identity. They also have access to exclusive online educational resources providing tips, information and steps to avoid becoming a victim of identity theft.

Northern California Cities Self Insurance Fund

Financial Overview

The following report reflects on the financial condition of Northern California Cities Self Insurance Fund (NCCSIF) for the fiscal year ended June 30, 2015. It is provided to highlight the information in the financial audit and should be reviewed in concert with that report.

NCCSIF Statements of Revenue, Expenses, and Changes in Net Assets

	2015	2014	Percentage Change	2014	2013	Percentage Change
Operating Revenues	\$ 15,802,553	\$ 15,798,109	0%	\$ 15,798,109	\$ 13,099,676	21%
Provisions for Claims	10,879,465	7,773,183	40%	7,773,183	10,464,233	-26%
Dividends	1,506,568	1,445,334	4%	1,445,334	4,236,073	-66%
Insurance Premiums	2,654,843	2,735,852	-3%	2,735,852	2,042,806	34%
Administration	2,089,957	1,950,718	7%	1,950,718	2,056,880	-5%
Total Expenses	17,130,833	13,905,087	23%	13,905,087	18,799,992	-26%
Non-operating:						
Investment Income	644,473	777,402	-17%	777,402	(70,118)	1209%
Net Income (Loss)	(683,807)	2,670,424	-126%	2,670,424	(5,770,434)	146%
Beginning Net Assets	10,063,932	7,393,508	36%	7,393,508	13,163,942	-44%
Ending Net Assets	\$ 9,380,125	\$ 10,063,932	-7%	\$ 10,063,932	\$ 7,393,508	36%

Northern California Cities Self Insurance Fund

Financial Highlights, FYE June 30, 2014 and 2015

- The net loss for the fiscal year ending 2015 was \$683,807. Expenses during the year included dividends to members totaling \$1,506,568. Without the dividend to members the program would have shown change in net position of \$822,761.
- The change in net position for the fiscal year ending 2014 was \$2,670,424. A decrease in prior years' claims liabilities for the workers' compensation fund totaled \$2,141,057, due principally to a change in management's estimate of ultimate losses in that program. Expenses during the year included dividends to members totaling \$1,445,334. Without the dividends to members the program would have shown an increase in net position of \$4,115,758.
- Total operating revenues for fiscal year ending 2015 were \$15,802,553, net of dividends, an increase of 0.03%, or \$4,444, as compared to fiscal year 2014.
- Total operating revenues for fiscal year ending 2014 were \$15,798,109, net of dividends, an increase of 21%, or \$2,698,433, as compared to fiscal year 2013. This increase is primarily due to the City of Elk Grove joining NCCSIF during 2013 and an increase in excess insurance premiums.
- Non-operating revenues increased from (\$70,118) in 2013 to \$777,402 in 2004. The increase was related to market value adjustments. Non-operating revenues decreased by \$132,929 in fiscal year 2015, to \$644,473.
- Operating expenses increased in 2015 by \$3.2 million from the total of \$17,130,833 in 2014. This increase resulted from increases to the provisions for claims for the 2015 fiscal year.
- Operating expenses, including the provision for claims, decreased by 26% in 2014 to \$13,905,087. This decrease was due to lower dividends and a decrease in claims expenses related to a change in management's method for estimating total losses in the workers' compensation program.

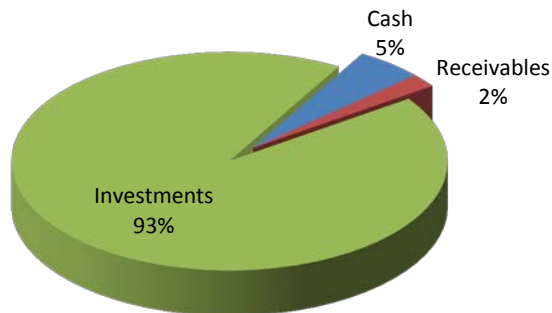
Northern California Cities Self Insurance Fund

