



President
Mr. Wes Heathcock
City of Colfax

Vice President
Mr. Blake
Michaelsen
City of Dunsmuir

Secretary
Ms. Muriel Howarth
City of Mt. Shasta

Treasurer
Mr. Roger Carroll

**SMALL CITIES ORGANIZED RISK EFFORT
LONGE RANGE PLANNING & TRAINING DAY**

Town of Loomis	
1	Attached
2	Hand Out
3	Separate Cover
4	Verbal

Location: Gaia Hotel
4125 Riverside Place
Anderson, CA 96007

Date: Thursday, October 28, 2021

Time: Breakfast available at 8:00 am

Morning Training to begin at 8:30 am

Long Range Planning to begin at 9:00 am

Call in number: 877-853-5257 (Toll Free) or 669-900-6833

Conference Code: 916 9055 9913

<https://alliantinsurance.zoom.us/j/91690559913?pwd=S1VaL1F3MEtWODVmdTVCU2p1UmMzZz09>

PAGE

MORNING TRAINING

Time Certain

8:30 am – **SCORE Orientation for New Members** **I 2**
9:00 am *The Program Administrators will provide an orientation for new members and answer member questions about SCORE programs and services.*

LONG RANGE PLANNING

PAGE **A. CALL TO ORDER – 9:00 am**

9:00 am **B. ROLL CALL**

C. APPROVAL OF AGENDA AS POSTED **A 1**

D. PUBLIC COMMENTS

E. OPENING COMMENTS

1. President’s Report **I 4**
Wes Heathcock will address the Board on items pertaining to SCORE.

F. FINANCIAL ITEMS

9:15 am – **1. Target Funding Benchmarks** **I 2**
9:45 am *Marcus Beverly will present an overview of SCORE’s financial condition relative to the funding benchmarks established by the Board.*
Pg. 3

9:45 am – **2. Liability Program Analysis** **A 1**
10:15 am *The Board will receive an update on CJPRMA’s financial status and the impact a higher SIR will have on the Liability Program. This includes a review of the excess insurance market environment, impact on SCORE, and options to address.*
Pg. 4

10:15 am –
10:30 am

BREAK

10:30 am –
11:30 am
Pg. 15

- 3. Property Program Deductibles & Possible Banking or Shared Layer** **A 1**
The Board will review options for funding the increased deductibles in the property program, including the use of Banking or Shared Layers like other programs.

11:30 pm-
11:45 pm

BREAK

11:45 pm –
12:30 pm
Pg. 17

- LUNCH PRESENTATION - Employment Law Hot Topics and Trends** **I 4**
Evan Beecher from Jackson Lewis will present the Board with an update on the latest EPL legal developments and risk management best practices.

12:30 pm –
1:30 pm
Pg. 18

- 4. Wildfire Risk Mitigation** **A 4**
The Board will review the results of wildfire risk scoring performed by Core Logic, best practices for mitigation, and consultants who perform risk assessments.

1:30 pm –
1:45 pm
Pg. 36

- 5. Workers Compensation Mini-Cities and Administrative Funding** **A 4**
The Board will review the Workers' Compensation and Administrative funding formulas and provide feedback regarding potential changes, including a review of the mini-cities criteria and admin allocation.

1:45 pm –
2:00 pm

BREAK

2:00 pm –
2:30 pm
Pg. 42

- 6. State of the Market** **I 4**
The Board will receive a presentation related to the state of the insurance market moving into 2022.

2:30 pm –
3:00 pm
Pg. 43

- 7. Police Exposures & Risk Management** **A 4**
The Board will review recent claim activity involving member police departments and consider options for risk control measures.

3:00 pm –
3:45 pm
Pg. 44

- 8. Cyber Security Training & Testing** **A 4**
The Board will review new resources available for hardening their information systems and training employees to avoid phishing scams.

Wrap-Up

Members will provide feedback and direction regarding the day's discussions and preview the items for tomorrow's agenda.

IMPORTANT NOTICES AND DISCLAIMERS: *Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Michelle Minnick at Alliant Insurance at (916) 643-2715. The Agenda packet will be posted on the SCORE website at www.scorejpa.org. Documents and material relating to an open session agenda item that are provided to the SCORE Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815. Access to some buildings and offices may require routine provisions of identification to building security. However, SCORE does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3*



TARGET FUNDING BENCHMARKS

INFORMATION ITEM

ISSUE: Marcus Beverly will present the annual review of SCORE’s financial condition as of 6/30/21 compared to the benchmarks used to guide decisions regarding funding, refunds, and assessments.

RECOMMENDATION: None.

FISCAL IMPACT: None expected – information only.

BACKGROUND: SCORE maintains a Target Funding Policy to guide the Board of Directors in making annual funding, dividend and assessment decisions for the Banking Layer and Shared Risk Layers, per the Master Plan Document for each Coverage Program. The Policy was last updated on 10/23/20 due to changes in the Dividend and Assessment Plan (DAP).

ATTACHMENTS: Presentation at meeting



Agenda Item F.2.

LIABILITY PROGRAM ANALYSIS

ACTION ITEM

ISSUE: The increased frequency of high-value claims, especially for police and dangerous traffic conditions, has greatly increased the cost and limited the capacity for excess liability insurance for public entities across the country and especially in California. The group’s excess coverage provider, CJPRMA, took a higher Self-Insured Retention (SIR) this year, from \$5M to \$7.5M, due to market pressures. SCORE is faced with increasing its SIR from \$500,000 to at least \$750,000 for FY 22/23.

Compounding the significant increase in reinsurance for CJPRMA, that pool also updated its funding formula to increase rates, a needed adjustment given the growing volume of claims within their SIR.

The impact of increasing SCORE’s *Shared Layer* funding from the current \$500,000 at a 75% Confidence Level (CL), based on the FY 21/22 actuarial analysis, is illustrated below:

SCORE Liability Program - Shared Layer Funding at Three SIRs				
SIR	75% CL	Rate	% Change	\$ Change
\$ 500,000	\$ 573,000	\$ 2.09	n/a	
\$ 750,000	\$ 644,000	\$ 2.35	12%	\$ 71,000
\$ 1,000,000	\$ 681,000	\$ 2.48	6%	\$ 37,000
			19%	\$ 108,000

Based on FY 21/22 Funding

Increasing the SIR on SCORE’s Shared Layer will also *decrease the amount paid to CJPRMA for the Excess Layer* (\$42,372 decrease, or 20%, if SCORE had moved to the \$750,000 SIR this year). The Program Administrators will present similar options for the FY 22/23 funding as available from CJPRMA.

An increase in the program’s SIR will also impact the annual Dividend and Assessment Plan (DAP) calculation, since it calls for a minimum Net Position of five times the SIR, currently \$2,375,000 (5x \$475,000). *The minimum would increase to \$3,625,000 with a \$750,000 SIR and to \$4,875,000 with a \$1,000,000 SIR.* The program currently has a Net Position of \$6.6M, so while the potential for a dividend is diminished, the members are well-positioned to look at funding options for FY 22/23.

Going forward CJPRMA is recommending adding a surcharge to the funding of any member who has a loss ratio above 100%, using a formula that excludes the largest claim and an option that caps the remaining losses at \$2.5M. Attached is a draft of their formula and the loss run it is based on for discussion.



**Small Cities Organized Risk Effort
Long Range Planning
October 28, 2021**

Agenda Item F.2., continued

Due to these potential changes and the members' recent commitment to a higher confidence level for annual funding, the Program Administrators have also included a copy of SCORE's Funding Policy for review and discussion. Based on the current market environment and funding philosophy it may need updating.

RECOMMENDATION: Review, discuss and provide direction as needed.

FISCAL IMPACT: To be determined. An increase in SCORE's SIR will increase the self-insured funding but will reduce the excess funding, though not on a 1:1 basis. The group's benchmark thresholds for Net Position will also increase, resulting in less margin for payment of dividends or potential assessment.

BACKGROUND: SCORE has been a member of CJPRMA since the excess pool's inception in 1993, and the group's SIR of \$500,000 has not changed in that time. Inflation and the increased "frequency of severity", particularly in the last few years, has increased the pressure on SCORE to raise its SIR to maintain relatively stable and affordable excess coverage.

ATTACHMENTS:

1. Draft CJPRMA Policy – Review of Loss History
2. Liability Market Overview and Claim Examples
3. SCORE Target Equity Policy Adopted by BOD 10-23-20

Member Loss Experience Rating 8 Year PY 13/14-20/21
Drop One Highest Loss

	Pool B Funding	Pool B Losses	Pool C Funding	Pool C Losses	Total Losses	Losses Capped at \$2.5mm	Total Funding	Total Funding %	# of Losses	Experience Rating	Experience Rating with \$2.5 Cap
Alameda	571,488	582,000	1,722,129	-	582,000	582,000	2,293,617	4%	5	25%	25%
Chico	321,063	1,015,962	972,864	148,040	1,164,002	1,164,002	1,293,927	2%	6	90%	90%
Fairfield	536,120	230,164	1,641,924	-	230,164	230,164	2,178,044	3%	4	11%	11%
Fremont	1,149,187	1,535,000	3,436,374	1,392,038	2,927,038	2,927,038	4,585,561	7%	8	64%	64%
LFPD	131,500	-	380,612	-	-	-	512,112	1%	1	0%	0%
Livermore	447,174	181,838	1,365,715	-	181,838	181,838	1,812,889	3%	3	10%	10%
Lodi	316,783	181,000	973,727	-	181,000	181,000	1,290,510	2%	3	14%	14%
NCCSIF	1,686,092	2,796,192	5,076,907	10,726,870	13,523,062	8,629,854	6,762,999	10%	17	200%	128%
Petaluma	317,075	1,011,500	953,321	472,000	1,483,500	1,483,500	1,270,396	2%	4	117%	117%
Redding	657,350	3,408,289	2,018,286	1,107,000	4,515,289	4,515,289	2,675,636	4%	10	169%	169%
REMIF	1,087,825	4,081,162	3,332,042	3,368,420	7,449,582	7,449,582	4,419,867	7%	16	169%	169%
Richmond	906,046	3,582,098	2,754,187	1,229,995	4,812,093	4,812,093	3,660,233	6%	12	131%	131%
Roseville	954,588	881,108	3,441,963	-	881,108	881,108	4,396,551	7%	4	20%	20%
San Leandro	346,563	755,636	1,042,651	-	755,636	755,636	1,389,214	2%	4	54%	54%
San Rafael	384,226	105,600	1,206,724	-	105,600	105,600	1,590,950	2%	3	7%	7%
Santa Rosa	955,292	275,760	3,466,716	-	275,760	275,760	4,422,008	7%	3	6%	6%
SCORE	230,402	500,000	691,102	256,000	756,000	756,000	921,504	1%	2	82%	82%
Stockton	-	-	3,796,948	15,908,889	15,908,889	11,058,293	3,796,948	6%	12	419%	291%
Sunnyvale	1,001,708	-	3,066,573	-	-	-	4,068,281	6%	1	0%	0%
Vacaville	568,206	48,043	1,770,472	-	48,043	48,043	2,338,678	4%	4	2%	2%
YCPARMIA	2,295,605	500,808	6,878,563	11,000	511,808	511,808	9,174,168	14%	6	6%	6%
Total	14,864,293	21,672,160	49,989,800	34,620,252	56,292,412	46,548,608	64,854,093	100%	128	87%	72%

