



## AGENDA

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

**JPA:** ACCEL FINANCE COMMITTEE MEETING

**DATE/TIME:** Monday, March 03, 2025 at 10:30 AM

**LOCATION:** Teleconference

Link: <https://alliantinsurance.zoom.us/j/98820751663?pwd=MBJ2TN52GzcXOxobPkT7MYQbA5JyGs.1>

Meeting ID: 988 2075 1663

Passcode: 900062

Dial: (669) 900 6833

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***In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publicly accessible places, 72 hours in advance of the meeting, at the office of ACCEL's Secretary.***

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*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) 403-1400, 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.*

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- MEMBER LOCATIONS VIA TELE - CONFERENCE**
- City of Burbank, 275 E Olive Avenue – PO Box 6459, Burbank, CA 91510
  - City of Mountain View, 500 Castro Street, 2<sup>nd</sup> Floor, Mountain View, CA 94041
  - City of Santa Barbara, 735 Anacapa St., Santa Barbara, CA 93101
  - City of Santa Monica, 1685 Main Street, Room 131, Santa Monica, CA 90401
  - City of Visalia, 220 N. Santa Fe St., Visalia, CA 93292

### PAGE

#### A. CALL TO ORDER

#### B. CONSENT CALENDAR (A)

- 3-4 1 1. Approval of Minutes for the January 23, 2025 Finance Committee Meeting  
*Members will review this item and may take action to approve or amend.*

#### C. REPORTS

##### 1. FINANCE COMMITTEE

- 5-7 1 a) Draft FY 25/26 Administration Budget (A)  
*Members will review a draft of the FY 25/26 Administration Budget and may take action to provide a recommendation to the Board or give direction.*
- 8-15 1 b) Review of ACCEL's 25/26 Experience Mod Calculation (A)  
*Members will review ACCEL's Ex-Mod calculation and may take action to provide a recommendation to the Board or give direction.*
- 16-23 1 c) Proposed changes to ACCEL's Accounting Guide Policy & Procedure – Allocation of Assets (A)  
*Members will review the proposed changes to the Accounting Guide Policy & Procedure regarding the Allocation of Assets and may take action to provide a recommendation for the Board or give direction.*
- 24-27 1 d) Review of ACCEL's Retrospective Rating Plan: Potential Calculation Changes (I)  
*Members will receive an update on the requested potential changes to the Retrospective Rating Plan Calculation.*



**D. PUBLIC COMMENTS**

(I)

4 *The public is invited at this point to address the Committee on issues of interest to them.*

**ADJOURNMENT**



### MINUTES OF THE ACCEL FINANCE COMMITTEE MEETING

Item No. B.1  
Finance Committee  
March 03, 2025

Thursday, January 23, 2025 at 10:00 AM

#### LOCATION:

Alliant San Francisco Office  
560 Mission Street, 6<sup>th</sup> Floor  
San Francisco, CA  
Golden Gate Conference Room

#### MEMBERS PRESENT:

Andrew Guzman, City of Visalia  
Marisa Kahn, City of Santa Barbara Alternate  
Oles Gordeev, City of Santa Monica  
Rafaela King, City of Monterey

#### MEMBERS ABSENT:

Samhitha Cutshaw, City of Mountain View

#### GUESTS AND CONSULTANTS:

Conor Boughey, Alliant Insurance Services  
Lorissa Huey, Alliant Insurance Services  
Thomas Joyce, Alliant Insurance Services

#### A. CALL TO ORDER

Oles Gordeev called the meeting to order at 10:12 AM.

#### B. CONSENT CALENDAR

#### B1. Approval of Minutes for the September 30, 2024 Finance Committee Meeting

A motion was made to approve the consent calendar.

**MOTION:** Rafaela King **SECOND:** Andrew Guzman **MOTION CARRIED**

	Andrew Guzman	Marisa Kahn	Oles Gordeev	Rafaela King	Samhitha Cutshaw
Aye	X	X	X	X	
Nay					
Abstain					



## **C. REPORTS**

### **C1. FINANCE COMMITTEE**

#### **C1a. ACCEL's Investment Plan Policy & Procedure – Proposed Changes**

Thomas Joyce reported that every year before the January Board Meeting, Chandler, ACCEL's Investment Manager reviews ACCEL's Investment Policy.

The Committee discussed ACCEL Investment Manager Carlos Oblites' proposed changes to ACCEL's Investment Policy which were included in the agenda packet.

In addition, ACCEL is currently going through the CAJPA Accreditation with Excellence process, and the CAJPA Accreditation Team had some proposed changes. The Program Administrators provided a verbal at the meeting.

The Committee was generally in favor with the exception of the proposed changes surrounding ACCEL's investment benchmark. Given that this language would be discussed at the larger Board Meeting held the next day with Carlos present, the language was reviewed but no action was taken.

#### **C1b. Retrospective Rating Plan Calculation Review**

Lorissa Huey reviewed the Retrospective Rating Plan Calculation with the Committee and explained the history of it as shown in the Financial Plan Policy and Procedure, which was included in the agenda packet.