Pool-Wide Financial Analysis

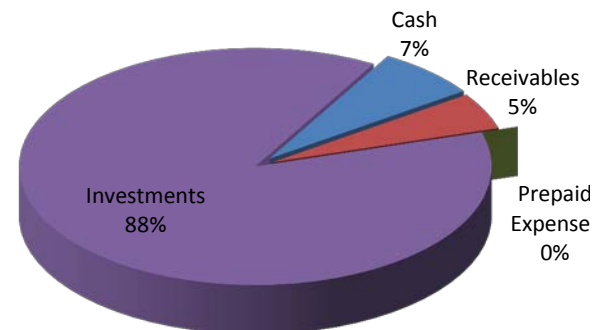
	June 30, 2015	Percent	June 30, 2014	Percent	June 30, 2013	Percent
Current Assets	\$ 8,038,589	16%	\$ 10,237,879	28%	\$ 10,237,879	23%
Noncurrent Assets	42,988,439	84%	33,984,221	72%	34,380,597	78%
Total Assets	51,027,028	100%	46,940,001	100%	44,618,476	100%
Current Liabilities	900,740	2%	448,980	1%	1,763,450	4%
Claim Liabilities	40,746,163	80%	36,427,089	78%	35,461,518	79%
Total Liabilities	41,646,903	82%	36,876,069	79%	37,224,968	83%
Net Position	9,380,125	18%	10,063,932	21%	7,393,508	17%
Total Liabilities and Net Position	51,027,028	100%	46,940,001	100%	44,618,476	100%