# Claims	Member	CJPRMA Claim Number	Allocation to Pool B	Allocation to Pool C	Allocation to Pool D	Recovery Received	CJPRMA Net Incurred/Total	Total w Cap
1	Alameda	2017-2018-0440-01	-	-	-	477,585	-	-
2	Alameda	2018-2019-0418-01	100,000	-	-	-	100,000	100,000
3	Alameda	2018-2019-0493-01	482,000	-	-	-	482,000	482,000
			582,000	-	-	477,585	582,000	582,000
			194,000	-	-	-	-	-
1	Chico	2013-2014-0162-01	500,000	148,040	-	302,084	648,040	648,040
2	Chico	2013-2014-0434-01	355	-	-	-	355	355
3	Chico	2013-2014-0178-01	354,549	-	-	-	354,549	354,549
4	Chico	2015-2016-0427-01	58	-	-	-	58	58
5	Chico	2016-2017-0737-01	-	-	-	-	-	-
6	Chico	2017-2018-0218-01	161,000	-	-	-	161,000	161,000
			1,015,962	148,040	-	302,084	1,164,002	1,164,002
			169,327	-	-	-	-	-
1	Fairfield	2013-2014-0055-01	150,085	-	-	250,000	150,085	150,085
2	Fairfield	2013-2014-0404-01	80,000	-	-	-	80,000	80,000
3	Fairfield	2013-2014-0432-01	-	-	-	302,551	-	-
4	Fairfield	2014-2015-0579-01	79	-	-	-	79	79
			230,164	-	-	552,551	230,164	230,164
			92,066	-	-	-	-	-
1	Fremont	2013-2014-0069-01	500,000	1,086,060	-	414,151	1,586,060	1,586,060
2	Fremont	2014-2015-0478-01	500,000	4,978	-	315,150	504,978	504,978
3	Fremont	2016-2017-0767-01	-	-	-	-	-	-
4	Fremont	2017-2018-0617-01	500,000	301,000	-	-	801,000	801,000
5	Fremont	2017-2018-0671-01	35,000	-	-	-	35,000	35,000
			1,535,000	1,392,038	-	729,301	2,927,038	2,927,038
			307,000	278,408	-	-	-	-
1	Livermore	2014-2015-0539-01	474	-	-	-	474	474
2	Livermore	2016-2017-0621-01	-	-	-	-	-	-
3	Livermore	2017-2018-0589-01	181,364	-	-	-	181,364	181,364
			181,838	-	-	-	181,838	181,838
			60,613	-	-	-	-	-
1	LPGD	2016-2017-0589-01	-	-	-	-	-	-
			-	-	-	-	-	-
1	Lodi	2013-2014-0115-01	-	-	-	162	-	-
2	Lodi	2017-2018-0567-01	181,000	-	-	-	181,000	181,000
			181,000	-	-	162	181,000	181,000
			181,000	-	-	-	-	-
1	NCCSIF	2014-2015-0517-01	51	-	-	-	51	51
2	NCCSIF	2014-2015-0034-01	96,873	-	-	-	96,873	96,873
3	NCCSIF	2014-2015-0717-01	100,100	-	-	-	100,100	100,100
4	NCCSIF	2015-2016-0648-01	500,000	1,833,662	-	-	2,333,662	2,333,662
5	NCCSIF	2018-2019-0485-01	106,000	-	-	-	106,000	106,000
6	NCCSIF	2018-2019-0485-01	11,000	-	-	-	11,000	11,000
7	NCCSIF	2013-2014-0205-01	7,916	-	-	-	7,916	7,916
8	NCCSIF	2015-2016-0144-01	500,000	2,288,208	-	389,186	2,788,208	2,500,000
9	NCCSIF	2018-2019-0496-01	390,238	0	-	-	390,238	390,238
10	NCCSIF	2019-2020-0232-01	11,000	-	-	-	11,000	11,000
11	NCCSIF	2018-2019-0506-01	101,500	-	-	-	101,500	101,500
12	NCCSIF	2018-2019-0510-01	210,000	-	-	-	210,000	210,000
13	NCCSIF	2018-2019-0532-01	56,000	-	-	-	56,000	56,000
14	NCCSIF	2018-2019-0192-01	-	-	-	-	-	-
15	NCCSIF	2019-2020-0257-01	205,500	-	-	-	205,500	205,500
16	NCCSIF	2020-2021-0354-01	500,000	6,605,000	-	-	7,105,000	2,500,000
17	NCCSIF	2013-2014-0353-01	14	-	-	-	14	14
			2,796,192	10,726,870	-	389,186	13,523,062	8,629,854
			164,482	630,992	-	-	-	-
1	Petaluma	2013-2014-0444-01	-	-	-	-	-	-
2	Petaluma	2016-2017-0496-01	500,000	261,000	-	-	761,000	761,000
3	Petaluma	2019-2020-0179-01	11,500	-	-	-	11,500	11,500
4	Petaluma	2019-2020-0313-01	500,000	211,000	-	-	711,000	711,000
			1,011,500	472,000	-	-	1,483,500	1,483,500
			252,875	118,000	-	-	-	-
1	Redding	2013-2014-0085-01	-	-	-	356,183	-	-
2	Redding	2013-2014-0114-01	150,661	-	-	-	150,661	150,661
3	Redding	2014-2015-0031-01	475,128	-	-	-	475,128	475,128
4	Redding	2018-2019-0109-01	500,000	291,000	-	-	791,000	791,000
5	Redding	2018-2019-0231-01	211,000	-	-	-	211,000	211,000

# Claims	Member	CJPRMA Claim Number	Allocation to Pool B	Allocation to Pool C	Allocation to Pool D	Recovery Received	CJPRMA Net Incurred/Total	Total w Cap
6	Redding	2018-2019-0288-01	500,000	300,500	-	-	800,500	800,500
7	Redding	2018-2019-0513-01	500,000	10,500	-	-	510,500	510,500
8	Redding	2018-2019-0518-01	500,000	505,000	-	-	1,005,000	1,005,000
9	Redding	2019-2020-0365-01	361,000	-	-	-	361,000	361,000
10	Redding	2020-2021-0409-01	210,500	-	-	-	210,500	210,500
			3,408,289	1,107,000	-	356,183	4,515,289	4,515,289
			340,829	123,000				
1	REMIF	2015-2016-0639-01	21,000	-	-	-	21,000	21,000
2	REMIF	2017-2018-0185-01	340,409	-	-	-	340,409	340,409
3	REMIF	2017-2018-0470-01	500,000	11,000	-	-	511,000	511,000
4	REMIF	2014-2015-0586-01	500,000	545,820	-	154,210	1,045,820	1,045,820
5	REMIF	2015-2016-0637-01	62,605	-	-	-	62,605	62,605
6	REMIF	2015-2016-0657-01	500,000	219,645	-	456,818	719,645	719,645
7	REMIF	2015-2016-0657-98	58,250	-	-	-	58,250	58,250
8	REMIF	2016-2017-0778-01	80	-	-	-	80	80
9	REMIF	2017-2018-0084-01	-	-	-	-	-	-
10	REMIF	2017-2018-0623-02	86,833	-	-	-	86,833	86,833
11	REMIF	2016-2017-0782-01	19,000	-	-	-	19,000	19,000
12	REMIF	2019-2020-0282-01	500,000	1,530,000	-	-	2,030,000	2,030,000
13	REMIF	2016-2017-0761-01	180,941	-	-	-	180,941	180,941
14	REMIF	2018-2019-0523-01	500,000	61,000	-	-	561,000	561,000
15	REMIF	2013-2014-0474-01	312,044	-	-	188,141	312,044	312,044
16	REMIF	2015-2016-0488-01	500,000	1,000,955	-	399,478	1,500,955	1,500,955
			4,081,162	3,368,420	-	1,198,647	7,449,582	7,449,582
			480,137	396,285				
1	Richmond	2013-2014-0352-01	500,000	36,515	-	-	536,515	536,515
2	Richmond	2013-2014-0473-01	10,893	-	-	-	10,893	10,893
3	Richmond	2014-2015-0075-01	451,641	-	-	398,653	451,641	451,641
4	Richmond	2014-2015-0561-01	85,064	-	-	-	85,064	85,064
5	Richmond	2014-2015-0712-01	-	-	-	-	-	-
6	Richmond	2015-2016-0442-01	500,000	390,490	-	-	890,490	890,490
7	Richmond	2016-2017-0198-01	500,000	486,490	-	363,619	986,490	986,490
8	Richmond	2018-2019-0312-01	111,000	-	-	-	111,000	111,000
9	Richmond	2018-2019-0525-01	102,500	-	-	-	102,500	102,500
10	Richmond	2019-2020-0239-01	500,000	110,500	-	-	610,500	610,500
11	Richmond	2019-2020-0317-01	321,000	-	-	-	321,000	321,000
12	Richmond	2020-2021-0504-01	500,000	206,000	-	-	706,000	706,000
			3,582,098	1,229,995	-	762,272	4,812,093	4,812,093
			298,508	102,500				
1	Roseville	2013-2014-0316-01	102,557	-	-	-	102,557	102,557
2	Roseville	2015-2016-0179-01	417,051	-	-	245,526	417,051	417,051
3	Roseville	2015-2016-0373-01	-	-	-	355,049	-	-
4	Roseville	2018-2019-0086-01	361,500	-	-	-	361,500	361,500
			881,108	-	-	600,575	881,108	881,108
			220,277	-				
1	San Leandro	2015-2016-0482-01	223,636	-	-	-	223,636	223,636
2	San Leandro	2017-2018-0647-01	451,000	-	-	-	451,000	451,000
3	San Leandro	2019-2020-0364-01	-	-	-	-	-	-
4	San Leandro	2018-2019-0529-01	81,000	-	-	-	81,000	81,000
			755,636	-	-	-	755,636	755,636
			188,909	-				
1	San Rafael	2014-2015-0456-01	-	-	-	-	-	-
2	San Rafael	2018-2019-0520-01	85,500	-	-	-	85,500	85,500
3	San Rafael	2020-2021-0461-01	20,100	-	-	-	20,100	20,100
			105,600	-	-	-	105,600	105,600
			105,600	-				
1	Santa Rosa	2013-2014-0466-01	161,672	-	-	-	161,672	161,672
2	Santa Rosa	2017-2018-0648-02	114,088	-	-	-	114,088	114,088
3	Santa Rosa	2019-2020-0381-01	-	-	-	-	-	-
			275,760	-	-	-	275,760	275,760
			91,920	-				
1	SCORE	2019-2020-0089-01	-	-	-	-	-	-
3	SCORE	2019-2020-0338-01	500,000	256,000	-	-	756,000	756,000
			500,000	256,000	-	-	756,000	756,000
			272,980	128,000				

# Claims	Member	CJPRMA Claim Number	Allocation to Pool B	Allocation to Pool C	Allocation to Pool D	Recovery Received	CJPRMA Net Incurred/Total	Total w Cap
1	Stockton	2013-2014-0310-01	-	28	-	-	28	28
2	Stockton	2014-2015-0017-01	-	4,306,455	-	2,891,801	4,306,455	2,500,000
3	Stockton	2014-2015-0333-01	-	653	-	-	653	653
4	Stockton	2017-2018-0682-01	-	876	-	-	876	876
5	Stockton	2015-2016-0241-02	-	4,783,141	-	-	4,783,141	2,500,000
6	Stockton	2015-2016-0391-01	-	191,609	-	-	191,609	191,609
7	Stockton	2015-2016-0425-01	-	909,671	-	-	909,671	909,671
8	Stockton	2016-2017-0147-01	-	290,549	-	-	290,549	290,549
9	Stockton	2016-2017-0215-01	-	3,261,000	-	-	3,261,000	2,500,000
10	Stockton	2016-2017-0399-01	-	2,153,907	-	-	2,153,907	2,153,907
11	Stockton	2016-2017-0731-01	-	-	-	-	-	-
12	Stockton	2019-2020-0226-01	-	11,000	-	-	11,000	11,000
			-	15,908,889	-	2,891,801	15,908,889	11,058,293
			-	2,447,521	-	-	-	-
			-	-	-	-	-	-
		#REF!	-	-	-	-	-	-
1	Vacaville	2013-2014-0167-01	-	-	-	340,890	-	-
2	Vacaville	2016-2017-0618-01	510	-	-	-	510	510
3	Vacaville	2017-2018-0610-01	47,500	-	-	-	47,500	47,500
4	Vacaville	2017-2018-0659-01	33	-	-	-	33	33
			48,043	-	-	340,890	48,043	48,043
			12,011	-	-	-	-	-
1	YCPARMIA	2014-2015-0715-01	47	-	-	-	47	47
2	YCPARMIA	2013-2014-0171-01	-	-	-	-	-	-
5	YCPARMIA	2017-2018-0651-01	761	-	-	-	761	761
6	YCPARMIA	2016-2017-0764-01	500,000	11,000	-	-	511,000	511,000
			500,808	11,000	-	-	511,808	511,808
			125,202	2,750	-	-	-	-
			21,672,160	34,620,252	-	8,601,237	56,292,412	46,548,608

GENERAL LIABILITY MARKET OVERVIEW: Hard Times

The liability insurance industry continues to see significant increases in plaintiff demands, jury verdicts and high dollar claims – a continuation of what we have seen for the last several years. Claims that used to resolve for \$5M-\$10M are now costing public entities and their insurers \$20M-\$30M+. The so-called Social Inflation that has had a huge impact on these costs continue to deplete the liability market’s surplus, limiting the capacity and availability of reinsurers willing to write California public entity business.

- Claims trends have affected PRISM, just as they have affected the industry.
- We continue to see a significant increase in Plaintiff demands and high dollar liability claims, driven higher by tactics Plaintiff’s counsel are using (such as the use of the Reptile Theory), and affecting the industry’s surplus.
- Markets continue to be more judicious with how/where they deploy their capacity and/or limit their exposure.
- The active involvement of the GL2 Committee and their flexibility in modifying the Program structure and the Program’s retained risk to keep premiums as low as possible for the members is a great strength
- The Program is still competitive in the market, with 6 new members having applied for membership in the 2019/2020 year & 3-4 more thus far for 2020/21.



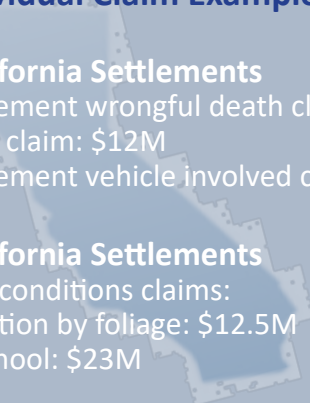
Individual Claim Examples

Northern California Settlements

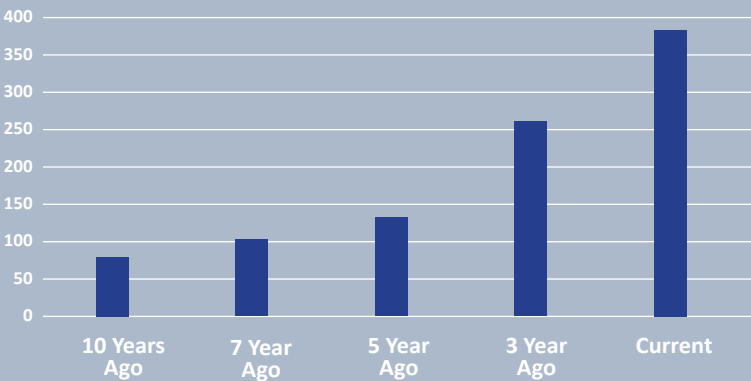
- Law enforcement wrongful death claim: \$7M
- Motorcycle claim: \$12M
- Law enforcement vehicle involved claim: \$27M

Southern California Settlements

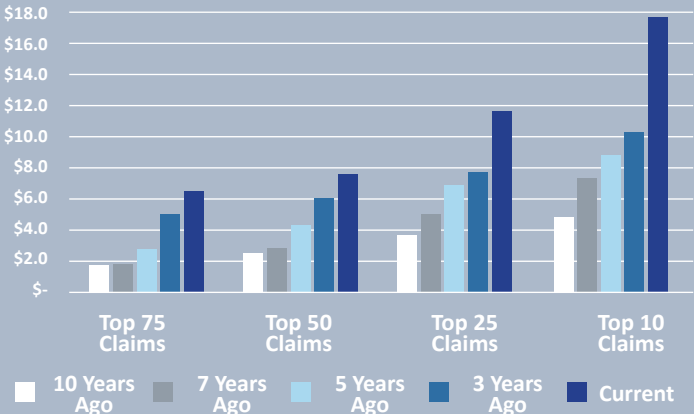
- Dangerous conditions claims:
 - ◊ obstruction by foliage: \$12.5M
 - ◊ near school: \$23M



Frequency of Claims Values (\$1M or more)



Median Claims Values (in millions)



The benefits of pooling shine brightest during a hard market when our economies of scale, our leverage in the reinsurance markets, and our sharing of best practices help manage risk.



