



AGENDA

LEGEND: A – Action may be taken
I - Information
1 - Included
2 - Handout
3 - Separate
4 – Verbal

JPA: ACCEL SPECIAL BOARD OF DIRECTORS MEETING

DATE/TIME: Wednesday, June 25, 2025 at 10:00 PM

LOCATION: Teleconference

Link: <https://alliantinsurance.zoom.us/j/98260717589?pwd=LLUY1a7OSLb32QPAoIYnIBIZa1u8kt.1>

Meeting ID: 982 6071 7589

Passcode: 270534

Dial: (669) 900-6833

In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publicly accessible places, 24 hours in advance of the meeting, at the office of ACCEL's Secretary.

Per Government Code section 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 Alliant Insurance Services at (415) 403-1411, 24 hours in advance of the meeting. Access to some buildings may require routine provision of identification to building security. However, ACCEL 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.

- MEMBER LOCATIONS VIA TELE - CONFERENCE**
- City of Anaheim, 201 South Anaheim Blvd., Suite 503, Anaheim, CA 92805
 - City of Bakersfield, 1600 Truxtun Ave., 4th Floor, Bakersfield, CA 93301
 - City of Burbank, 275 E. Olive Ave., Burbank, CA 91510
 - City of Modesto, 1010 10th St., Modesto, CA 95353
 - City of Monterey, 735 Pacific St., Suite A, Monterey, CA 93940
 - City of Mountain View, 500 Castro St., 2nd Floor, Mountain View, CA 94041
 - City of Ontario, 200 North Cherry Ave., Ontario, CA 91764
 - City of Palo Alto, 250 Hamilton Ave., 1st Floor, Palo Alto, CA 94301
 - City of Salinas, 200 Lincoln Ave., Salinas, CA 93901
 - City of Santa Barbara, 735 Anacapa St., Santa Barbara, CA 93101
 - City of Santa Cruz, 1200 Pacific Ave, Suite 290, Santa Cruz, CA 95060
 - City of Santa Monica, 1685 Main St., Room 131, Santa Monica, CA 90401
 - City of Visalia, 220 N. Santa Fe St., Visalia, CA 93292

PAGE A. CALL TO ORDER

B. GENERAL RISK MANAGEMENT ISSUES (I)

4 *This is an opportunity for a member to discuss a topic of interest or seek guidance and input from the group about a current issue, risk management topic or exposure the member is facing. Please mail a copy of any materials to each member City in advance of the meeting.*

C. REPORTS

4 **1. Member Payments (A)**

The Board will receive a verbal update on Member Payments. Action may be taken or direction given to assign this topic to a Committee, bring this back at the Board level, or provide further direction.

3-4 **1 & 3 2. FY 25/26 Excess Liability Program Renewal Update (A)**

The Board will receive an update from Alliant about the Excess Liability Program Renewal and action may be taken or direction given.



Item No. C.2
Special Board of Directors
June 25, 2025

FY 25/26 EXCESS LIABILITY PROGRAM RENEWAL UPDATE

ISSUE: At the June 12 and 13, 2025 Board Meeting, the Board made a motion to delegate authority to the ACCEL President, Ross Brandon to work with Alliant on the Excess Liability Insurance Program with a Not to Exceed \$73,000,000. The City of Visalia would like to purchase additional limits to \$65,000,000.

Since then, Alliant is currently working on obtaining quotes for the layers above \$57.5M and is coordinating with the ACCEL President. Notable updates:

- Sutton Specialty / BMS for the \$5M x \$57.5M with **2X aggregate**
- Ark / BMS for the \$2.5M xs \$62.5M with a **2X aggregate**

A verbal update will be provided at the Board Meeting.

RECOMMENDATION: Staff recommends the Board review the report by Alliant, consider renewal options, and take action to direct Alliant to bind coverage.

Additional Consideration

In favor: As we approach renewal, the market is very turbulent due to the number of high value claims being paid in the last several years. This year's renewal will face challenges at attachment point, aggregate limits and pricing. Alliant's goal is to secure the most favorable terms available and provide accurate budget figures. ACCEL's decision point really focuses on where to attach to excess insurance, and at what confidence level to fund any self-insured layers.