Total Assets by Type at June 30, 2014 and June 30, 2015

June 30, 2015



June 30, 2014

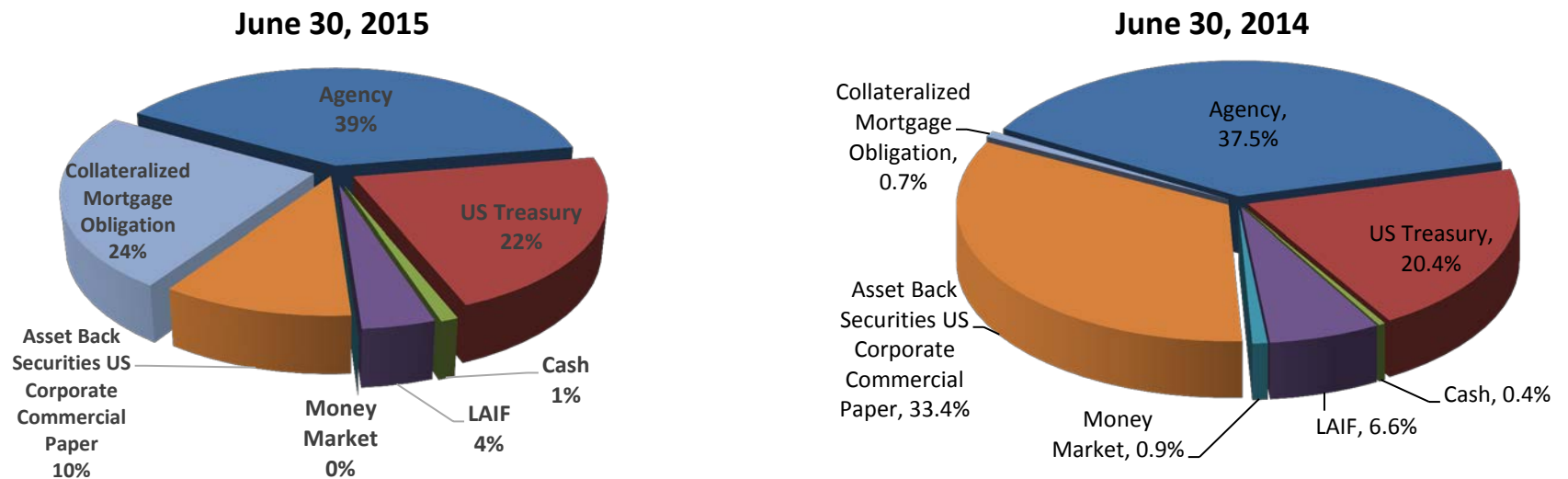


Northern California Cities Self Insurance Fund

Investment revenues are used to offset program costs wherever possible and reduce the required member contributions. The overall investments of the pool increased in 2015 from \$41,302,609 to \$47,284,612. NCCSIF invests funds not immediately necessary for the payment of claims in order to optimize the rate of return. Funds are invested in a manner that will protect principal, allow for cash flow needs and optimize returns, in conformity with all federal, state, and local statutes governing investment of public funds. The assets needed for current operations are maintained by the Local Agency Investment Fund (LAIF), administered by the State Treasurer's Office.

Interest rates have remained low the last three years, for example, the average rate of return for funds invested in LAIF during the fiscal year 2013 was 0.298%, in 2014 it was 0.243%, and in 2015 it was 0.316%. However, the effective rate of return for the JPA investment portfolio increased to 1.94% for the short-term fund and 3.86% for the long-term fund. The ability of these funds to earn investment income has a direct effect on program rates, as this income is used to discount future liabilities. When investments fall short of projections, additional funding may be required to meet actuarial estimates.

Components of NCCSIF Portfolio at June 30, 2014 and June 30, 2015



Northern California Cities Self Insurance Fund

Service Providers and Consultants

PROGRAM ADMINISTRATORS:



Alliant Insurance Services, Inc.
Michael Simmons, Vice Chair (Peer Review)
Marcus Beverly, First-Vice President
Raychelle Maranan, Account Representative
Joan Crossley, Account Executive

INVESTMENT CONSULTANTS:



Chandler Asset Management, Inc.
Kay Chandler, CFA, President and CEO
Martin Cassell, CFA, EVP and Chief Investment Officer
Scott Prickett, CFA, SVP, Portfolio Strategist

ACCOUNTING SERVICE PROVIDER:



James Marta & Company
Jim Marta, CPA, ARM
Alana, Theiss, CPA

INDEPENDENT FINANCIAL AUDITING SERVICES:



Crowe Horwath LLP
Matthew Nethaway, Financial Audit

THIRD PARTY CLAIMS ADMINISTRATION:



York Risk Services Group, Inc.
Dori Zumwalt, Account Manager
Cameron Dewey, Claims Manager - GL
Ben Burg, Claims Manager - WC

RISK CONTROL AND ACTUARIAL SERVICES:



Bickmore Risk Services
Henri Castro, Risk Control Consultant
Tom Kline, Risk Control Consultant
Jeff Johnston, Director, Risk Control Services
Mike Harrington, Director, Property & Casualty Actuarial Services

Northern California Cities Self Insurance Fund

Please see our website at www.nccsif.org

HOME PROGRAM ORGANIZATIONAL MEETING AGENDAS MEMBERS CONTACT



A Joint Powers Authority for California Cities

About Us

Mission Statement: The Northern California Cities Self Insurance Fund, or NCCSIF, is an association of municipalities joined to protect member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.

NCCSIF, a Joint Powers Authority, was first formed in early 1979. It is one of the oldest pooled municipal insurance programs in California. The JPA's purpose is to provide median Northern California Cities a mechanism to self-fund a layer of workers' compensation insurance, as well as to obtain the advantages of group purchase excess insurance. In 1981, a number of the member Cities desired to apply the same concepts of pooling to automobile and general liability coverage.

In 1987 the name of the Joint Powers Authority was changed to Northern California Cities Self Insurance Fund (NCCSIF). NCCSIF now also offers group purchase of property, crime and employee assistance programs (these are not self-insurance programs). Membership has grown over the years to now include twenty two (22) Cities.

Northern California Cities Self Insurance Fund



NCCSIF

Northern California Cities Self Insurance Fund
A Joint Powers Authority

The Northern California Cities Self Insurance Fund (NCCSIF) is an association of municipalities joined together in 1979 to protect Member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.