Benefits of Being in a Pool

Economies of Scale

PRISM’s size provides more leverage in the insurance market, allowing us to secure unique reinsurance agreements.



Public agencies with stand-alone placements are seeing reductions in their coverage limits and/or exclusions. PRISM has largely been able to maintain broad coverage in the Program.



Equitability

PRISM’s members with large loss experience have better coverage and premium options in the pool than finding coverage alone.



Members with less severe loss experience are recognized and rewarded through premium reductions.



PRISM Individual Claim Examples

To describe the effects of social inflation on claims, below are several summaries of recent jury verdicts and settlements, many of which involve members of PRISM's GL2 and GL1 Programs:

- Jurors awarded \$45.4M against a southern California county to a girl who suffered sexual abuse for two years in a home where she was left despite evidence showing that an accused molester lived in the house.
- A southern California city was sued for dangerous condition of public property after a 16-year-old was struck by a car crossing a street at a crosswalk near his school. The driver of the vehicle was looking for an item that was on the floor of the passenger seat when he struck the teenager. The teen survived, but has multiple injuries including a brain injury. A jury found there to be a dangerous condition and awarded over \$23M against the City.
- A northern California county was sued after a family's vehicle was struck in an intersection late at night by a law enforcement vehicle that was responding to a call without lights and sirens on. Several members of the family were injured, and one young child was left with permanent brain damage. The case was settled for approximately \$27M.
- A southern California city agreed to pay \$12.5M to resolve a case in which a driver struck and killed a baby and injured the father of the child. The City was sued for dangerous condition of public property as the driver claimed his view was obstructed by foliage.
- A northern California city paid \$12M to settle a case in which a motorcyclist was struck in an intersection by a police car that was responding to a call. The injured motorcyclist lost a leg in the accident.
- A northern California county was sued for wrongful death after the decedent allegedly lunged at officers with a retractable knife and was then shot and killed by the officers. The county agreed to resolve the case for \$7M.
- Jurors awarded \$3.8M to a 72-year-old woman who was allegedly pushed by a city councilwoman. The plaintiff tumbled over a stack of chairs and suffered bruises and a torn rotator cuff.

Target Funding Policy

I. PURPOSE

It is the policy of SCORE to conservatively fund its programs to maintain sufficient assets to pay all losses and avoid substantial fluctuations to contributions.

The purpose of this policy is to guide the SCORE Board of Directors in making annual funding, dividend and assessment decisions for the Banking Layer and Shared Risk Layers, per the Master Plan Document for each Coverage Program.

The Board acknowledges actuarial estimates are relied upon heavily when making financial decisions and that there is a high degree of uncertainty in such estimates due to the possibility of occasional catastrophic claims and inconsistent or inaccurate case reserving; therefore, the Board of Directors desires to fund the Banking and Shared Risk Layer programs in a cautious and prudent manner and return assets to its members in an equally cautious and prudent manner.

II. DEFINITIONS

- Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)
- Claims Paid to Date: The amount paid on reported claims at the date of valuation, including those amounts paid for both defense and indemnity.
- Confidence Level (CL): An estimated probability that a given level of funding will be sufficient to pay actual claim costs. The higher a CL the greater certainty the actuary has that losses will not exceed the dollar value used to attain that Confidence Level.
- Net Position: Total Assets less Expected Liabilities. Previously stated as Net Assets in the Statement of Net Position (Balance Sheet). Same as Surplus or Equity in other contexts.
- Expected Liabilities: Outstanding Reserves plus IBNR and Loss Adjustment Expenses, discounted, at the Expected Confidence Level (approximately 55%), as calculated by an actuary.
- Incurred But Not Reported (IBNR): The estimate of funds needed to pay for covered losses that have occurred but have not yet been reported to the member and/or SCORE, and expected future development on claims already reported.
- Net Contribution: Total contributions from members less excess insurance costs.
- Self-Insured Retention (SIR): The maximum amount of pooled risk retained by SCORE before any excess coverage is applicable

- **Outstanding Reserves:** The sum total of claim reserves in the Banking and Shared Risk Layers, determined by the SCORE Claims Administrator.
- **Ultimate Loss:** The sum of Claims Paid to Date, Outstanding Reserves and IBNR, all within SCORE's Banking and Shared Risk Layers. It is the actuarial estimate of the total value of all claims that will ultimately be paid by SCORE.
- **Unallocated Loss Adjustment Expenses (ULAE):** Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, overhead, etc.).

III. FUNDING CRITERIA

The programs shall utilize Expected Liabilities when reporting liabilities in the SCORE Financial Statements and Audit.

Each program's target is to maintain a Risk Margin Fund with assets equal to the difference between Expected Liabilities and Discounted Liabilities at a 90% CL, with a goal of maintaining assets at a 95% CL or greater.

A program may pay refunds only if Assets exceed Expected Liabilities at the 90% discounted CL and as described in the program's Master Plan Documents.

The programs may use Net Position for rate stabilization.

The programs will initially fund each program year at a minimum 60% CL, with a goal to maintain at an 80% to 90% CL.

IV. TARGET FUNDING BENCHMARKS

The SCORE Board of Directors will consider assessments or returning Net Position to members after evaluating funding using the following benchmarks prior to and following any potential assessment or return of Net Position:

Net Contribution to Net Position ratio: **Target $\leq 2:1$; Goal $\leq 1:1$**

This ratio is a measure of how Net Position is leveraged against possible pricing inaccuracies. A low ratio is desirable.

Expected Liabilities to Net Position **Target $\leq 3:1$; Goal $\leq 2:1$**

This ratio is a measure of how Net Position is leveraged against Expected Liabilities. A low ratio is desirable.

Outstanding Reserves to Net Position ratio: **Target $\leq 1.5:1$**

This ratio is a measure of how Net Assets are leveraged against possible reserve inaccuracies. A low ratio is desirable.

Net Assets to Self Insured Retention ratio: **Target $\geq 5:1$; Goal \$1M SIR**

This ratio is a measure of the number of full SIR losses that could be paid from Net Assets. A high ratio is desirable.

Change in Ultimate Loss Development: **Target $\leq 20\%$**

This measures of the change in aggregate Ultimate Losses from one year to the next. Increases over successive years indicate a trend that may need addressing through additional funding.

Change in Net Position:

Target \geq -10%

This measures the annual change in Net Assets. Decreases over successive years indicate a trend that may warrant an increase in annual contributions or an assessment.

Net Contribution Funding

Target 80% CL

This measures the degree of certainty the actuary has that the recommended annual contribution will be sufficient to pay all claims for that year.

V. POLICY REVIEW

The Program Administrator will submit a yearly report summarizing the programs' financial positions against the guidelines established in this policy. The policy will be periodically reviewed by the Board and revised as necessary.

Revised October 23, 2020

PROPERTY PROGRAM DEDUCTIBLES & POSSIBLE BANKING OR SHARED LAYER

ACTION ITEM

ISSUE: The property insurance market, particularly for California wildfire risk, continues to be extremely challenging, with the most recent impact an increase in the Property Program's minimum deductibles from \$5,000 to \$25,000, with \$50,000 minimums for police vehicles and increasing deductibles for vehicles valued \$250,000 and above. The main alternative for vehicle coverage offers lower deductibles but no replacement cost coverage after three years from purchase.

It is unlikely deductibles will return to previous levels any time soon, if ever, and we could see further hardening if wildfire and weather-related losses continue to impact the markets. The Town of Paradise continues to be subject to a \$2.5M wildfire deductible that others have avoided so far.

Members are faced with taking on more risk of property loss going forward, and the questions become:

- How much risk are members willing to take?
- What makes sense from a market perspective?
- What is the best way to finance that risk?

Some members may be fine with a \$25,000 deductible or more and some may want to establish their own reserves or a Banking Layer through the JPA, like the Liability and Workers' Compensation Programs. While helpful in case of loss, that does not address the reliance on the insurance market and the impacts of the hard market until you get to at least \$250,000 or more. To get to those levels would require a Shared Layer and exploring partnership with other JPAs to increase market clout and financial strength.

The Program Administrators have requested an actuarial review of the funding requirements to start a self-insured layer or layers for SCORE. We will provide an overview of that analysis along with issues and options for discussion on this important topic.

RECOMMENDATION: Review and provide direction regarding potential Banking or Shared Risk funding of property coverage.

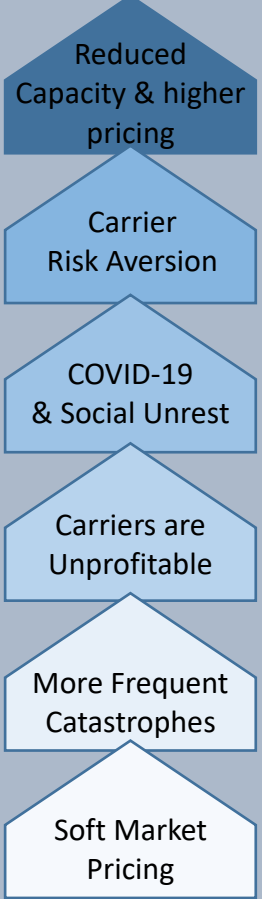
FISCAL IMPACT: None expected from this item. Potential direction to establish loss funding.

ATTACHMENTS:


1. Property Market Overview – PRISM
2. Actuarial Review – *handout*

PROPERTY MARKET OVERVIEW: Hard Times

Unprecedented world events, in tandem with carriers not turning a profit, has resulted in the market remaining hard. Prior to 2020, rate increases were largely tied to a soft market correction while factoring in increased attritional loss and adverse catastrophe loss development. In 2020 the pandemic, social unrest, rising reinsurance costs, financial market volatility, global recession, and more frequent and severe catastrophes have greatly exacerbated the situation.

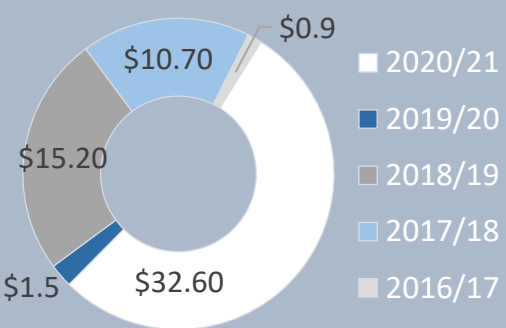


7 The top 7 most destructive wildfires in California have happened in the last 3 years






\$ 83B Insured catastrophe losses in 2020, fifth costliest on record

PRISM Wildfire Losses (in millions)



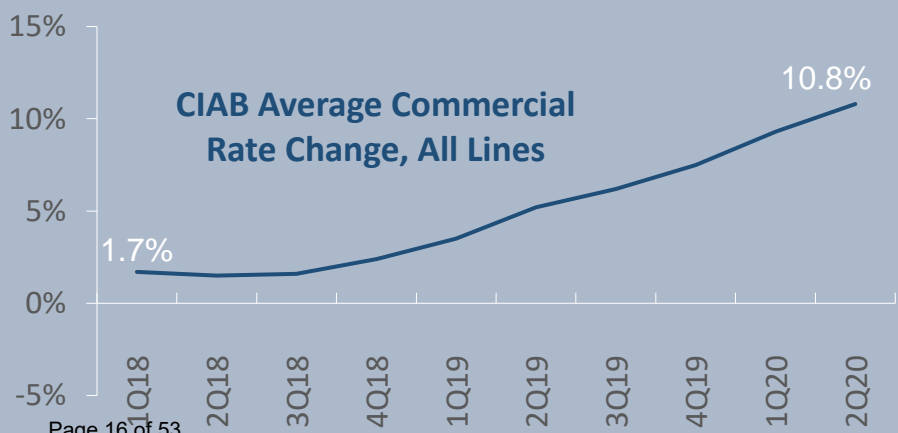
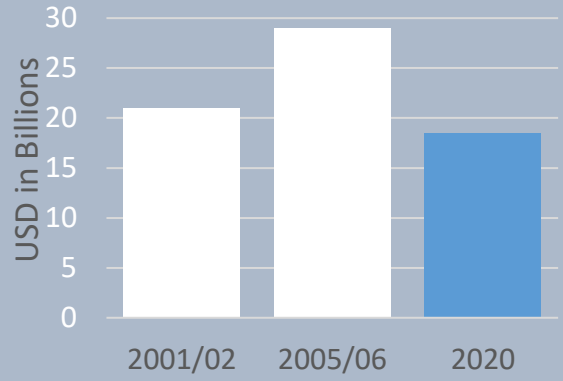
Despite increased wildfire claim activity within the program, no single claim has exceeded the primary layer.

PRISM Benefits

-  The PRISM Property Program size creates stability and allows for economies of scale.
-  PRISM has the benefit of long-standing carrier relationships worldwide which results in better renewal offerings.
-  PRISM's proactive approach allows for unique and sophisticated funding solutions through utilization of their captive, PRISM ARC.