Against: When ACCEL formed, it was a \$9M xs. \$1M pool, and then the group was able to purchase insurance at lower costs and attachment points for many years. Last year ACCEL had an option to continue to retain up to \$5M, but elected to attach at \$10M due to the cost of coverage between those points. Board Members may want to focus on lower retentions to drive a more stable program that costs more, or higher retentions that may have more volatility but should run more efficiently over the long run, unless claims continue to increase in size and frequency.

FISCAL IMPACT: The funds will either be deposited into ACCEL and impact our financial position, or passed through to the insurance market. The money paid to ACCEL will be revenue received to fund claims in the 25/26 program year. Because we fund at greater than expected, ACCEL would expect an improvement to financial position at the 90 and 85% confidence levels.

ACCEL

Authority for California Cities Excess Liability

c/o Alliant Insurance Services
Corporation Insurance License No. 0C36861
560 Mission Street, 6th Floor, San Francisco, CA 94105



BACKGROUND: ACCEL's Excess Liability program renews July 1, 2025. Currently ACCEL self-funds the layer from \$1,000,000 to \$9,000,000. All Members participate in a purchased Excess Liability insurance program to \$65,000,000, except the Cities of Monterey, Salinas, Santa Cruz, and Visalia who purchased to \$60,000,000.

The following developments have occurred or are significant points of interest, which were addressed at the June 12 and 13, 2025 Board Meeting:

1. All members have submitted their applications and payroll updates
2. Loss data has been compiled and market submissions have been sent to carriers.
3. ACCEL's Actuarial Report is complete and approved at the previous Board meeting.
4. Alliant is discussing renewal terms with ACCEL's incumbent markets, and potential new markets who may replace current capacity or add capacity to the program.
5. At the March 2025 Board Meeting, the Board took action to increase the \$5M xs \$5M layer's confidence level (CL) from 75% to 80% effective July 1, 2025 and keep the funding of the \$4M xs \$1M layer at the 90% CL.
6. There were three proposals obtained for the Standalone Terrorism from Munich, Lloyds, and Beazley (incumbent). Beazley remained the most competitive pricing and terms. ACCEL took action at the June 12 and 13, 2025 to bind the Annual Term = \$87,000 Annual + Taxes & Fees.

SEPARATE: FY 25/26 Excess Liability Budget will be presented on screen



Item No. C.3
Special Board of Directors
June 25, 2025

PRE-FUNDING FUTURE RETRO ASSESSMENTS REQUEST

ISSUE: Per ACCEL's Financial Plan, Members can pre-fund future Retro assessments as follows:

Pre-Funding Future Assessments

In order to address future year obligations, the Board allows Members to pre-fund future assessments in the Test Years that shows a negative balance. A Member may request to pre-fund assessments in the Test Years as follows:

1. Any of the Test Years show a negative balance. The Member may request to pre-fund a negative Test Year up to the full balance of the negative test year, regardless of whether the other Test Years show a positive balance.
 - The Member may request, in writing, to pre-fund a test year's assessment.
 - The Board must approve the request.

The City of Bakersfield has submitted to ACCEL a letter requesting to pre-fund its future Retro Assessment, which must be approved by the Board.

RECOMMENDATION: It is recommended that the Board review the City of Bakersfield letter and take action to approve the pre-funding request or provide further direction.

Additional Consideration

In favor: The Member is given the ability to maintain more money within in ACCEL, helping to address future year assessments. The Member's additional deposit earns interest and in turn may have less assessments as more of the interest is allocated to them as they deposit more money into ACCEL.

Against: While all Members earn interest on their deposits, only those who can afford to pre-fund early can benefit from having more of their money earning interest sooner. Not all Members may have the budget flexibility to do this in advance.

FISCAL IMPACT: The fiscal impact cannot be determined at this time. If the pre-funding is approved and deposited, the Member's funds will begin earning interest, potentially reducing future assessment costs.

ACCEL

Authority for California Cities Excess Liability

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

560 Mission Street, 6th Floor, San Francisco, CA 94105



BACKGROUND: ACCEL's Financial Plan Policy and Procedure (P&P) governs the key financial calculations and reports that produce the Member Account Summary, Retrospective Rating Plan (RRP), Rating Plan Calculation (RPC) and other financial factors such as the restriction of retro funds.