The Committee discussed the pros and cons of changing the formula as respects the minimum contribution and the per claims cap.

Direction was given to the Program Administrators to bring this item back to the Committee at a later date with a demonstration of a change in the cap from \$4M to \$9M with a lower or no minimum contribution. Should both or either of these changes take effect, it would be for a 7/1/26 target date.

## **D. PUBLIC COMMENTS**

There were no public comments.

## **ADJOURNMENT**

Oles Gordeev adjourned the meeting at 10:58 AM.



**Item No. C.1.a**  
**Finance Committee**  
**March 03, 2025**

### **DRAFT FY 25/26 ADMINISTRATIVE BUDGET**

**ISSUE:** The Board amended the ACCEL Bylaws at its January 2022 Board Meeting which expanded the Finance Committee's Duties:

9. Review and recommend Administrative Budget to the Board.

The Draft FY 25/26 Administrative Budget is being presented to the Finance Committee at today's meeting for the first time and will be presented at the March Board Meeting as a draft and is annually adopted at the June Board Meeting.

**RECOMMENDATION:** The Program Administrators recommend the Committee review the Draft Administrative Budget and take action or give direction to the Board at the March Board Meeting. The Final Administrative Budget will be presented at the June Board Meeting for adoption.

#### **Additional Consideration**

**In favor:** The budget reflects the best estimate of anticipated expenses in the next fiscal year. Approval of the budget presented includes an increase in professional service contract fees and CAJPA memberships as well as decreases to legal services and CAJPA Accreditation (paid once every 3 years). We view this presentation as a conservative budget and is in line with current inflationary trends. Unspent administrative budget funds are applied as a credit to next year's admin expenses.

**Against:** If the Committee would like to amend the budget, we could approach the figures more conservatively by increasing or decreasing the training budget or legal budget. The budget estimates are based on contracted amounts, estimated travel expenses and small (less than \$5,000) budget line items.

**FISCAL IMPACT:** The Administrative Budget is currently drafted to an increase from \$910,958 to \$927,468, a **1.81% increase**. This increase is due to Contractor Fees and CAJPA Memberships.

**BACKGROUND:** Each year the Program Administrators review the compensation section of each consultant's contract with ACCEL, review the budget to date documents and update the Budget to reflect any changes. In addition, the Program Administrators also evaluate any changes in ACCEL's operations that may affect the Budget. Any unused funds are rolled over from one program year to the next.

# ACCEL

## Authority for California Cities Excess Liability

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



The adjustments include:

1. Adjust the Professional Services line items to match the current term of each contract.
2. CAJPA Accreditation budgeted amount (charged every three years).
3. CAJPA Memberships
4. Legal Services

**ATTACHMENT:** Draft FY 25/26 Administrative Budget

**ACCEL**  
**Draft Budget for 2025-26**  
**Administrative Expenses**

DESCRIPTION	2024-25 Administrative Budget	2025-26 Administrative Budget	% Change
PROGRAM ADMINISTRATION	\$ 345,150	\$ 353,780	3%
CLAIMS ADMINISTRATION - ANNUAL	\$ 325,000	\$ 341,250	5%
CLAIMS AUDIT	\$ 57,958	\$ 57,958	0%
INVESTMENT SERVICES	\$ -	\$ -	0%
CUSTODIAL ACCOUNT/BANKING FEE	\$ 6,500	\$ 6,500	0%
LEGAL (Coverage Counsel)	\$ 20,000	\$ 15,000	-25%
FINANCIAL AUDIT + SUPP SCHEDULES	\$ 35,000	\$ 35,000	0%
ACCOUNTING SERVICES	\$ 500	\$ 500	0%
INSURANCE AND BONDS	\$ 26,000	\$ 26,000	0%
MEETING EXPENSES (incl. Teleconferences)	\$ 12,000	\$ 12,000	0%
PRESIDENT'S CAJPA TRAVEL	\$ 1,500	\$ 1,500	0%
CAJPA ACCREDITATION <sup>(1)</sup>	\$ 6,000	\$ -	-100%
TECHNOLOGY SERVICES	\$ 1,000	\$ 1,000	0%
ACTUARIAL (Bickmore)	\$ 13,850	\$ 14,480	5%
WC ACTUARIAL	\$ -	\$ -	0%
MEMBERSHIPS	\$ 2,000	\$ 4,000	100%
CONSULTING SERVICES	\$ 500	\$ 500	0%
SAFETY SERVICES	\$ 500	\$ 500	0%
MISC. EXPENSES	\$ 500	\$ 500	0%
CONTINGENCY	\$ 4,000	\$ 4,000	0%
CAJPA TORT LIABILITY PROJECT	\$ -	\$ -	0%
<b>Membership Travel and Training:</b>			
Board Member Travel	\$ 23,000	\$ 23,000	0%
Board Member Training	\$ 30,000	\$ 30,000	0%
<i>SUBTOTAL Member Travel</i>	<i>\$ 53,000</i>	<i>\$ 53,000</i>	<i>0%</i>
<b>TOTAL ADMIN BUDGET</b>	<b>\$ 910,958</b>	<b>\$ 927,468</b>	<b>1.81%</b>
Total Per Member:	\$ 70,073.69	\$ 71,343.69	<b>1.81%</b>