Unlike previous hard markets, restricted capacity offered by carriers is a result of reduced appetite rather than capital reduction. Lack of significant new capital flowing into the market (which would help drive competition) points to a sustained hard market.

New Capital Raised following shock events





LUNCH PRESENTATION

EMPLOYMENT LAW HOT TOPICS AND TRENDS

INFORMATION ITEM

ISSUE: Evan Beecher from the law firm of Jackson Lewis will provide an update on recent legislation and case law related to Employment Practices Liability (EPL), hiring best practices and pitfalls, and time for Q&A from the members.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: Jackson Lewis is one of the law firms that contracts with ERMA, the Employment Risk Management Authority ermajpa.org, for defense of claims against its members and for a variety of training presentations. Michael Christian of Jackson Lewis works with a number of SCORE members who belong to ERMA, and he and others from the firm have provided an annual update of employment law topics at Board meetings for several years.

ATTACHMENTS: Presentation at meeting



WILDFIRE RISK MITIGATION

INFORMATION ITEM

ISSUE: SCORE Members have obtained Wildfire Risk Scores for most of their property locations. The scores are meant to provide a relative risk to wildfire based on a variety of factors, including distance to wildland areas and previous burn areas.

Members are provided analysis of their properties and additional reports in pdf format that visually represent the data and relative risk. Summaries of the data and sample reports are attached for review and discussion.

Also attached are best practices and suggestions for wildfire risk assessments of member properties. The Program Administrators have used several different consultants to conduct assessments for select properties for other clients and obtain recommendations for mitigating wildfire risk that others can follow.

RECOMMENDATION: Review and provide direction or approval to move forward with wildfire risk assessments for select Member properties.

FISCAL IMPACT: To be determined – suggest budget of up to \$20,000 to assess several locations.

BACKGROUND: Wildfire risk remains a major concern for members and a significant driver of property insurance premiums for SCORE members and their communities. The Fawn fire near Shasta Lake and the Lava fire this year near Weed is a recent reminder of the Boles fire that went through Weed in 2014 and caused covered property damage.

ATTACHMENTS:

1. Wildfire Risk Scores – Summaries and Reports
2. Industrial Emergency Council Overview of Services and Assessment Outline
3. Sample Best Practices for Wildfire & Urban Forest Management



INDUSTRIES WE SERVE



FIRE SERVICE

The Industrial Emergency Council is the number one choice for fire department training. Whether you are looking for courses for Fire Command, Fire Instructor, Fire Management or anything in between, IEC has you covered.



PRIVATE INDUSTRY EMERGENCY RESPONSE TRAINING

IEC can help you complete continuing education hours and ensure compliance with mandatory EMS recertification requirements.



CITIES & MUNICIPALITIES

Provide training, achieve compliance and meet requirements to ensure your organization is prepared in the event of an emergency.

UPCOMING COURSES

STAY CONNECTED



OUR MISSION

IEC is a Non-Profit Corporation whose mission is to educate and train public agencies and private parties to better prepare for and respond to emergencies.

WHAT WE DO

The Industrial Emergency Council helps organizations prepare for potentially catastrophic events where first response can mean the critical difference for both survival and rapid recovery.

Whether it's a chemical spill, flood, or even an act of sabotage or terrorism, companies have to be ready to respond - quickly, decisively, and knowledgeably. Never has the need been more urgent than in today's uncertain crisis environment, where every action is scrutinized, and physical losses are often dwarfed by legal claims

and vast negative publicity. Since the 1970s, we have helped hundreds of organizations prepare for and prevent industrial accidents and damage from natural disasters. We have also helped organizations be ready to provide life-saving first response to on-the-job injuries, employee heart attacks and other workplace incidents.

We are a nonprofit organization which offers cost-effective training and consulting. We can customize many of our courses to company specific scenarios bringing realistic, hands-on training that is unique, relevant, instructive and memorable to the organizations we work with. Our detailed on-site consulting can provide the knowledge that not only prevents accidents but may often improve a company's emergency processes as well.

Since the 1970s, IEC has helped these and many other organizations plan for and respond to a variety of emergencies: Hewlett-Packard Co., East Bay Municipal Utility District, Stanford University, Varian Associates, UCLA, NASA, and others.

WHO WE ARE

The Industrial Emergency Council is dedicated to providing quality training. When there's an emergency you have to be ready to respond quickly, decisively and knowledgeably.

Whether it's a chemical spill, a flood or even an act of sabotage or terrorism, you have to be ready to respond - quickly, decisively, and knowledgeably. Never has the need been more urgent than in today's litigious, media-driven environment, where every action is scrutinized and physical losses are often dwarfed by legal claims and vast negative publicity.

At the Industrial Emergency Council, we can help you prepare for the potentially catastrophic events where your first response could mean the critical difference for both survival and rapid recovery. Since the 1970s, we have helped hundreds of organizations prepare for (and prevent) industrial accidents and damage from natural disasters. We have also helped organizations be ready to provide life-saving first response to on-the-job injuries, employee heart attacks and other workplace incidents.

Some of our Certifications, Accreditations and Recognitions:

Apprenticeships (U.S. Department of Labor, California Department of Industrial Relations)

California Specialized Training Institute / California State Fire Marshal

Medic First Aid International / American Heart Association

IEC is a 40 year old company that operates as a 501c3. We are comprised of retired firefighters of all ranks and disciplines. Mike Crandell who over sees our wildfire mitigation program is a retired Battalion Chief from CalFire with over 30 years of experience. Mr. Crandell has a crew of 5 that are all experienced in wildfire mitigation.

All our inspectors hold a wildfire mitigation specialist certification from the NFPA. All are trained in the following fields, Fire Behavior, Fuels, Topography and Weather, Fire Prevention – Fire Protection Programs, Facility Life Safety and Inspection Services, Fire Protection Planning, Defensible Space Inspections, Fuel and Vegetation Management, Ground Applied Wildland Fire Retardant Program and defensible Space and Fuels Management.

I've attached IEC's 3 prong approach for wildfire mitigation

The 2020 fire season was the most devastating on record. The dramatic losses to entire towns such as Paradise and Clear Lake shows the extent of what will happen to other communities without aggressive intervention through mitigation.

IEC three prong approach for wildland mitigation.

- Education
- Planning
- Maintenance

Education

- Thorough site assessment review with focus on personnel education for future inspections.
- Vegetation placement/removal education
- Reinforcing cost effective ways of enhancing protection that makes sense through good NFPA practices.

Planning

- New construction site placement and development
- Pre-development mitigation planning
- Existing development mitigation planning
- Fire safe council planning and consultancy
- City management guidance and involvement in all phases of vegetation management and maintenance programs.

Maintenance

- Annual site assessment
- Mitigation team development
- Guidance in setting up a realistic maintenance cadence.

Ignition Zone Hazard Assessment

Overview of the Surrounding Environment.

Location

The GPS coordinates, address, APN#, boundary setbacks and road access to primary structure. All secondary structures identified by location to primary building. Distance to bordering lands and primary buildings within the extended zone identified.

- Narrative
- Recommendations
- Multimedia

Alignment

Alignment of the structure in relation to predominant topographical features such as aspect, flat open areas, ridges, saddles, steep slopes, natural chimneys like steep narrow draws, or small canyons, that will increase the ignition potential of the structure.

- Narrative
- Recommendations
- Multimedia

Local weather influences and trends

Predominant weather conditions, including wind, relative humidity, temperature, and fine fuel moisture content. Trends of drought, stability, or precipitation.

- Narrative
- Recommendations
- Multimedia

Nearby Structures

Structures nearby that can influence fire spread using the same criteria as the primary structure.

- Narrative
- Recommendations
- Multimedia

Neighboring Properties

Neighboring properties that could impact the ignition zone of the property being assessed.

- Narrative
- Recommendations
- Multimedia

Structure's location to greatest potential exposure

Location on the slope relative to the structure's greatest potential exposure to heat from a wildland fire.

- Narrative
- Recommendations
- Multimedia

From Chimney to Eaves.

Chimneys/exhaust systems

Type, condition, and construction of materials.

- Narrative
- Recommendations
- Multimedia

Roof

Type and construction of roofing materials.

- Narrative
- Recommendations
- Multimedia

Condition of roof

Condition of roofing materials and assemblies.

- Narrative
- Recommendations
- Multimedia

Skylights/Opening

Skylights/Opening in roof assemblies.

- Narrative
- Recommendations
- Multimedia

Gutters

Roof gutters and areas where exterior walls meet roof or deck surfaces to collect litter on surfaces or in crevices.

Construction materials of gutters, downspouts, and connectors.

- Narrative
- Recommendations
- Multimedia

Eaves

Materials and construction used in eaves of the roof overhangs. Soffits used or not?

- Narrative
- Recommendations
- Multimedia

Top of Exterior Wall to Foundation.

Exterior walls

The materials and construction used in exterior walls and exterior siding.

- Narrative
- Recommendations
- Multimedia

Downspouts and connectors

Materials used for gutter downspouts and connectors on exterior walls.

- Narrative
- Recommendations
- Multimedia

Windows

Materials used in windows and other openings in vertical surfaces.

- Narrative
- Recommendations
- Multimedia

Ventilation Openings

The location size, and screening of ventilation openings.

- Narrative
- Recommendations
- Multimedia

Accessory structure as part of primary

Attached accessory structures as part of the primary structure.

- Narrative
- Recommendations
- Multimedia

Areas of concern for leaf litter and debris

Areas next to or under a structure where combustible materials that present a source of flame exposure to the structure would collect.

- Narrative
- Recommendations
- Multimedia

From Foundation to the Immediate Landscaped Area.

The structure assessment shall document the conditions of the following to observe construction and vegetation from the foundation to within 30' (9 m) of the structure as they place the structure in the most risk from ignition by a wildland fire.

Vegetative fuels

Vegetative fuels and other combustible materials adjacent to and within 30 ft (9 m) of the structure for their potential to contribute to the intensity and spread of wildland fire.

- Narrative
- Recommendations
- Multimedia

Heat sources

The presence and location of all heat and flame sources within 30 ft (9 m) of the primary structure.

- Narrative
- Recommendations
- Multimedia

Projections

All projections attached to the primary structure.

- Narrative
- Recommendations
- Multimedia

Detached structures

All detached structures within 30 ft (9 m) of the primary structure that might be ignited by flames, radiant heat, or firebrands from wildland fires.

- Narrative
- Recommendations
- Multimedia

Vehicle parking

Vehicle parking areas within 30 ft (9 m) of any surface of the structure.

- Narrative
- Recommendations
- Multimedia

From the Immediate Landscaped Area to the Extent of the Structure Ignition Zone.

Transitional fuels from immediate zone to the extended zone

The structure assessment shall document vegetation within the area between the outer edge of the immediate landscaped area and the extent of the structure ignition zone as potential fuel that can convey the fire to the structure.

- Narrative
- Recommendations
- Multimedia

Vegetation

The structure assessment shall document the species and location of trees and the separation of tree crowns within the area between the outer edge of the immediate landscaped area and the extent of the structure ignition zone.

- Narrative
- Recommendations
- Multimedia

Heat Sources

The presence and location of all heat and flame sources within the area between the outer edge of the immediate landscaped area and the extent of the structure ignition zone.

- Narrative
- Recommendations
- Multimedia

Detached Structures

Detached structures within the area between the outer edge of the immediate landscaped area and the extent of the structure ignition zone that might be ignited by flames, radiant heat, or firebrands from wildland fires.

- Narrative
- Recommendations
- Multimedia

Vehicle Parking

The structure assessment shall document vehicle parking areas within the area between the outer edges of the immediate landscaped area and the extent of the structure ignition zone.

- Narrative
- Recommendations
- Multimedia

Projections

The structure assessment shall document all projections attached to the primary structure that extend beyond the immediate landscaped area.

- Narrative
- Recommendations
- Multimedia

OTHER

Other Factors

Other factors that can affect the risk of ignition or the spread of wildland fire on improved property within the structure ignition zone, including the risk of structure fires spreading to vegetation.

- Narrative
- Recommendations
- Multimedia

Fire Suppression

Fire Department for Location

Type, ISO rating, FHSZ-Fire Hazard Severity Zone, Staffing, Seasonal/full time, Response times, Water supply, Access

- Narrative
- Recommendations
- Multimedia

COMMUNITY

HOA

Firewise

Community Wildfire Protection Plan implementation/duration

- Narrative
- Recommendations
- Multimedia

SUMMARY

Summarizing the findings to identify the greatest immediate threat to structures within the primary building's ignition zone and integrating a mitigation schedule that responds to an immediate, routine, and long-term strategy that is both Firewise and efficient.

- Narrative
- Recommendations
- Multimedia



Wildfire Mitigation

Impacts of a wildfire include direct property damage, cost of suppression and damage to personal property and natural resources. The severity of effects is directly related to the intensity and extent of the wildfire.

Below is a checklist of just some of the things IEC considers to prepare your business for such an event as well as to ensure the safety of the people within your organization.

✓ Before the Onset of a Wildfire

- Keep an adequate number of appropriate fire extinguishers in strategic locations (such as near loading docks and waste collection areas) and maintain them properly.
- Train employees on how to use extinguishers correctly. Training can be provided by IEC
- Consider maintaining a water supply at your facility to control small fires until emergency personnel can arrive.
- You might install a water tank or install hoses and pumps to an existing pond, river or lake. Be sure the hoses are long enough and inspect them regularly.
- If your business is located in an area subject to freezing temperatures, be sure that water outlets and pumps are protected.
- Evaluate water levels in extreme hot and cold weather conditions.
- If your water pump uses electrical power, consider obtaining a gasoline- or diesel-powered pump or generator in case electricity is cut off during a fire. However, be aware of the risk of storing a large quantity of fuel. Use an appropriate storage facility that is protected against vehicle impacts and fire.
- Have appropriate tools, such as rakes, axes, saws, buckets and shovels, available to help control small fires while waiting for emergency personnel to arrive.