As Cities anticipate potential economic downturns, they may encounter difficulty in allocating sufficient funds to cover Retro future assessments in the test years. The Retro drafts that are shown at the January and March Board Meetings, and final draft at the June Board Meetings with three Test Years for budget planning purposes. To alleviate this, the Program Administrators have proposed changes to the Financial Plan Policy and Procedure to fund future Retro assessments when a negative balance is projected in any of the test years of the Retro.

ATTACHMENT: Letter from the Bakersfield to Prefund



BAKERSFIELD

THE SOUND OF *Something Better*

June 18, 2025
Via Email

Members of the Board
Authority for California Cities Excess Liability (ACCEL)
C/O Alliant Insurance Services, Inc.
560 Mission Street, 6th Floor
San Francisco, CA 94105

Re: Request for Prefunding of Future Retro Assessment

Dear Members of the Board:

I am writing to request a prefund for the future retro assessment for test year 2020-2021, which is \$1,320,223.00, as of the June 2025 Board Meeting.

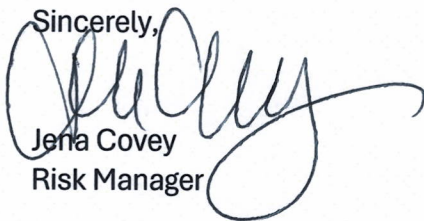
The City's total assessment owed as of July 1, 2025 is \$445,424.00 and the test year 2020-2021 is \$1,320,223.00. The City is requesting ACCEL to invoice the retro assessment owed for July 1, 2025, as well as the test year of fiscal year 2020-2021, which totals \$1,765,647.00.

Below is a summary of the prefunding request in total:

Assessment Owed	\$445,424.00
Prefunding for 2020-2021 Test Year	\$1,320,223.00
Total Retro Request to be invoiced on July 1, 2025	\$1,765,647.00

Thank you to the Board for considering this request and if you have any questions please contact me at (661) 326-3090 or jcovey@bakersfieldcity.us.

Sincerely,


Jena Covey
Risk Manager



Item No. C.4
Special Board of Directors
June 25, 2025

AUTHORIZATION OF ACCEL TO FORM A JOINT PURCHASE AGREEMENT FOR VEHICLE PHYSICAL DAMAGE

ISSUE: Members may be able to leverage the size of ACCEL to obtain better Auto Physical Damage (APD) rates and coverage. Some Members have expressed the desire to reduce retentions.

RECOMMENDATION: The Board to delegate authority to Members and Program Administrators to form an ACCEL optional APD program as desired by the Members.

Additional Consideration

In favor: Members may benefit from collective bargaining power, potentially securing lower premiums or reduced retentions than would be available individually. As an optional program, Members participate only if it adds value.

Against: A vote against indicates that Members may refer individual programs due to favorable existing terms or concerns about sharing risk across varying vehicle types and loss histories.

FISCAL IMPACT: There is no fiscal impact from the recommended action.

BACKGROUND: A majority of ACCEL Members have been insuring their vehicles through the Alliant Motor Vehicle Program (AMVP), Alliant Property Insurance Program (APIP) or standalone carrier placements.

In the APIP Program, APD Coverage is an optional coverage offered to APIP Program Members. Vehicle types in the program range from private passenger auto to ambulances and fire engines. The current comprehensive and collision deductibles under the APIP program:

- \$10,000 and up for all other; except for
- \$50,000 deductible for police vehicles valued under \$250,000;
- \$100,000 deductible for all vehicles with a replacement cost value between \$250,000 to \$750,000; and
- \$250,000 deductible for all vehicles with a replacement cost value over \$750,000

ACCEL

Authority for California Cities Excess Liability

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

560 Mission Street, 6th Floor, San Francisco, CA 94105



APIP can offer RC or ACV coverage, depending on member reporting. If the values of 'cost new' are provided, members can have RC coverage for any age vehicle (i.e. 'new' for 'old'). If depreciated or purchase price is provided, members receive ACV.