Notes:

<sup>(1)</sup> CAJPA Accreditation is only paid every three years, last paid in January 2025  
RPC Audit is completed every five years, last presented in October 2022



**Item No. C.1.b**  
**Finance Committee**  
**March 03, 2025**

### REVIEW OF ACCEL'S 25/26 EXPERIENCE MOD CALCULATION

**ISSUE:** The Finance Committee is tasked with reviewing ACCEL's Experience Modification (Ex-Mod) calculation every year. The Finance Committee governs this, per the Financial Plan Section IIa (Calculation of Annual Deposits):

*The deposit premium allocation shall be reviewed by the Finance Committee and may include the application of an ex-mod, surcharge, or other Board approved allocation methodology. Members may be charged a special surcharge as determined by the Finance Committee.*

**RECOMMENDATION:** The Program Administrators recommend the Committee review the Ex-Mod Calculation and take action or give direction to the Board at the March Board Meeting.

#### Additional Consideration

**In favor:** The Committee may review the Ex-Mod. If the Committee feels that the Ex-Mod is too lenient or too punitive towards members with losses. If the Committee thinks that the Ex-mod is too heavily weighted in either direction, this is their opportunity to recommend a change to the Board.

**Against:** This is the first year of the Ex-Mod being in effect. If the Committee would like to amend the Ex-Mod, we could discuss whether it is too punitive or too lenient towards those members with claims.

**FISCAL IMPACT:** There is no financial impact expected from the recommended action.

**BACKGROUND:** At the Strategic Planning of October, 2022, the Board discussed and considered an update to the funding model to more appropriately allocate deposit premiums. (*ACCEL will continue to calculate the Rating Plan Calculation (RPC) to determine final costs.*) An Ad-Hoc Committee was formed with the following Members: City of Anaheim, City of Bakersfield, City of Monterey, City of Palo Alto, City of Santa Cruz, City of Santa Monica, and Mike Harrington, Bickmore Actuarial. At the December 2022 Ad Hoc Committee Meeting, the Committee also considered a surcharge that would only apply to Members with poor loss performance but ultimately decided to focus on an Ex-Mod calculation. The Ad Hoc Committee met again in February of 2023 to finalize the recommended parameters of the Ex-Mod.

At the March 2023 Board Meeting, the Ad Hoc Committee recommended three options to the Board. These were 1. The Ex-Mod calculation with parameters below, 2. An Ex-Mod calculation



based on 8 years of predictive layer history (high frequency such as between \$100k-\$1M), and 3. A surcharge incorporating 10 years of loss history. The Board took action to implement an Ex-Mod to add weight to loss-heavy Members when determining Member deposit contributions effective 7/1/24.

The inputs of the Ex-Mod adopted as of 7/1/24 are as follows:

1. Payroll: oldest 8 years of most recent 10 years
2. Claims: oldest 8 years of most recent 10 years, excess of \$1M and capped at \$5M
  - a. Unless directed otherwise by the Board, the prior year's Rating Plan Calculation (RPC) will be used for this calculation
3. Calculate loss rate based on member's percentage share of payroll and claims.
4. Apply 35% credibility factor to loss rate to create ex-mod
5. Cap ex-mod at maximum of 1.2 and minimum of 0.8

$$\left(\frac{8 \text{ year member claims}}{8 \text{ year ACCEL claims}}\right) / \left(\frac{8 \text{ year member payroll}}{8 \text{ year ACCEL payroll}}\right) = \text{Loss Rate}$$

$$\text{Credibility factor of } 0.35 \times \text{Loss Rate} + (1 - \text{Credibility of } 0.35) = \text{Ex-Mod}$$

### ATTACHMENT:

1. Draft 25/26 Invoicing Spreadsheet with Ex-Mod calculations
2. 25-26 Ex-Mod Worksheet – Estimates Draft
3. Ex-Mod YoY Comparison

ACCEL  
 Excess Liability Budget  
 Excess Insurance Attaching at \$10,000,000  
 Coverage Year 2025/26 - DRAFT