✓ During a Wildfire

- Go to a pre-designated shelter area such as a safe room, basement, storm cellar, or the lowest building level. If there is no basement, go to the center of an interior room on the lowest level (closet, interior hallway) away from corners, windows, doors, and outside walls. Put as many walls as possible between you and the outside. Get under a sturdy table and use your arms to protect your head and neck. Do not open windows. Evacuation orders will often be swift and accurate for affected areas. However, if unable to evacuate, stay inside and away from outside walls. Close doors, but leave them unlocked in case firefighters require quick access into your area.
- Turn on battery operated radio to get latest emergency information



Wildfire Mitigation

- If your office roof is accessible by ladder, prop it against the building so you and firefighters have access to the roof.
- Mark your position clearly with anything that may signal rescue workers to your presence inside the building. This could be articles of clothing or bright colored material attached to the outside of your location.
- Close windows, vents, doors, blinds, etc. Shut off gas meters, pilot lights and propane tanks. Turn on all lights in the building to increase visibility in heavy smoke.

- ✓ **After a Wildfire**
 - Immediately check the roof, put out any fires, sparks or embers (if accessible).
 - If there is no power, check to make sure the main breaker is on. Fires may cause breakers to trip. If the breakers are on and power is still not available, contact the utility company.
 - ALWAYS contact 911 if any danger is perceived upon re-entry and contact local experts before finally moving back in.

- ✓ **Your Employees**
 - Train your employees in general fire safety, especially for tasks with a high fire risk, such as welding and cutting, fueling vehicles, working with flammable liquids, etc.
 - Teach employees about the importance of good housekeeping and grounds maintenance in preventing and controlling fires.
 - Have an adequate number of appropriate fire extinguishers and maintain them properly.
 - Train key employees in when and how to use fire extinguishers.
 - Consider when and how to evacuate employees if a wildfire threatens.
 - Establish an evacuation plan and keep it up to date.
 - Hold evacuation drills regularly so all employees will know who is in charge and so that they become familiar with evacuation routes and routines.
 - Make sure all employees can get out of the building, find shelter and communicate with a responsible person.
 - Plan primary and secondary exits from your buildings. Consider how employees will escape if doors or windows are blocked by an exterior fire.

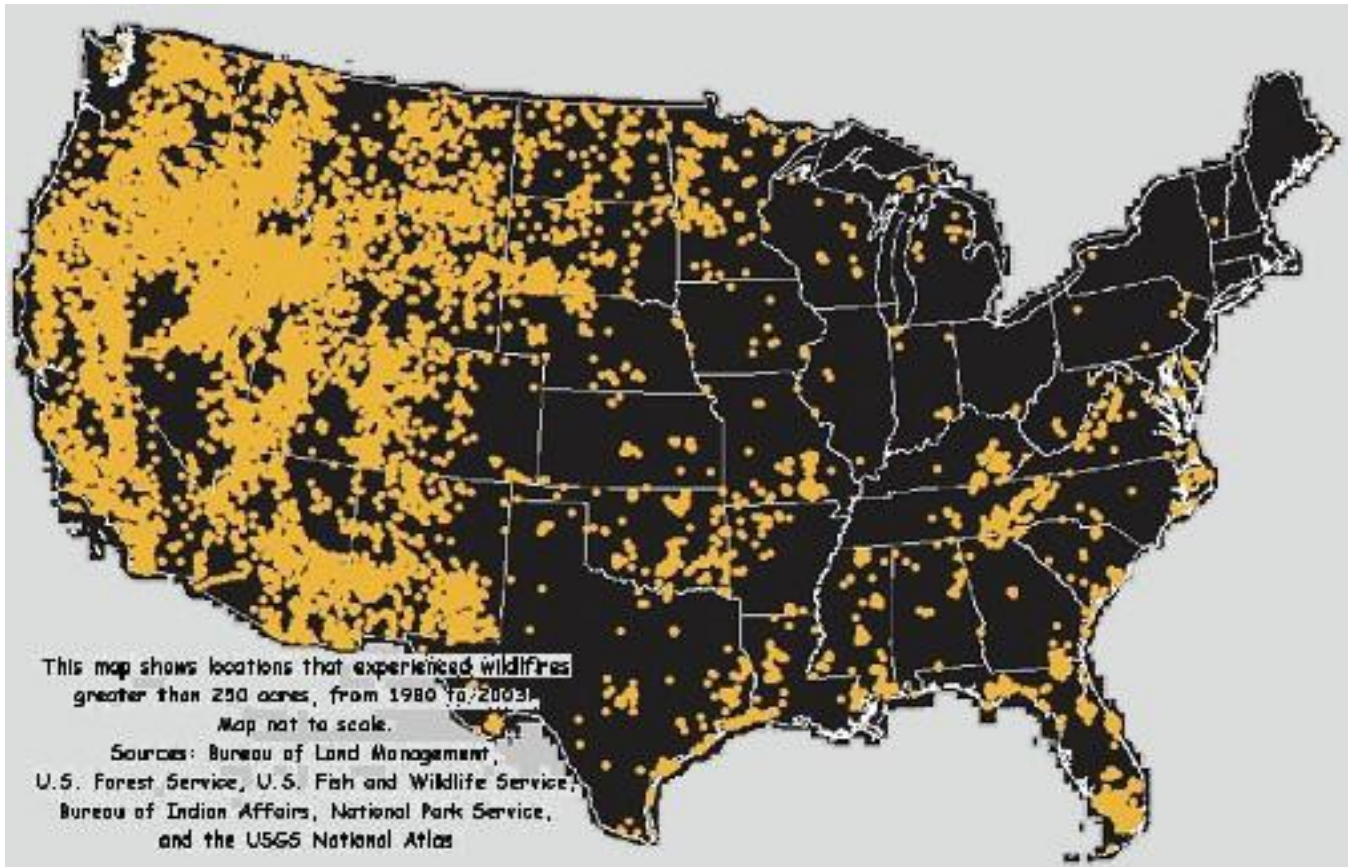


Wildfire Mitigation

- Plantwoevacuation routesout of your neighborhood. Consider how employees will evacuate on foot if roads are closed or impossible to use, such as if they are blocked by emergency personnel.
- Remember that ponds, lakes, rivers and landscaping or swimming pools can serve as safety zones.
- Keep appropriate emergency supplies on hand, including flashlights, battery-powered portable radio, extra batteries, first-aid kit, manual can opener, non-perishable foods, and bottled water. If designated employees will be working to protect the property, have appropriate clothing available, such as work boots and gloves, personal protective equipment, and sturdy work clothes.
- Teach employees about wildfire risks and preparedness. Provide information to help employees protect their homes, too.
- If you are in a wildfire area, consider advising employees to keep personal disaster supplies and copies of important documents at work in case they need to evacuate from work without being able to get home.

WILDFIRE PREPAREDNESS

A wildfire, or forest fire, is an uncontrolled fire that occurs where natural vegetation is the predominant ground cover. Though wildfires usually occur in less developed, rural areas, they can threaten urban environments if they are not brought under control, and they are geographically widespread.



Wildfire Mitigation Best Practices

Wildfires are a significant risk to members, their citizens, and the surrounding communities, leading to loss of life, property, and economic vitality.

18-1	There is an effective, written procedure in place to inspect, identify and prioritize areas that are at high risk of wildfire. The procedure includes a process for documenting reports of hazardous conditions and responding appropriately.
18-2	The City has a written process in place to notice property owners to reduce vegetation where allowed by Municipal Code.
18-3	The City has a follow-up procedure to ensure hazards have been mitigated by the property owner or other responsible party within a reasonable period.
18-4	The City participates in outreach campaigns to educate the public about wildfire risk and resources to assist them in reducing their exposure.
18-5	Emergency Response plans include wildfire response and evacuation plans/routes that are communicated and where appropriate rehearsed.
18-6	The City maintains, where feasible, an annual budget for addressing needed wildfire inspections, maintenance, and public outreach.

OPERATIONAL BEST PRACTICES

Urban Forest Management (Trees and Vegetation)

Cities face a variety of risks from trees and landscaping, including falling limbs, roots cracking sidewalks and sewer lines, and hazards related to watering and irrigation.

14-1	The City has a written urban forest management plan that includes selection and placement of trees and provides for identification and mitigation of hazards related to trees, shrubs, and vegetation.
14-2	Urban forest management is under the control and supervision of persons who have the necessary professional credentials and expertise to qualify as urban foresters or arborists. Alternatively, the management plan was created and/or revised by the city.
14-3	A written plan is in place and documented to provide for methodical, periodic inspection, care, maintenance, and complaint/emergency response for trees and other vegetation.
14-4	Inspection and monitoring frequency is prioritized by degree of exposure of the public to vegetation hazards. (i.e. obscured intersections, parks, playgrounds).
14-5	The City examines and, where feasible, budgets for the cost of tree maintenance, including trimming, removal and replacement as needed.
14-6	The City has adopted an ordinance defining ownership and maintenance responsibilities for trees.



WORKERS' COMPENSATION MINI-CITIES AND ADMINISTRATIVE FUNDING

INFORMATION ITEM

ISSUE: Members are provided an overview of the funding formula for the Workers' Compensation Program and the function of the Mini-Cities group. Members have requested review and discussion of the formula as it relates to the \$500,000 payroll limit and the future "graduation" of members from the group due to increasing payrolls.

The funding formulas for all SCORE programs are subject to review every 3-5 years as indicated in the Underwriting Policy, with the questions to be addressed:

- Is the process adequately measuring the risks?
- Is the process adequately allocating costs?

RECOMMENDATION: Review and discuss the funding formula and provide feedback and/or direction regarding potential revisions.

FISCAL IMPACT: None expected from this item. Overall funding is determined by SCORE's actuary and then allocated to members based on the approved formula.

BACKGROUND: The original purpose of the Mini-Cities was to provide a group with enough of an exposure basis to make the loss funding credible, particularly the Experience Modification Factor. The administration funding was also allocated to the group as a whole, as if they were one Member. Beginning in FY 17/18 the administrative funding was changed to allocate a portion of the expenses equally to all members, with the current 50% fixed, 50% payroll allocation effective as of FY 19/20.

ATTACHMENTS: Workers' Compensation Program Budget and Funding Formula

**SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
PROPOSED Fiscal Year 2021-22
Funding 80% CL**

Total Admin Expenses:	\$889,027	Liability Participants	17
Total Liab Admin Expenses:	\$474,062	WC Participants	16
Total WC Admin Expenses:	\$414,964	WC members (Mini-Cities as on)	13
		Mini-Cities Members	4

A	B	C	D	E	F	G	H	I	J
Formula/Allocation	CY 2020 Payroll + 3% Inflation Factor	Relative Loss Rate x Credibility Factor	(Projected Payroll x Ex Mod)/ExP Adjustment Factor	(ExP/\$100) x Rate	(ExP/\$100) x Rate	(ExP/\$100) x Rate	Banking + Shared + Excess Layers	(PP/\$100) x Banking, Shared and Excess Rates	(H) - (I)
MEMBER ENTITY	Projected Payroll (PP)	EX MOD	Ex-Mod Adjusted Payroll (ExP)	BANKING LAYER 80% CL \$0 to \$25K	SHARED LAYER 80% CL \$25K to \$250K	EXCESS LAYER \$250K TO STATUTORY LAWCX PREMIUM	Loss Funding	Unadjusted Loss Funding	Ex Mod Impact on Loss Funding Increase or (Decrease)
Rate/Amount	1.03	Calc		\$ 1.80	\$ 4.62	\$ 1.55	Calc	Calc	Calc
Colfax	\$810,291	0.86	\$ 705,884	\$ 12,738	\$ 32,593	\$ 10,923	\$ 56,254	\$ 64,574	\$ (8,320)
Dunsmuir	\$843,834	1.06	\$ 906,620	\$ 16,360	\$ 41,861	\$ 14,029	\$ 72,251	\$ 67,247	\$ 5,004
Etna	\$836,969	0.84	\$ 711,733	\$ 12,843	\$ 32,863	\$ 11,014	\$ 56,720	\$ 66,700	\$ (9,980)
Live Oak	\$1,672,079	0.72	\$ 1,226,923	\$ 22,140	\$ 56,651	\$ 18,986	\$ 97,777	\$ 133,252	\$ (35,476)
Loomis	\$1,238,021	0.78	\$ 972,685	\$ 17,552	\$ 44,912	\$ 15,052	\$ 77,516	\$ 98,661	\$ (21,145)
Mt. Shasta	\$2,547,103	0.74	\$ 1,906,976	\$ 34,412	\$ 88,051	\$ 29,509	\$ 151,972	\$ 202,985	\$ (51,013)
Portola	\$863,029	1.24	\$ 1,086,472	\$ 19,605	\$ 50,166	\$ 16,812	\$ 86,584	\$ 68,777	\$ 17,807
Rio Dell	\$1,226,542	0.86	\$ 1,062,056	\$ 19,165	\$ 49,038	\$ 16,435	\$ 84,638	\$ 97,746	\$ (13,108)
Shasta Lake	\$4,796,767	0.60	\$ 2,902,601	\$ 52,378	\$ 134,022	\$ 44,916	\$ 231,316	\$ 382,267	\$ (150,951)
Susanville	\$4,562,934	1.24	\$ 5,745,401	\$ 103,676	\$ 265,283	\$ 88,907	\$ 457,866	\$ 363,632	\$ 94,234
Weed	\$1,926,183	1.03	\$ 2,004,661	\$ 36,174	\$ 92,561	\$ 31,021	\$ 159,757	\$ 153,503	\$ 6,254
Yreka	\$4,037,510	1.46	\$ 5,956,444	\$ 107,485	\$ 275,028	\$ 92,172	\$ 474,685	\$ 321,760	\$ 152,925
Subtotal Members	\$25,361,262	0.95	\$ 25,188,458	\$ 454,528	\$ 1,163,030	\$ 389,776	\$ 2,007,334	\$ 2,021,105	\$ (13,771)
Isleton (do not participate)									
Biggs	\$450,915	1.10	\$ 502,319	\$ 9,064	\$ 23,194	\$ 7,773	\$ 40,031	\$ 35,935	\$ 4,097
Loyalton	\$157,657	1.10	\$ 175,630	\$ 3,169	\$ 8,109	\$ 2,718	\$ 13,996	\$ 12,564	\$ 1,432
Montague	\$479,468	1.10	\$ 534,126	\$ 9,638	\$ 24,662	\$ 8,265	\$ 42,566	\$ 38,210	\$ 4,356
Tulelake	\$427,806	1.10	\$ 476,575	\$ 8,600	\$ 22,005	\$ 7,375	\$ 37,980	\$ 34,093	\$ 3,887
Subtotal Mini Cities	\$1,515,845	1.10	\$ 1,688,650	\$ 30,472	\$ 77,970	\$ 26,131	\$ 134,573	\$ 120,802	\$ 13,771
Grand Total	\$26,877,108	0.98	\$ 26,877,108	\$ 485,000	\$ 1,241,000	\$ 415,907	\$ 2,141,907	\$ 2,141,907	\$ 0

**SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
PROPOSED Fiscal Year 2021-22
Funding 80% CL**

Total Admin Expenses:	\$889,027	Liability Participants	17
Total Liab Admin Expenses:	\$474,062	WC Participants	16
Total WC Admin Expenses:	\$414,964	WC members (Mini-Cities)	13
		Mini-Cities Members	4

A	K	L	M	N	O	P	Q	R	S	T	U	V
Formula/Allocation	10-year Assessment Allocation	(Total Admin x .5)/ Number of Members	(Total Admin x .5)/ %PP	(L) + (M)			(H) + (K) + (N)					Member PP/Total PP
MEMBER ENTITY	LAWCX ASSESSMENT	50% ADMIN FIXED EXPENSE	50% ADMIN % PAYROLL	Proposed Admin Total FY 21-22	Admin Total FY 20-21	% Change ADMIN	Proposed FY 21-22 TOTAL DEPOSIT	Prior Year FY 20-21 DEPOSIT	\$ Change Overall	% Change Overall	% Change in Payroll	% Projected Payroll (%PP)
Rate/Amount	Calc	\$207,482	\$207,482	\$414,964	\$394,847	5.1%	80% CL	80% CL				
Colfax	\$ 158	\$12,968	\$ 6,255	\$19,223	\$18,621	3.2%	\$75,634	\$75,086	\$548	1%	-1%	3.0%
Dunsmuir	\$ 374	\$12,968	\$ 6,514	\$19,482	\$19,023	2.4%	\$92,107	\$94,007	-\$1,900	-2%	-3%	3.1%
Etna	\$ -	\$12,968	\$ 6,461	\$19,429	\$16,469	18.0%	\$76,149	\$54,737	\$21,411	39%	56%	3.1%
Live Oak	\$ -	\$12,968	\$ 12,908	\$25,876	\$23,065	12.2%	\$123,652	\$107,600	\$16,052	15%	20%	6.2%
Loomis	\$ 223	\$12,968	\$ 9,557	\$22,525	\$21,443	5.0%	\$100,263	\$96,541	\$3,722	4%	5%	4.6%
Mt. Shasta	\$ 1,192	\$12,968	\$ 19,663	\$32,630	\$31,633	3.2%	\$185,794	\$209,890	-\$24,096	-11%	2%	9.5%
Portola	\$ 168	\$12,968	\$ 6,662	\$19,630	\$19,308	1.7%	\$106,382	\$115,496	-\$9,114	-8%	-5%	3.2%
Rio Dell	\$ 112	\$12,968	\$ 9,468	\$22,436	\$21,705	3.4%	\$107,186	\$118,850	-\$11,665	-10%	1%	4.6%
Shasta Lake	\$ 1,336	\$12,968	\$ 37,029	\$49,997	\$45,414	10.1%	\$282,649	\$265,537	\$17,112	6%	12%	17.8%
Susanville	\$ 2,859	\$12,968	\$ 35,224	\$48,192	\$46,345	4.0%	\$508,917	\$450,644	\$58,272	13%	3%	17.0%
Weed	\$ 803	\$12,968	\$ 14,869	\$27,837	\$29,805	-6.6%	\$188,397	\$236,503	-\$48,106	-20%	-15%	7.2%
Yreka	\$ 893	\$12,968	\$ 31,168	\$44,136	\$41,740	5.7%	\$519,713	\$536,926	-\$17,212	-3%	6%	15.0%
Subtotal Members		\$155,612	\$ 195,780	\$351,392	\$334,571	5.0%	\$2,366,843	\$2,361,817	\$5,026	0%	5%	94.4%
Isleton (do not participat												
Biggs	\$ 72	\$12,968	\$ 3,481	\$16,449	\$15,589	5.5%	\$56,552	\$48,133	\$8,418	17%	7%	1.7%
Loyalton	\$ -	\$12,968	\$ 1,217	\$14,185	\$13,593	4.4%	\$28,181	\$25,996	\$2,185	8%	-3%	0.6%
Montague	\$ -	\$12,968	\$ 3,701	\$16,669	\$15,488	7.6%	\$59,235	\$46,779	\$12,455	27%	17%	1.8%
Tulelake	\$ -	\$12,968	\$ 3,303	\$16,270	\$15,605	4.3%	\$54,250	\$48,240	\$6,009	12%	1%	1.6%
Subtotal Mini Cities		\$51,871	\$ 11,702	\$63,572	\$60,275	5.5%	\$198,217	\$169,150	\$29,067	17%	7%	5.6%
Grand Total	\$ 8,189	\$207,482	\$ 207,482	\$414,964	\$394,847	5.1%	\$2,565,061	\$2,530,967	\$34,093	1%	5%	100.0%

SCORE
Workers' Compensation Experience Modification Calculation
Fiscal Year PROPOSED 2021-2022

FORMULA	Losses						Payroll					
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Total	% of Total Losses	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Total	% Total Payroll
Colfax	\$5,585	\$127	\$487	\$3,478	\$9,677	0.6%	\$685,372	\$763,883	\$729,025	\$830,945	\$ 3,009,224	3%
Dunsmuir	\$82,947	\$2,080			\$85,027	5.1%	\$670,417	\$731,158	\$814,074	\$773,719	\$ 2,989,368	3%
Etna		\$2,461			\$2,461	0.1%	\$384,224	\$642,786	\$582,991	\$683,538	\$ 2,293,539	2%
Live Oak		\$320			\$320	0.0%	\$1,359,315	\$1,542,765	\$1,145,631	\$1,546,372	\$ 5,594,082	6%
Loomis					\$0	0.0%	\$786,892	\$921,205	\$1,038,226	\$1,199,587	\$ 3,945,910	4%
Mt. Shasta	\$7,007	\$2,929	\$20,733	\$17,553	\$48,222	2.9%	\$2,061,747	\$2,120,912	\$2,296,794	\$2,438,476	\$ 8,917,928	10%
Portola	\$3,024	\$55,631	\$100,000	\$298	\$158,953	9.4%	\$867,805	\$669,139	\$811,353	\$814,039	\$ 3,162,336	3%
Rio Dell	\$2,786	\$225	\$23,034	\$4,249	\$30,293	1.8%	\$1,015,930	\$1,021,200	\$1,106,459	\$1,162,520	\$ 4,306,110	5%
Shasta Lake	\$2,169	\$57,494	\$2,147	\$3,344	\$65,154	3.9%	\$3,719,515	\$3,981,446	\$4,163,629	\$4,279,146	\$ 16,143,736	17%
Susanville	\$216,618	\$51,363	\$121,095	\$66,886	\$455,961	27.1%	\$3,848,191	\$4,037,384	\$4,141,779	\$4,203,368	\$ 16,230,722	17%
Weed	\$12,320	\$100,000	\$54,248	\$4,684	\$171,253	10.2%	\$1,757,498	\$1,925,727	\$2,199,308	\$2,154,103	\$ 8,036,636	9%
Yreka	\$97,300	\$178,207	\$128,563	\$111,722	\$515,791	30.7%	\$3,115,630	\$3,322,155	\$3,617,069	\$3,746,586	\$ 13,801,439	15%
Subtotal Members	\$429,757	\$450,838	\$450,305	\$212,213	\$1,543,113	91.7%	\$20,272,534	\$21,679,759	\$22,646,339	\$23,832,398	\$ 88,431,030	95%
Isleton (does not participate)												
Biggs			\$1,094		\$1,094	0.1%	\$392,776	\$400,995	\$403,292	\$416,544	\$ 1,613,607	2%
Loyalton	\$1,304				\$1,304	0.1%	\$121,101	\$101,470	\$133,847	\$158,777	\$ 515,195	1%
Montague		\$36,350		\$472	\$36,822	2.2%	\$342,082	\$316,852	\$357,636	\$384,199	\$ 1,400,769	1%
Tulelake		\$0	\$100,000		\$100,000	5.9%	\$355,728	\$394,327	\$398,719	\$415,931	\$ 1,564,706	2%
Subtotal Mini Cities	\$1,304	\$36,350	\$101,094	\$472	\$139,220	8.3%	\$1,211,688	\$1,213,645	\$1,293,493	\$1,375,451	\$ 5,094,277	5%
Grand Total	\$431,061	\$487,188	\$551,399	\$212,685	\$1,682,332	100%	\$21,484,222	\$22,893,404	\$23,939,832	\$25,207,849	\$ 93,525,307	100%

SCORE
Workers' Compensation Experience Modification Calculation
Fiscal Year PROPOSED 2021-2022

FORMULA	(Total Member Losses/Total Member Payroll) x 100	Member LR/Total Pool LR	CY 2020 Payroll + 3% Inflation Factor	PP/(PP + Largest Member PP)	Member RLR x Member Cred + (1-Member Cred)	Projected Payroll x Ex Mod	Unadjusted Ex Mod / Weighted Ex Mod Factor*	Projected Payroll x Ex Mod	
MEMBER ENTITY	Loss Rate Per \$100 (LR)	Relative Loss Rate Per \$100 (RLR)	Projected Payroll (PP)	Credibility Factor (Cred)	Unweighted Experience Mod	Unweighted Ex Mod Payroll (UEP)	Ex Mod	Ex Mod Adjusted Payroll (ExP)	Ex Mod Adjusted Payroll (ExP)
			1.03				1.02455261		
Colfax	\$0.32	\$0.18	\$810,291	0.14	0.88	\$714,128	0.86	\$697,014	\$705,884
Dunsmuir	\$2.84	\$1.58	\$843,834	0.15	1.09	\$917,207	1.06	\$895,227	\$906,620
Etna	\$0.11	\$0.06	\$836,969	0.15	0.86	\$720,044	0.84	\$702,789	\$711,733
Live Oak	\$0.01	\$0.00	\$1,672,079	0.26	0.74	\$1,241,251	0.72	\$1,211,505	\$1,226,923
Loomis	\$0.00	\$0.00	\$1,238,021	0.21	0.79	\$984,044	0.78	\$960,462	\$972,685
Mt. Shasta	\$0.54	\$0.30	\$2,547,103	0.35	0.76	\$1,929,245	0.74	\$1,883,012	\$1,906,976
Portola	\$5.03	\$2.79	\$863,029	0.15	1.27	\$1,099,159	1.24	\$1,072,819	\$1,086,472
Rio Dell	\$0.70	\$0.39	\$1,226,542	0.20	0.88	\$1,074,459	0.86	\$1,048,710	\$1,062,056
Shasta Lake	\$0.40	\$0.22	\$4,796,767	0.50	0.61	\$2,936,497	0.60	\$2,866,126	\$2,902,601
Susanville	\$2.81	\$1.56	\$4,562,934	0.49	1.27	\$5,812,495	1.24	\$5,673,203	\$5,745,401
Weed	\$2.13	\$1.18	\$1,926,183	0.29	1.05	\$2,028,071	1.03	\$1,979,470	\$2,004,661
Yreka	\$3.74	\$2.08	\$4,037,510	0.46	1.49	\$6,026,002	1.46	\$5,881,593	\$5,956,444
Subtotal Members	\$1.74	\$0.97	\$25,361,262	0.84	0.97	\$25,482,602	0.95	\$24,871,931	\$25,188,458
Isleton (does not part									
Biggs	\$0.07	\$0.04	\$450,915	0.09	1.36	\$611,120	1.10	\$496,007	\$502,319
Loyalton	\$0.25	\$0.14	\$157,657	0.03	1.36	\$213,671	1.10	\$173,423	\$175,630
Montague	\$2.63	\$1.46	\$479,468	0.09	1.36	\$649,817	1.10	\$527,414	\$534,126
Tulelake	\$6.39	\$3.55	\$427,806	0.08	1.36	\$579,800	1.10	\$470,586	\$476,575
Subtotal Mini Cities	\$2.73	\$1.52	\$1,515,845	0.24	1.12	\$2,054,409	1.10	\$1,667,430	\$1,688,650
Grand Total	\$1.80	\$1.00	\$26,877,108	0.85	1.00	\$27,537,011	0.98	\$26,539,361	\$26,877,108