AMVP which is a standalone insured program designed specifically for vehicle coverage. It offers Replacement Cost coverage for vehicles 3 years old and newer, and Actual Cash Value coverage for older vehicles. Within the program, Members can select different retention options from \$1,000 to \$10,000.

Several areas of concern are auto coverage has a much higher rate than all risk coverage, and therefore would drastically increase the APIP premium. Related to this, Autos have higher loss ratios.

ATTACHMENT: APIP v. AMVP Comparison PowerPoint.

Alliant Property Insurance Program
(APIP) vs.
Alliant Mobile Vehicles Program
(AMVP)

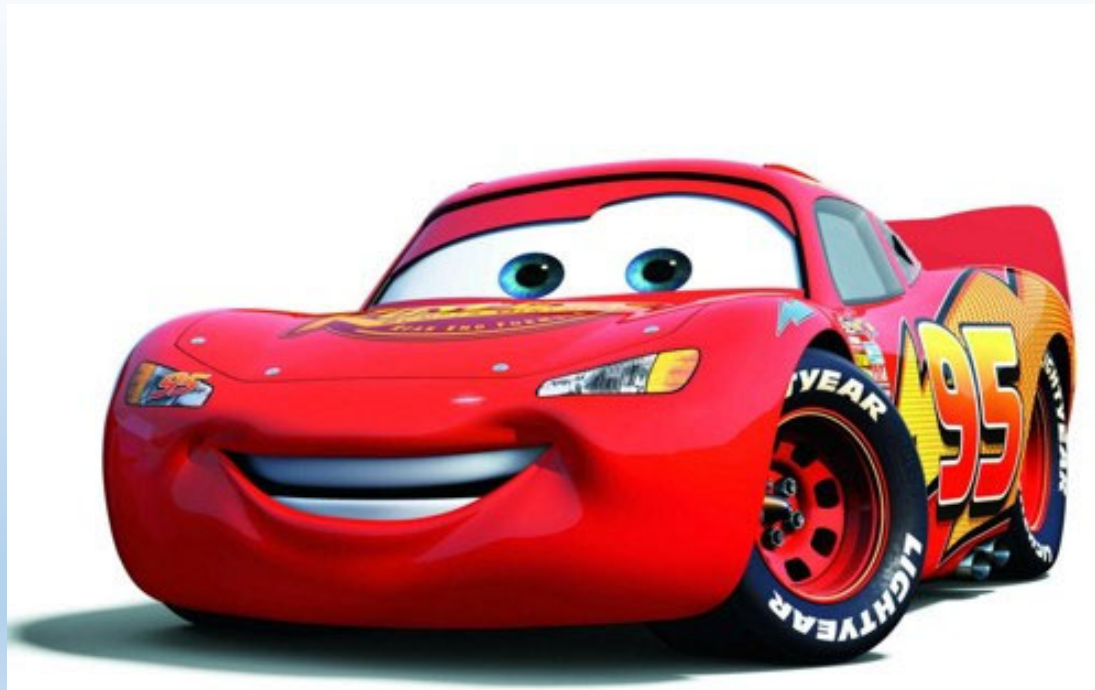


Table of Contents

Auto Physical Damage (APD) Coverage

- Traditional Approach
- Alliant Property Insurance Program (APIP) Approach
- Alliant Motor Vehicle Program (AMVP) Approach
- Selecting Appropriate Valuation
- Questions?

Automobile Physical Damage (APD) “Traditional Approach”

- Separate Policy Covering:
 - “Collision” – Impact with any object causing damage
 - “Comprehensive” – anything that is not Collision
 - Separate deductible options
 - Usually Actual Cash Value (ACV) offered only
- Separate Policy for Mobile Equipment
 - Anything self propelled but **NOT** licensed for road use.
- Separate Policy for Contractor’s Equipment
 - Equipment that is **NOT** self-propelled

APD – “APIP Approach”

- Switch out the word “Automobile” for “Vehicle”:
 - *No* distinction between Automobiles and Mobile Equip.
 - Both are covered in the form
- *No* distinction between “Comp” and “Collision”
 - Instead, Vehicles are either simply “On” or “Off” premises with one deductible applying to loss, regardless.
- Contractors Equipment Covered in Own Section
 - Excluded from Contractors Equipment: Automobiles, motorcycles, motor trucks, or parts thereof.