	Actuarial Rate Estimate	Estimate (2 Yr Policy)	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Total		
	ACCEL			Beazley	Admin	Admin	AWAC ACCEL FFE ANML Form	ANML / Great American (4x AGG)	Starstone (4x AGG)	Gemini (4x AGG)	Everest Re (4x AGG)	Applied (4x AGG)	Upland (4x AGG)	Bowhead (4x AGG)	AWAC (4x AGG)	Starstone (4x AGG)	Bowhead (4x AGG)	Aesir / Trisura (4x AGG)		Total		
Member	FY 24/25 DE9 Subject Wages at December 31, 2024 A	\$4 xs \$1 Deposit @ ~ 90% Confidence Level B	\$5 xs \$5 Deposit @ ~ 75% Confidence Level (B-2) C	\$50M xs. \$25K Terrorism C	ACCEL Administrative Cost D	ACCEL Admin Rebate from 2023/24 E	\$5 xs \$10 Premium F	\$8.8 p/o \$10 xs \$15 Premium G-1	\$1.2 p/o \$10 xs \$15 Premium G-2	\$10 xs \$25 Premium H	\$5 xs \$35 Premium I	\$2.5 xs \$40 Premium J	\$2 xs \$42.5 Premium K	\$2.5 xs \$44.5 Premium L	\$5.5 xs \$47 Premium M	\$5 xs \$52.5 Premium N	\$2.5 xs \$57.5 Premium O	\$5 xs \$60 Premium P		Total Cost of Excess Liability Program B+B2+C+D+E+E2+F+G+H+I+J+K+L+M+N+O+P)	FY 23/24 Total Cost	Percent Change
Anaheim	\$328,104,997	\$6,902,653	\$2,210,093	\$18,556	\$70,074	-\$5,000	\$1,176,133	\$1,358,858	\$205,862	\$980,427	\$358,068	\$144,169	\$96,870	\$85,954	\$133,306	\$81,505	\$36,547	\$54,829		\$13,908,904	\$9,397,825	48.0%
Bakersfield	\$168,907,589	\$3,032,337	\$970,895	\$9,553	\$70,074	-\$5,000	\$590,670	\$684,736	\$91,177	\$492,881	\$173,676	\$68,298	\$43,948	\$38,329	\$62,705	\$36,038	\$12,894	\$22,306		\$6,395,616	5,179,317	23.5%
Burbank	\$156,921,152	\$2,762,160	\$884,389	\$8,875	\$70,074	-\$5,000	\$548,753	\$636,144	\$84,707	\$457,904	\$161,351	\$63,451	\$40,829	\$35,609	\$58,255	\$33,481	\$11,979	\$20,723		\$5,873,684	4,271,811	37.5%
Modesto	\$119,492,407	\$2,530,340	\$810,166	\$6,758	\$70,074	-\$5,000	\$417,865	\$484,412	\$64,502	\$348,685	\$122,866	\$48,317	\$31,091	\$27,115	\$44,360	\$25,495	\$9,122	\$15,780		\$5,051,947	3,720,194	35.8%
Monterey	\$48,099,782	\$679,032	\$217,413	\$2,720	\$70,074	-\$5,000	\$168,205	\$194,992	\$25,964	\$140,358	\$49,458	\$19,449	\$12,515	\$10,915	\$17,857	\$10,263	\$3,672			\$1,617,887	1,421,431	13.8%
Mountain View	\$111,546,193	\$1,574,715	\$504,193	\$6,308	\$70,074	-\$5,000	\$390,077	\$452,198	\$60,213	\$325,498	\$114,695	\$45,104	\$29,023	\$25,312	\$41,410	\$23,800	\$8,515	\$14,731		\$3,680,866	3,314,862	11.0%
Ontario	\$171,039,583	\$3,164,368	\$1,013,169	\$9,673	\$70,074	-\$5,000	\$598,125	\$693,379	\$92,328	\$499,102	\$175,868	\$69,160	\$44,503	\$38,813	\$63,497	\$36,493	\$13,057	\$22,587		\$6,599,196	4,327,156	52.5%
Palo Alto	\$188,260,756	\$2,836,567	\$908,213	\$10,647	\$70,074	-\$5,000	\$658,348	\$763,192	\$101,624	\$549,355	\$193,576	\$76,123	\$48,984	\$42,720	\$69,890	\$40,167	\$14,372	\$24,862		\$6,403,714	4,399,181	45.6%
Salinas	\$77,528,014	\$1,096,785	\$351,169	\$4,385	\$70,074	-\$5,000	\$271,115	\$314,292	\$41,850	\$226,231	\$79,717	\$31,348	\$20,172	\$17,593	\$28,782	\$16,541	\$5,918			\$2,570,971	2,374,948	8.3%
Santa Barbara	\$129,717,899	\$1,831,249	\$586,330	\$7,336	\$70,074	-\$5,000	\$453,624	\$525,865	\$70,022	\$378,524	\$133,380	\$52,451	\$33,751	\$29,436	\$48,156	\$27,677	\$9,902	\$17,130		\$4,269,907	3,830,318	11.5%
Santa Cruz	\$87,911,506	\$1,861,591	\$596,045	\$4,972	\$70,074	-\$5,000	\$307,427	\$356,385	\$47,455	\$256,530	\$90,393	\$35,547	\$22,874	\$19,949	\$32,636	\$18,757	\$6,711			\$3,722,346	2,574,641	44.6%
Santa Monica	\$253,010,371	\$4,629,658	\$1,482,326	\$14,309	\$70,074	-\$5,000	\$884,777	\$1,025,682	\$136,576	\$738,297	\$260,153	\$102,305	\$65,831	\$57,413	\$93,928	\$53,982	\$19,314	\$33,412		\$9,663,037	7,638,063	26.5%
Visalia	\$69,082,076	\$975,243	\$312,254	\$3,907	\$70,074	-\$5,000	\$241,580	\$280,053	\$37,291	\$201,585	\$71,032	\$27,933	\$17,974	\$15,676	\$25,646	\$14,739	\$5,274			\$2,295,260	2,126,896	7.9%
<b>TOTAL:</b>	<b>\$1,909,622,325</b>	<b>\$33,876,700</b>	<b>\$10,846,654</b>	<b>\$107,998</b>	<b>\$910,959</b>	<b>-\$65,000</b>	<b>\$6,706,699</b>	<b>\$7,770,188</b>	<b>\$1,059,571</b>	<b>\$5,595,377</b>	<b>\$1,984,233</b>	<b>\$783,655</b>	<b>\$508,365</b>	<b>\$444,834</b>	<b>\$720,428</b>	<b>\$418,938</b>	<b>\$157,277</b>	<b>\$226,360</b>		<b>\$72,053,235</b>	<b>\$54,576,641</b>	<b>32.0%</b>
	Rate per \$100 Payroll:	1.774	0.568		0.04770		0.3497	0.4054	0.0540	0.2918	0.1028	0.0404	0.0260	0.0227	0.0371	0.0213	0.0076	0.0132				
	FY: 23/24 @ 90%/75% Confidence Level	1.522	0.489																			
<b>Percent Change YOY:</b>	<b>8.72%</b>	<b>24.99%</b>	<b>25.00%</b>	<b>0.00%</b>	<b>14.62%</b>		<b>30%</b>	<b>38%</b>	<b>-14%</b>	<b>15%</b>	<b>12%</b>	<b>12%</b>	<b>11%</b>	<b>11%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>					
	Premium:			110,000			6,500,000	7,216,000	984,000	5,476,000	2,004,276	791,572	513,500	449,327	698,225	410,000	153,922	200,000				
	CIGA/Surplus Lines Taxes & Fees:			3,498			206,700	554,189	75,571	174,137	(20,043)	(7,916)	(5,135)	(4,493)	22,204	13,038	4,895	26,360				
	Rebate:	17%	16%	(5,500)													(1,539)					
	Total:			107,998			6,706,700	7,770,189	1,059,571	5,595,377	1,984,233	783,656	508,365	444,834	720,429	418,938	157,277	226,360				