0.987

SCORE MEMBER PAYROLL AVERAGE OVER PRIOR 3 YEARS

(any member with 3yr payroll average exceeding \$500,000 will be treated as a regular full member and will be removed from the MC pool in the Workers' Compensation Program)

A	B	C	D	E	F	
Formula/Allocation						
MEMBER ENTITY	CY 2020	CY 2019	CY 2018	AVERAGE	3YR AVERAGE ABOVE \$500K	CY 2020 + 3%
	Per DE-9 Form	Per DE-9 Form	Per DE-9 Form	(B+C+D)/3		
Biggs	\$437,782	\$409,035	\$401,785	\$411,383	MINI CITY MEMBER	\$450,915
Colfax	\$786,691	\$791,853	\$686,919	\$764,366	YES	\$810,291
Dunsmuir	\$819,256	\$842,510	\$773,287	\$769,553	YES	\$843,834
Etna	\$812,592	\$520,140	\$633,477	\$630,076	YES	\$836,969
Isleton	\$413,032	\$379,596	\$338,770	\$348,238	N/A - DOES NOT PARTICIPATE IN WC	\$425,423
Live Oak	\$1,623,377	\$1,352,814	\$1,386,601	\$1,439,457	YES	\$1,672,079
Loomis	\$1,201,962	\$1,148,076	\$945,313	\$1,038,242	YES	\$1,238,021
Loyalton	\$153,065	\$157,011	\$111,547	\$132,489	MINI CITY MEMBER	\$157,657
Montague	\$465,503	\$396,344	\$319,781	\$383,214	MINI CITY MEMBER	\$479,468
Mt. Shasta	\$2,472,916	\$2,434,448	\$2,187,870	\$2,294,405	YES	\$2,547,103
Portola	\$837,892	\$878,576	\$690,093	\$788,945	YES	\$863,029
Rio Dell	\$1,190,818	\$1,181,113	\$1,017,409	\$1,102,380	YES	\$1,226,542
Shasta Lake	\$4,657,055	\$4,174,281	\$4,059,563	\$4,200,430	YES	\$4,796,767
Susanville	\$4,430,033	\$4,291,749	\$3,992,736	\$4,172,893	YES	\$4,562,934
Tulelake	\$415,345	\$411,085	\$398,501	\$399,571	MINI CITY MEMBER	\$427,806
Weed	\$1,870,081	\$2,203,702	\$2,123,162	\$1,999,307	YES	\$1,926,183
Yreka	\$3,919,913	\$3,710,444	\$3,490,579	\$3,580,960	YES	\$4,037,510
Grand Total	\$26,507,311	\$25,282,775	\$24,087,152	\$23,948,697		\$27,302,531



STATE OF THE MARKET

INFORMATION ITEM

ISSUE: The Board will receive an overview of the current state of the insurance market and the impacts on SCORE members.

RECOMMENDATION: None.

FINANCIAL IMPACT: No fiscal impact for SCORE.

BACKGROUND: The Program Administrators regularly provide updates on the state of the insurance market, including an annual presentation.

ATTACHMENT: State of the Insurance Market - Separate Cover



POLICE EXPOSURE

INFORMATION ITEM

ISSUE: After a long period of relative inactivity SCORE has experienced two significant police liability claims that could impact both the Shared and Excess Layer funding.

Those members without their own police department contract with the County or other jurisdictions for police services, and SCORE is facing several police claims from a member that agreed to share in paying for liability claims. The member is working to change that and others who contract with police are asked to review their contracts for proper indemnification and insurance language and/or send to the Administrators for review.

The Program Administrators would like to make members aware of the services provided by SCORE and other service partners as well as a general discussion of how members would like to address the exposure.

SCORE currently does not address the police exposure separately in the funding formulas for liability or Workers' Compensation. Police claims are reflected in a member's Ex Mod but SCORE does not use a separate rate for police payroll.

RECOMMENDATION: Review and provided feedback and direction regarding the police exposure.

FISCAL IMPACT: None expected from this item.

BACKGROUND: SCORE members have represented a mix of contracted and in-house police services since its inception. For the most part members have not experienced the same issues and severity of claims as have other, larger, cities though that is beginning to change as demographics and social inflation have impacted them.

ATTACHMENTS: None



CYBER SECURITY TRAINING & TESTING

ACTION ITEM

ISSUE: Cyber insurance has seen the most dramatic increase in premiums and reduction of capacity of any line of coverage over the last two years, with increases of 300% or more common. This has been driven by a dramatic increase in ransomware claims and their cost relative to the most common claims experienced previously. We may not have reached the crest of the market cycle and so can likely expect significant increases in premiums and/or SIRs and restrictions in coverage next July.

While some level of coverage is desired for the technical expertise provided as well as for a financial backstop, the answer to the increased pressures from the market is more focus on loss control. David Patzer will be outlining a program for addressing the risks over the next few months at the meeting tomorrow. We will also be distributing several resources over the next few months and may recommend engaging a consulting firm to perform an underwriting review of member systems prior to the next renewal.

DISCUSSION POINTS:

1. Do we need cyber liability insurance? How much?
2. Given the increased focus on applications and resilience measures, should SCORE be helping Members cyber resiliency efforts, or do Members view this as a Member responsibility?
3. What should Members focus on to improve risk and qualify for coverage?

RECOMMENDATION: Review and discuss current cyber risk management efforts and provide direction regarding additional services or financing.

FISCAL IMPACT: None expected from this item unless direction given to engage consultant.

BACKGROUND: Cyber insurance was once relatively inexpensive add-on to the group's property insurance through APIP. In the last two years cyber premiums have increased dramatically due to the rise of ransomware and the resulting large payments. The industry has been fighting back against these attacks with some success but the market for coverage is still extremely unsettled and the need for risk control to mitigate the potential for harm remains a high priority.

ATTACHMENTS:

1. Cyber Coverage Background
2. KYND Services Overview
3. CISA Cyber Hygiene Services

Cyber Coverage Background – Courtesy of PRISM

The cyber insurance market has shifted considerably in the last 12-18 months and is presumed to continue to be volatile for the foreseeable future. The top 10 carriers, who control an estimated 65%-75% of the U.S. standalone insurance market, are being overwhelmed with cyber incident claims. SolarWinds, Microsoft Exchange, and other attacks have left no class of business immune to the attacks.

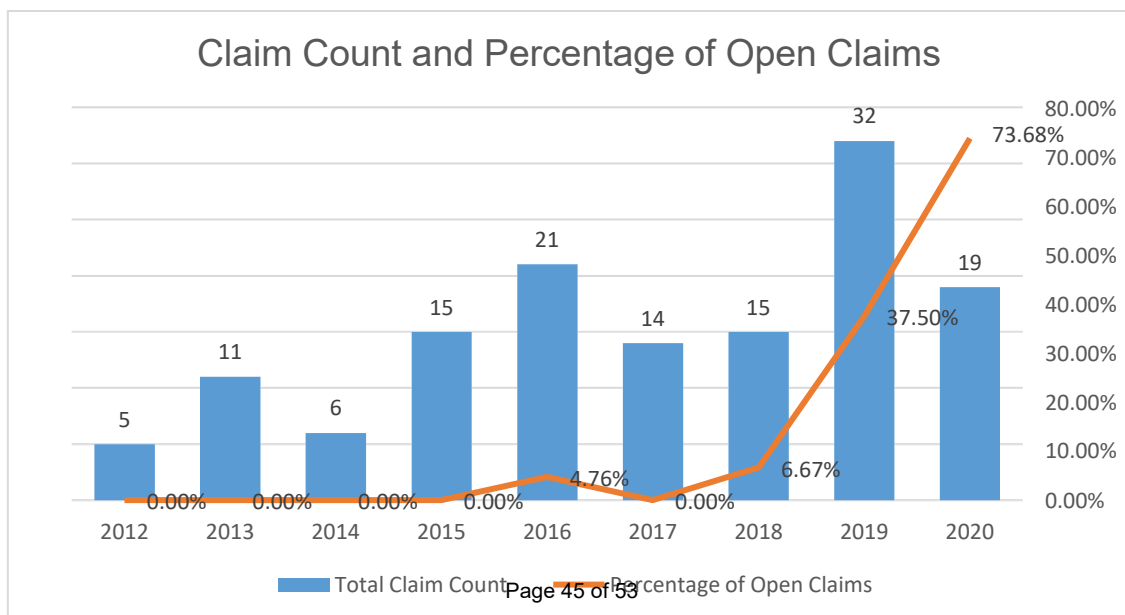
The large increase in the severity of claims is driven by the size of the ransoms being demanded and paid, as well as business interruption and system rebuilding costs. The norm, 18 to 24 months ago, was for ransoms to be tens to hundreds of thousands of dollars. The new norm is more than a million dollars. Public entities are a large and frequent target for hackers, for several reasons. The IT infrastructure and training budgets for public entities are generally smaller than their commercial counterparts. Public entities are a vulnerable target due to the necessary services provided to the general public.

Program losses are one of many factors driving premium and structure changes for this renewal. Cyber insurers are requesting more underwriting information, requiring more senior level oversight, increasing premiums dramatically, and reducing capacity/appetite in all sectors, most notably for large public entities.

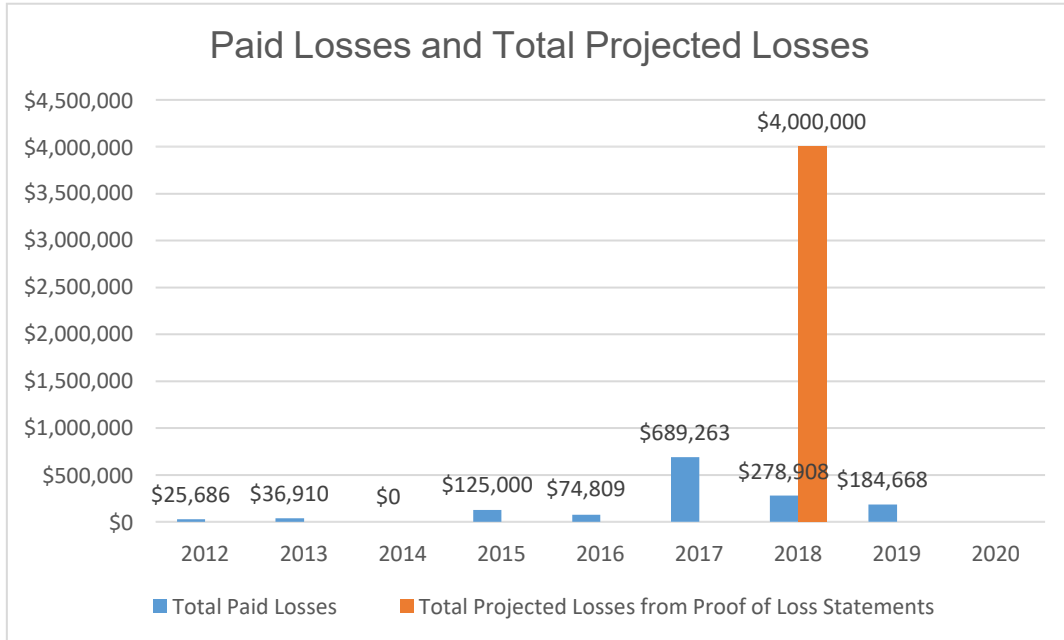
Our broker, Alliant, reached out to 50 insurers for the renewal of the PRISM Cyber Program; 47 markets declined the primary layer without any further discussion due to lack of appetite for the public entity sector and two are pending a response. The one market that is willing to quote is the incumbent, Beazley. Their pricing and coverage changes, however, reflect the sentiment towards the public entity sector in the cyber insurance marketplace. More and more we are seeing coverage modifications either in the form of sub-limits, reduced limits, higher retentions, and/or material increases in premiums. At the same time and for the same reasons, self-insured and pooled programs across the state are seeing a depletion in funding. This trend is affecting all public entities: counties, cities, schools, and special districts.

As these issues affect the insurance industry, they also affect PRISM. We are experiencing an issue of both frequency and severity of claims. The following two graphs depict the frequency and severity of claims by PRISM over the last 9 years.

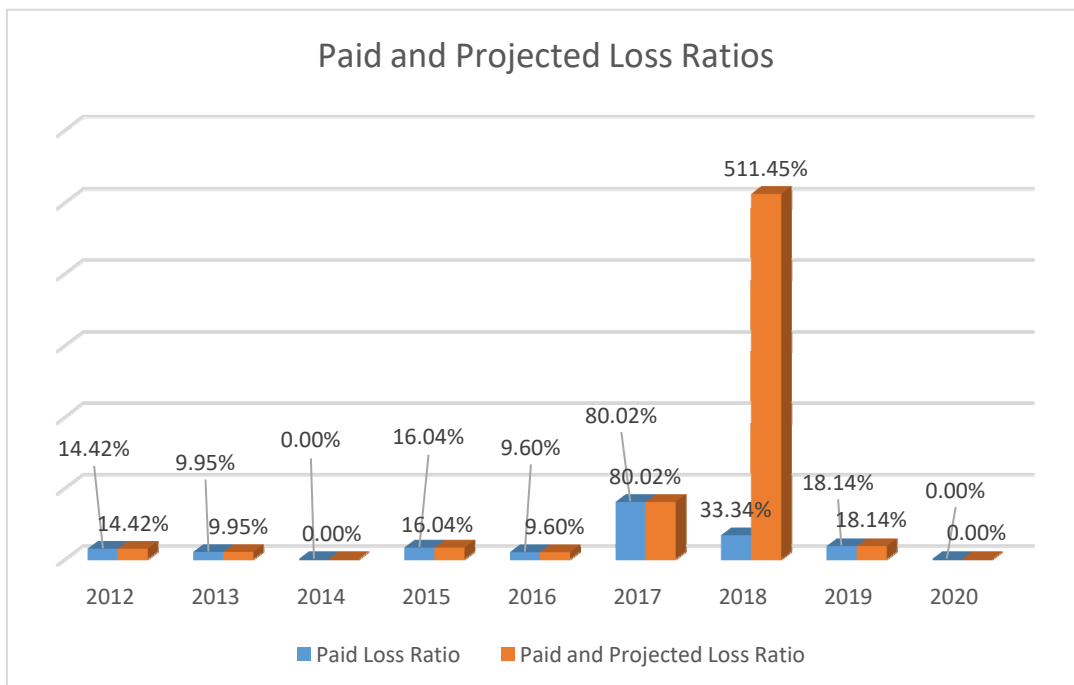
The first graph highlights the fact that until two years ago, the frequency of claims is what you would expect as a “normal” trend; however, the significant increase in frequency since 2019, was certainly unforeseen by the industry.