APD – “AMVP Approach”

- Switch out the word “Automobile” for “Mobile Vehicle”:
 - *No* distinction between Automobiles and Mobile Equip.
 - Both are covered in the form
 - Exclusions: Aircraft, watercraft, buildings or land
- *No* distinction between “Comp” and “Collision”
 - Instead, Vehicles are simply Covered Property subject to Risks of Direct Physical Loss from any external cause not otherwise excluded
- Contractors Equipment Covered

Vehicles While On Insured Premises - APIP

15. VEHICLES WHILE ON INSURED PREMISES

This policy is extended to cover vehicles while on premises of the Insured against physical loss or damage by a peril insured against during the term of this Policy.

This coverage is traditionally known as “Vehicle In Yard”. Intended primarily to cover a fleet of vehicles while parked in a lot *as if* they were real property. “All risk” deductible applies **UNLESS** insured has purchased “Off Premises” coverage in which case the Vehicle deductible applies.

Vehicles While Off Premises - APIP

F. OPTIONAL COVERAGE PARTICIPATION

It is understood and agreed that certain Insured's participate in Optional Coverage on this Policy as set forth below.

OPTIONAL COVERAGES IDENTIFICATION:

1. Earthquake Shock
2. **Licensed Vehicles – Off Premises**
3. Scheduled Fine Arts
4. Flood
5. Boiler Explosion & Machinery Breakdown
6. Terrorism Risk Insurance Act of 2002

➤ *NOTE: You must specifically purchase off premise coverage if you want it*

Vehicles On or Off Insured Premises - AMVP

- No restriction on location of vehicles as long as within the Coverage Territory:

Coverage Territory

- **(1)** We cover property wherever located within:
 - **(a)** The United States of America;
 - **(b)** The District of Columbia;
 - **(c)** Puerto Rico; and
 - **(d)** Canada

Automatic Acquisition Feature - APIP

19. AUTOMATIC ACQUISITION AND REPORTING CONDITIONS

This Policy is automatically extended to insure additional property and/or interests as described in this Policy, which may be acquired or otherwise become at the risk of the Insured, during the Policy Term, within the United States of America for a period of up to 90 days for licensed vehicles, a limit of USD10,000,000 applies or member's Policy Limit of Liability if less than USD10,000,000.

➤ ***NOTE: After 90 days, if not reported, there is no coverage for the acquisition.***

Automatic Acquisition Feature - AMVP

AUTOMATIC ACQUISITION AND REPORTING CONDITIONS

- If during the policy period you acquire additional property of a type already covered by this form, we
- will cover such property for **up to 45 days**, but not beyond the end of the policy period. The most we
- will pay for loss or damage is \$250,000.

➤ ***NOTE: After 45 days or end of policy period, if not reported, there is no coverage for the acquisition.***

Vehicle Coverage - Earthquake Shock & Flood

APIP

- \$5,000,000 Per Occurrence Per Named Insured subject to an Annual Aggregate of \$10,000,000 for Earthquake Shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts combined for all Named Insured(s) in this Declaration combined that do not purchase optional dedicated
- \$10,000 Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment subject to \$100,000 Maximum Per Occurrence, Per Named Insured for the peril of Earthquake for Named Insured(s) who do not purchase dedicated Earthquake limits or Flood limits

AMVP

- Member selected deductible Options (\$1k, \$2k, \$5k, \$10k) for:
 - Earth Movement
 - Water
 - Named Storm
- No sublimit

AMVP – Actual Cash Value (ACV) Definition

1. In all coverage forms, Actual Cash Value, if applicable, is amended to include the following:

a. The actual cash value of covered property will be determined as:

1) the amount it would cost to repair, rebuild, or replace the lost, damaged, or destroyed property less a fair and reasonable deduction for physical depreciation; or

2) the limit applicable to that property at the time of the loss;

whichever is less.

b. The condition of the property at the time of the loss is the basis for determining the amount of physical depreciation. The expense of labor necessary to repair, rebuild, or replace covered property is not a component of physical depreciation.

c. a. and b. above do not apply to property subject to Agreed Amount valuation terms or an item of property specifically scheduled with a value applicable to such item.