**Notes on Beazley (AM Best A XV), AWAC (AM Best A XV), ANML/Great American E&S (AM Best A+ XV), Gemini (AM Best A+ XV), Everest (AM Best A+ XV), Applied/Continental Indemnity (AM Best A- XI), Upland (AM Best A- VIII), Bowhead-Midvale (AM Best A XV), Core/Starstone (AM Best A- XII), Bowhead/Homesite (Am Best A XV), Aesir/Trisura (AM Best A- IX):**

1. Terrorism Placed Separately, 7/1/20 and later. The current policy is a 2 year term (annual installments are billed for 23-24 24-25).
2. AWAC is the lead carrier, No Aggregates, Follow Form Excess of the ANML Policy
3. 4x Aggregates on Great American E&S and up the tower
4. AWAC - PFAS Exclusion

**Notes on Anaheim Cost:**

1. Anaheim payroll includes utility payroll.
2. Anaheim costs includes a designated charge for Walnut Canyon Dam.

**Notes on Burbank Cost:**

1. Burbank payroll includes power generation facilities.

**Dam Coverage Buy Back:**

1. City of Santa Monica - Riviera Dam
2. City of Santa Cruz - Newell Creek Dam
3. City of Anaheim - Walnut Dam - additional premium charge per layer
4. City of Mountain View - Graham Dam

**Transit Coverage Buy Back:**

1. City of Santa Monica - Big Blue Bus Line

Member	FY 24/25 DE9 Subject Wages at December 31, 2024 A	\$4 xs \$1 Deposit @ ~ 90% Confidence Level B	\$5 xs \$5 Deposit @ ~ 75% Confidence Level (B-2)
Anaheim	\$328,104,997	\$5,820,583	\$1,863,636
Bakersfield	\$168,907,589	\$2,996,421	\$959,395
Burbank	\$156,921,152	\$2,783,781	\$891,312
Modesto	\$119,492,407	\$2,119,795	\$678,717
Monterey	\$48,099,782	\$853,290	\$273,207
Mountain View	\$111,546,193	\$1,978,829	\$633,582
Ontario	\$171,039,583	\$3,034,242	\$971,505
Palo Alto	\$188,260,756	\$3,339,746	\$1,069,321
Salinas	\$77,528,014	\$1,375,347	\$440,359
Santa Barbara	\$129,717,899	\$2,301,196	\$736,798
Santa Cruz	\$87,911,506	\$1,559,550	\$499,337
Santa Monica	\$253,010,371	\$4,488,404	\$1,437,099
Visalia	\$69,082,076	\$1,225,516	\$392,386
<b>TOTAL:</b>	<b>\$1,909,622,325</b>	<b>\$33,876,700</b>	<b>\$10,846,654</b>
	Rate per \$100 Payroll:	1.774	0.568
	FY: 22/23 @ 90% Confidence Level	1.522	0.489