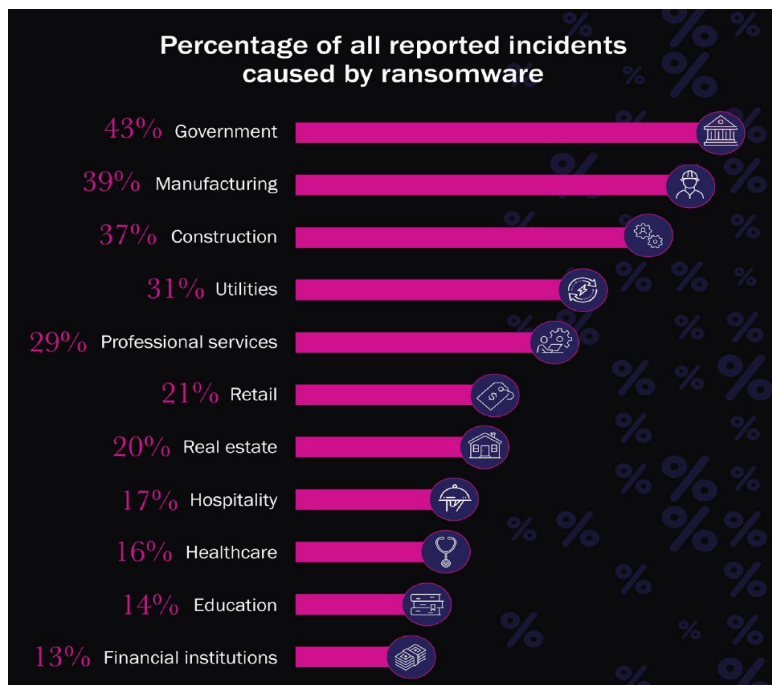
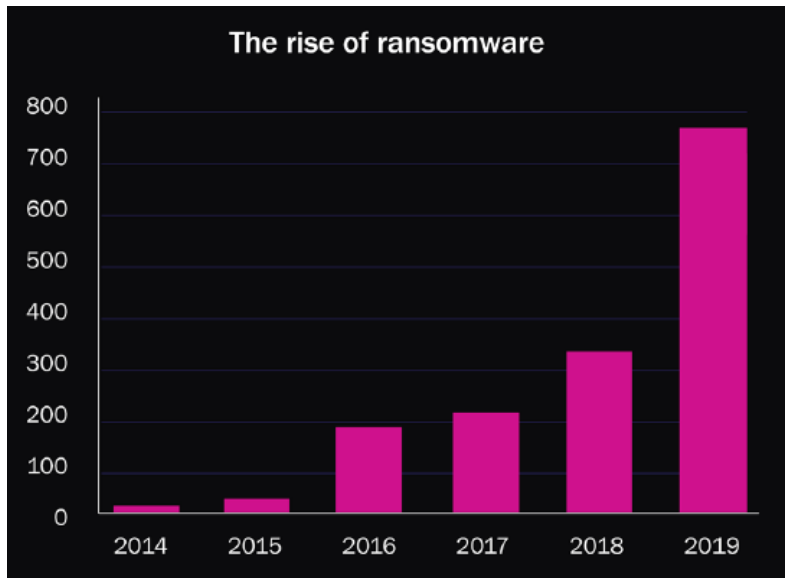
The second graph highlights the uptick in severity over the past 3 to 4 years. It also shows how volatile losses in cyber insurance can be, and that any year can have losses which are multiple times larger than any historical losses seen by the Program.



In addition to the increases in claims frequency and severity, the following graph highlights the increase in the paid and projected loss ratios of claims in the PRISM Cyber Program over the last 9 years. Again, the graph highlights the uptick in loss ratios, which changed significantly starting 4 years ago, with 2019 and 2020 too early to determine where loss ratios may end up.



Two final graphs depict ransomware claims in the general marketplace. The graphs are from the 2020 Beazley Breach Briefing, which discusses many industry trends including the rise of ransomware claims and the percentage of reported ransomware incidents by industry sector. Note that governmental agencies are at the top of the list. Overall, the graphs show ransomware claims have doubled from 2018 to 2019, with cyber extortion claims comprising of 43% of all reported claims for governmental entities in the dataset.



Minimum System Standards

- Multi-factor authentication – 100% implemented for:
 - Remote access
 - Laptops
 - Privileged access
- Well managed end point detection
- Well managed RDP connections
- Back Ups
 - 1 working copy, 1 offsite, disconnected not working, 1 onsite disconnected not working
 - Tested at least twice a year
 - Ability to bring up within 24-72 hours – less time for critical operations (4 hours)
 - Protected with antivirus or monitored on a continuous basis
 - Encryption
- Planning and Training
 - Incident Response Plan
 - Business Continuity Plan
 - Social Engineering Training
 - Phishing Training
 - Training of account team staff on fraudulent transactions
 - General cyber security training
- Reasonable patching schedule/plan
- Plan or adequate measures in place to protect end of life software

Welcome to your KYND Start Report guide

Our KYND Start Report is designed with one thing in mind – to help you and your business stay ahead of the ever-evolving cyber threat landscape. Powerful yet completely non-intrusive, it helps you instantly discover cyber risks or vulnerabilities that increase your susceptibility to cyber-attacks and provides helpful, clear recommendations on how to address these issues.

This guide addresses some of the key questions that might arise as you use the KYND Start Report to identify and mitigate the key cyber vulnerabilities posing a risk to your organisation.



What is a KYND Start Report?

The KYND Start Report is a non-intrusive, one-off analysis of the external cyber risks facing your organisation at the specific date and time the analysis is performed. As part of the analysis, KYND assesses more than 250 cyber risk factors across domain registration and email security and services, by using a simple traffic light system.



How does KYND Start find these vulnerabilities?

KYND only needs the name of one website registered by your organisation to produce this full cyber risk assessment. KYND's analysis is entirely non-invasive and requires no special access or involvement by the organisation itself.



What does KYND look for?

KYND is looking for any instances of exposed services or critical software vulnerabilities we can identify. These are risks that would significantly increase your organisation's exposure to cyber-attacks.

Your KYND Dashboard



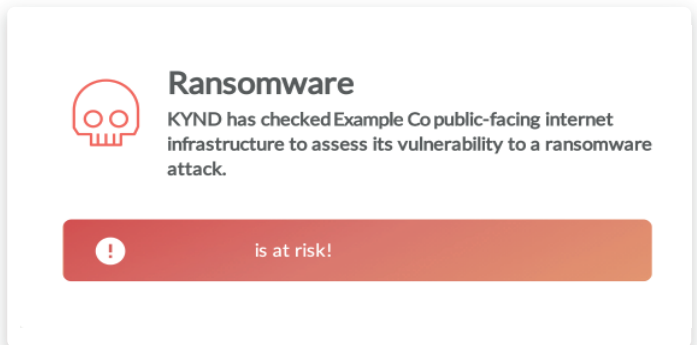
The dial numbers on your KYND Start dashboard represent the absolute number of individual risk factors that KYND has discovered:

- **RED** – marked as 'High risks', these are the risks that KYND believe will cause business interruption if not addressed.
- **AMBER** – marked as 'For consideration', these are the risks that KYND believe may cause possible business interruption if not addressed.
- **GREEN** – marked as 'Look good!', these risks appear not to carry an immediate risk based upon the information KYND has access to.

Ransomware Risks

Here we will show you any risk factors that leave a company vulnerable to a ransomware attack.

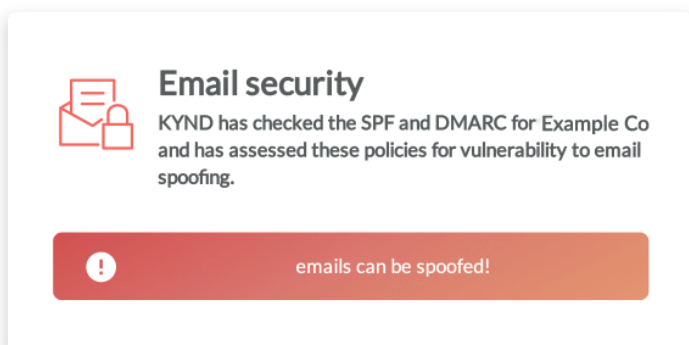
Ransomware is a type of malicious software, or malware, designed to deny access to a computer system or data until a ransom is paid.



Ransomware
KYND has checked Example Co public-facing internet infrastructure to assess its vulnerability to a ransomware attack.

! is at risk!

Email Security



Email security
KYND has checked the SPF and DMARC for Example Co and has assessed these policies for vulnerability to email spoofing.

! emails can be spoofed!


Here we will check if there is any email that isn't protected by an SPF or DMARC policy and is therefore vulnerable to email spoofing.

Not having the standard email protections in place puts any organisation at high risk of having these email addresses spoofed or impersonated to defraud its employees, customers, partners, and suppliers.

Comparative Risk Profile


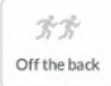

Example Co -vs- other Transport organisations

where Example Co ranks in the race to be cybersafe

 **Certificate issues**

12% of your certificates are out-of-date or distrusted

Security certificates on your websites assure users that their data is secure and that they are connected to the correct site. If your websites are using out-of-date or distrusted certificates, visitors will receive a warning on their internet browser, and applications using the websites may fail to work. You should ensure that you have processes in-place to maintain & renew your website certificates, or retire those that aren't required any more.

 Stragglings  Off the back  In the group

KYND compares the results for your organisation against a 'cohort' of peers or similar organisations in the same industry to provide this analysis.

We do this for 4 key categories of risk:

- Certificates
- Out of Date services
- Misconfiguration
- Domains

If an organisation is performing well versus their peers, they will be "In the group" (in line with 50% of their peers).

If they are performing badly, they will be "Stragglings" (bottom 20% of their peers).


KYND Recommendations

Where to start...





KYND recommends addressing these five issues first.

1 **Tighten email spoofing policy**

The DMARC record for @exampleuk.com emails **does not block spoofed emails**, making them vulnerable to spoofing. The current DMARC policy is :
v=DMARC1; p=none; rua=mailto:56b0d57188@rep.dmarcanalyzer.com;
ruf=mailto:56b0d57188@for.dmarcanalyzer.com; sp=none; fo=1; rf=afrf; pct=100;

 Update your DMARC policy to set p=quarantine and eventually p=reject in order to warn and prevent spoofed exampleuk.com emails from arriving into recipient inboxes.


Risk factors

-  Phishing
-  Email
-  Financial
-  Reputational

This section provides clear, simple guidance on the 5 most important identified risks that we believe your organisation should address to reduce the risk of a cyber attack, in order of priority. Individual risks are then grouped by type and summarised by the nature of the risks they pose.



Here to help

If you have any questions about your KYND Start report findings, easily get in touch with our friendly team by either hitting the "Chat with KYND" button or the  icon in your KYND Start report, or visit <https://www.kynd.io/kynd-start-guide> for more details.



Cyber Hygiene

Cybersecurity > Services

CYBER HYGIENE SERVICES

Reducing the Risk of a Successful Cyber Attack

Adversaries use known vulnerabilities and phishing attacks to compromise the security of organizations. The Cybersecurity and Infrastructure Security Agency (CISA) offers several scanning and testing services to help organizations reduce their exposure to threats by taking a proactive approach to mitigating attack vectors.

- **Vulnerability Scanning:** Evaluates external network presence by executing continuous scans of public, static IPs for accessible services and vulnerabilities. This service provides weekly vulnerability reports and ad-hoc alerts.
- **Web Application Scanning:** Evaluates known and discovered publicly-accessible websites for potential bugs and weak configuration to provide recommendations for mitigating web application security risks.
- **Phishing Campaign Assessment:** Provides an opportunity for determining the potential susceptibility of personnel to phishing attacks. This is a practical exercise intended to support and measure the effectiveness of security awareness training.
- **Remote Penetration Test:** Simulates the tactics and techniques of real-world adversaries to identify and validate exploitable pathways. This service is ideal for testing perimeter defenses, the security of externally-available applications, and the potential for exploitation of open source information.

Additionally, CISA recommends you further protect your organization by identifying assets that are searchable via online tools and taking steps to reduce that exposure.

Frequently Asked Questions

How much does it cost? CISA cybersecurity assessment services are available at no cost.

Who can receive services? Federal, state, local, tribal and territorial governments, as well as public and private sector critical infrastructure organizations.

When will my services begin? Vulnerability Scanning and Web Application Scanning typically begin within one week of returning the appropriate forms.

Who performs the service? Cyber Hygiene services are provided by CISA's highly trained information security experts equipped with top of the line tools. Our mission is to measurably reduce cybersecurity risks to the Nation by providing services to government and critical infrastructure stakeholders.

Get Started

Email us at vulnerability_info@cisa.dhs.gov with the subject line "Requesting Cyber Hygiene Services" to get started.