APIP Vehicle Valuation

- Where Replacement Cost (New) values are specified, recovery shall be based on 100% of the Replacement Cost (New) at the time of loss.
- Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value (also known as Actual Cash Value or ACV) of the Vehicle and/or Equipment. However, should these costs exceed the fair market value (ACV) then recovery shall be based upon the Replacement Cost (New).
- If the Insured provides a valuation based on replacement cost, then recovery will be on the same basis, if replaced. **If not replaced, the basis of recovery shall be Actual Cash Value (ACV).**

➤ ***NOTE: Schedule needs to reflect member preference between ACV and RCV values***

AMVP Vehicle Valuation

In the event of loss, the company shall be limited to the least of the following:

- A. The **cost of reasonably restoring** that property to its condition immediately before loss; or
- B. The replacement **cost** of the equipment, or any part thereof, and intended for similar use with **equipment of like kind and quality**, less applicable deductible(s).
- C. An **amount no greater than 120% of the total stated value** for the property involved, as shown on the schedule of equipment on file with the Company, less applicable deductible(s).
- D. **Full replacement cost** (new vehicle) for vehicles purchased **new within the last three years**, less applicable deductible(s).

Selecting Appropriate Valuation

In **APIP** the basis for reporting values will also be the basis for loss recovery in the event of a claim. You may choose either Replacement Value (R) or Actual Value (A).

- **Replacement Value** will be replacement with new for old.
- **Actual Cash Value** will be valuation based on value of auto at time of loss with the same model, year and of like kind and quality.

Type of Vehicle	Number of Vehicles	Suggested Replacement Value	Suggested Actual Cash Value	Total Insurable Values
Private Passenger Cars		\$26,054	\$13,200	
Light Trucks (1 ton or less)		\$30,397	\$15,400	
Heavy Trucks (over 1 ton)		\$37,996	\$19,250	
Police Cars		\$30,397	\$15,400	
Police Motorcycles		\$17,370	\$8,800	
Fire Pumper Trucks		\$423,385	\$214,500	
Fire Snorkel/Ladder Trucks		\$868,482	\$440,000	
Fire Brush Trucks		\$260,545	\$132,000	
Buses – 30 Passenger		\$162,840	\$82,500	
Buses – 60 Passenger		\$352,821	\$178,750	
Other (describe i.e. Mobile equipment)				

VALUATION: RC ACV

GRAND TOTAL: _____

➤ **NOTE: the AMVP Program only offers Replacement Cost for the first 3 years.**

Acceptable Vehicles in Both Programs

Fire Department

- Fire trucks
- Ambulances/rescue vehicles
- Mobile emergency command post
- Hazardous materials vehicles/equipment

Sewer/Water Department

- Sewer vacuums and rodders
- Crane/lift vehicles

Public Works

- Crane/lift vehicles
- Dump trucks
- Sweepers
- Mobile equipment
- Generators/compressors
- Graders/rollers
- Backhoes/loaders

➤ **AMVP PROGRAM NOTE: Transit district and school district buses are not eligible for the program**

Summary of Programs

APIP

- Deductible Options
 - \$5k, \$10k, \$25k
- Acquisition Period
 - 90 days, \$10m
- Valuation Options
 - Member choice of ACV or RC (must be selected by member at renewal)
- Rental Car after covered loss
 - No Sublimit
- Pollutant Cleanup
 - \$2mil, \$75K SIR, \$25mil Aggregate
 - Report within 7 days
- Flood/Earthquake Option
 - Sublimit \$5m with \$10m Aggregate

AMVP

- Deductible Options
 - \$1k, \$2k, \$5k, \$10k
- Acquisition Period
 - 45 days, \$250k
- Valuation Options
 - RC only on Vehicles 3 years old
 - ACV for all others
- Rental Car after covered loss
 - Up to \$10,000
- Pollutant Cleanup
 - \$10k, must be reported within 180 days
- Flood/Earthquake Included

Questions?