Ex Mod	Ex Mod Deposit		Modified Deposit	
	\$4 xs \$1 Deposit @ ~ 90% Confidence Level	\$5 xs \$5 Deposit @ ~ 75% Confidence Level	\$4 xs \$1 Deposit @ ~ 90% Confidence Level	\$5 xs \$5 Deposit @ ~ 75% Confidence Level
1.192	\$6,939,245	\$2,221,809	\$6,902,653	\$2,210,093.48
1.017	\$3,048,412	\$976,041	\$3,032,337	\$970,894.62
0.997	\$2,776,802	\$889,078	\$2,762,160	\$884,389.34
1.200	\$2,543,754	\$814,460	\$2,530,340	\$810,165.61
0.800	\$682,632	\$218,566	\$679,032	\$217,413.06
0.800	\$1,583,063	\$506,866	\$1,574,715	\$504,192.81
1.048	\$3,181,143	\$1,018,540	\$3,164,368	\$1,013,168.90
0.854	\$2,851,604	\$913,028	\$2,836,567	\$908,213.06
0.802	\$1,102,599	\$353,030	\$1,096,785	\$351,168.84
0.800	\$1,840,957	\$589,438	\$1,831,249	\$586,330.19
1.200	\$1,871,460	\$599,204	\$1,861,591	\$596,044.69
1.037	\$4,654,201	\$1,490,184	\$4,629,658	\$1,482,325.89
0.800	\$980,413	\$313,909	\$975,243	\$312,253.50
	<b>\$34,056,285</b>	<b>\$10,904,154</b>	<b>\$33,876,700</b>	<b>\$10,846,654.00</b>

0.994727 0.994726822

**ACCEL  
Ex Mod Calculation  
For Fiscal Year:**

2025/26

**Credibility:** 35%

Member	Payroll	%	Losses	%	Loss Rate	Ex Mod	Capped Ex Mod	Most Recent Payroll as of ex mod calc		
Anaheim	\$ 1,956,855,984	18.16%	\$ 22,679,954	28.14%	1.549	1.192	1.192	252,450,219	300,968,800	
Bakersfield	\$ 884,605,885	8.21%	\$ 6,946,440	8.62%	1.050	1.017	1.017	138,338,483	140,738,794	
Burbank	\$ 900,283,958	8.36%	\$ 6,687,395	8.30%	0.993	0.997	0.997	126,410,338	126,093,444	
Modesto	\$ 675,973,824	6.27%	\$ 10,507,598	13.04%	2.078	1.377	1.200	95,758,960	114,910,753	
Monterey	\$ 317,464,417	2.95%	\$ -	0.00%	-	0.650	0.800	38,372,940	30,698,352	
Mountain View	\$ 619,741,600	5.75%	\$ -	0.00%	-	0.650	0.800	84,371,814	67,497,451	
Ontario	\$ 798,279,986	7.41%	\$ 6,798,632	8.43%	1.138	1.048	1.048	113,212,045	118,693,139	
Palo Alto	\$ 917,998,894	8.52%	\$ 4,000,000	4.96%	0.582	0.854	0.854	121,262,095	103,538,266	
Salinas	\$ 318,083,178	2.95%	\$ 1,031,389	1.28%	0.433	0.802	0.802	65,567,776	52,564,886	
Santa Barbara	\$ 781,430,043	7.25%	\$ 268,286	0.33%	0.046	0.666	0.800	101,155,636	80,924,509	
Santa Cruz	\$ 524,967,071	4.87%	\$ 7,778,904	9.65%	1.981	1.343	1.200	70,730,576	84,876,691	
Santa Monica	\$ 1,681,771,808	15.61%	\$ 13,910,436	17.26%	1.106	1.037	1.037	198,558,320	205,892,852	
Visalia	\$ 396,728,234	3.68%	\$ -	0.00%	-	0.650	0.800	56,374,147	45,099,317	
<b>Total</b>	<b>\$ 10,774,184,883</b>	<b>100.00%</b>	<b>\$ 80,609,036</b>	<b>100.00%</b>			1.007	1,462,563,349	1,472,497,254	51,537,403.88
						<b>Off Balance:</b>	1.000			

**Payroll & Loss Years:** 2015-23

Payroll: Use from Invoicing Sheet

Member	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-24	2024-2025	Total
Anaheim	196,320,003	197,542,660	203,189,982	210,634,585	226,909,030	250,356,664	251,095,466	254,136,300	264,499,278	246,774,442	252,450,219	275,213,910	304,316,227	3,133,438,766
Bakersfield	91,361,177	97,479,337	98,114,474	100,754,660	103,289,775	102,338,081	104,724,603	105,666,240	111,901,464	117,592,581	138,338,483	153,714,807	161,299,134	1,486,574,814
Burbank	109,592,674	108,068,746	105,881,448	105,033,559	105,741,928	108,472,370	111,365,382	109,970,272	114,498,943	118,791,167	126,410,338	126,459,579	147,091,428	1,497,377,832
Modesto	73,006,995	72,366,892	72,168,168	71,191,163	76,179,846	79,987,673	84,553,083	87,496,089	90,094,798	90,712,212	95,758,960	109,892,802	109,320,903	1,112,729,584
Monterey	36,254,132	36,140,235	36,212,520	36,753,232	37,419,522	38,641,324	41,886,030	42,715,512	43,819,132	37,856,726	38,372,940	40,853,859	43,182,785	510,107,947
Mountain View	61,879,290	62,466,689	63,312,970	66,031,366	68,477,004	73,455,129	76,519,131	81,288,206	84,203,168	85,395,781	84,371,814	97,719,426	103,659,603	1,008,779,578
Ontario	83,716,482	72,483,406	73,445,098	77,434,265	82,577,033	89,058,903	99,516,325	106,597,105	116,164,985	113,719,325	113,212,045	128,121,737	152,165,952	1,308,212,661
Palo Alto	104,146,000	91,992,745	99,698,988	106,455,781	98,161,281	104,135,872	116,644,088	122,188,044	126,026,438	123,125,295	121,262,095	130,284,846	151,261,534	1,495,383,006
Salinas	0	0	0	0	0	0	57,667,347	65,177,145	64,580,045	65,090,865	65,567,776	69,490,956	71,431,408	459,005,542
Santa Barbara	82,442,210	86,552,848	88,184,086	90,561,088	92,944,180	97,792,362	99,075,934	99,785,113	101,361,494	98,754,235	101,155,636	113,200,114	121,548,217	1,273,357,518
Santa Cruz	51,194,041	52,153,069	54,482,133	57,972,537	60,717,212	63,859,586	66,052,781	67,587,185	69,656,906	68,390,287	70,730,576	75,488,275	81,933,594	840,218,183
Santa Monica	185,104,258	183,394,532	185,055,393	190,281,881	200,742,457	210,692,075	217,662,567	227,481,141	230,134,246	206,219,121	198,558,320	227,558,485	244,018,089	2,706,902,565
Visalia	34,469,577	36,327,584	36,678,717	42,540,224	45,515,922	47,474,260	48,694,050	50,942,502	53,023,805	52,163,325	56,374,147	62,041,114	65,260,798	631,506,025
Total	1,109,486,839	1,096,968,741	1,116,423,975	1,155,644,340	1,198,675,189	1,266,264,299	1,375,456,786	1,421,030,855	1,469,964,702	1,424,585,363	1,462,563,349	1,610,039,910	1,756,489,673	17,463,594,022

Losses: Use from Prior Year Board Approved RPC Calculation

Member	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-24	2024-2025	Total
Anaheim	2,428,410	3,025,672	2,930,000	1,363,395	2,919,638	2,818,837	6,087,313	1,490,771	4,000,000	4,000,000				31,064,036
Bakersfield	0	4,000,000	2,750,000			2,946,440				0	4,000,000			13,696,440
Burbank	1,641,201				1,203,430		3,102,194			2,381,771				8,328,596
Modesto	0		500,000	557,598	2,000,000	350,000		100,000	4,000,000	0	3,500,000			11,007,598
Monterey	0									0				0
Mountain View	0	145,413	250,000							0				395,413
Ontario	0			798,632	2,000,000			4,000,000		0				6,798,632
Palo Alto	0					4,000,000				0				4,000,000
Salinas							1,031,389			0				1,031,389
Santa Barbara	0			213,056	22,966	32,264				0				268,286
Santa Cruz	0				741,710	7,037,194				0				7,778,904
Santa Monica	137,133	5,937,394	4,071,071		4,531,443		504,397	5,329,919	1,394,677	2,150,000				24,056,034
Visalia	1,863,393									0				1,863,393
Total	6,070,137	13,108,479	10,501,071	2,932,681	13,419,187	17,184,736	10,725,294	10,920,690	9,394,677	8,531,771	7,500,000			#####

<b>Member</b>	<b>24-25 Ex-Mod</b>	<b>25-26 Ex-Mod</b>	<b>Change</b>
Anaheim	1.200	1.192	(0.008)
Bakersfield	1.075	1.017	(0.058)
Burbank	1.004	0.997	(0.006)
Modesto	1.200	1.200	-
Monterey	0.800	0.800	-
Mountain View	0.800	0.800	-
Ontario	1.082	1.048	(0.034)
Palo Alto	0.865	0.854	(0.011)
Salinas	0.847	0.802	(0.045)
Santa Brbara	0.800	0.800	-
Santa Cruz	1.198	1.200	0.002
Santa Monica	1.046	1.037	(0.009)
Visalia	0.800	0.800	-



**Item No. C.1.c**  
**Finance Committee**  
**March 03, 2025**

### **PROPOSED CHANGES TO ACCEL'S ACCOUNTING GUIDE POLICY & PROCEDURE – ALLOCATION OF ASSETS**

**ISSUE:** The Committee will consider new language being added to the ACCEL Accounting Guide. This language is noted below and is meant to provide guidance on the allocation of ACCEL's assets between "short-term" and "long-term" funding. Short term funding is held in LAIF and ACCEL's bank whereas long term funding is invested according to ACCEL's Investment Plan.

*Investments held with ACCEL's investment manager are intended to outperform ACCEL's short-term investments held with LAIF. Quarterly, the Board will review the allocation of assets and compare to ACCEL's projected cashflows. If a transfer of funds from short-term to long-term funding is desired, the Board will make a motion to perform such a transfer.*

*ACCEL's goal is to maintain sufficient short-term assets for short-term obligations within an appropriate risk margin. All excess funds will be invested with a strategy to maximize monetary gains over the long-term guided by ACCEL's investment policy.*

*ACCEL's current direction is to allocate the following: ACCEL's short-term assets should not fall below ACCEL's short-term obligations plus 1.5x ACCEL's retained layer. The remaining assets should be invested in accordance with ACCEL's investment policy.*

**RECOMMENDATION:** It is recommended that the Committee review the proposed language and make a recommendation to the Board or give other direction.

#### **Additional Consideration**

**In favor:** The Committee can move in favor if they agree that the wording matches the intent of what the Committee intends to achieve in establishing this guidance

**Against:** The Committee can amend the wording if anything is unclear, or they think the addition can benefit from additional changes.

**FISCAL IMPACT:** No immediate financial impact expected.

**BACKGROUND:** The Board reviews ACCEL's allocation of funds at its quarterly Board Meetings.

# ACCEL

## Authority for California Cities Excess Liability

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



ACCEL's overall investment goal is to maintain as much of its investments in the long-term accounts while being sure to have liquidity for the potential demands in the foreseeable future. ACCEL currently has 65% of its investments in long term investment instruments, a year ago this was 53%.

In 2018, ACCEL directed the administrators to move \$2,000,000 from LAIF to Chandler's long-term portfolio. That transfer occurred after 12/31/18. The Board wished to continue monitoring cash flow to see if any additional funds could be transferred long term. At the January 2020 Board Meeting, ACCEL directed the administrators to move \$8,000,000 from Chandler's long-term portfolio to LAIF. The Board wished to continue monitoring cash flow to see if any additional funds could be transferred short term. Subsequently, COVID-19 took its effect on the court system, and short-term claims payments stalled, while ACCEL continued its operations and collected revenues (member deposits). As a result, ACCEL has built up a substantial LAIF balance, and may not be able to move funds long term.

Prior to the January 2022 Board Meeting, Alliant reached out to Carlos at Chandler who advised that market conditions are more favorable for the Long-Term Chandler account compared to LAIF earnings, and if the Board has surplus funds, it would be a beneficial time to transfer. Based on the Cash Flow Report as of September 31, 2021, ACCEL's minimum available funds in LAIF are \$23,800,000. If ACCEL were to be 'surprised' by a claim payment, it is likely the payment would be no more than \$4,000,000. As a result, we believe that ACCEL could consider transferring up to \$19,000,000 to the Long-Term account. ACCEL may want to transfer an amount less than this and schedule a follow up discussion to consider additional transfers.

At the January 2022 Board Meeting, the Board took action to transfer \$5,000,000 from short-term with LAIF to long-term with Chandler. The Board decided to reconvene at the March 2022 Board Meeting to discuss if more money should be transferred. Then, at the March 2022 Board Meeting, the Board took action to transfer an additional \$5,000,000 from LAIF to Chandler. Also, the Board decided to talk about this again at the June 2022 Board Meeting. At the June 2022 Board Meeting, the Board did want to transfer additional money and directed Chandler and the Program Administrators to monitor the market between that Board Meeting and the October 12, 13, and 14, 2022 Strategic Planning/Board Meeting. If something changes in the market, direction was to schedule a Special Board Meeting. The Special Board Meeting was held on September 21, 2022 and it took action to transfer another \$5,000,000. In June, 2023 ACCEL took action to transfer \$10,000,000 after the July 1 renewal deposits were received. At the January 2024 Board Meeting, the Board authorized another \$12,000,000 transfer to its long-term account. At the January 2025 Board Meeting, the Board authorized another \$10,000,000 transfer to its long-term account. As of today, the Board has transferred a total of \$47,000,000 from short term to long term.

At the January 2025 Board Meeting, Members suggested that the allocation of assets be formally added to ACCEL's existing policies & procedures. This is achieved with these additions to the Accounting Guide.

**ATTACHMENT:** Proposed amended Accounting Guide with redline additions

**ADMINISTRATIVE POLICY AND PROCEDURE**

**SUBJECT: ACCOUNTING GUIDE**

**DATE: FEBRUARY 9, 2005**

**AMENDED DATE: October 16, 2024**

**REVIEWED DATE: March 03, 2025**

**STATEMENT**

The purpose of this procedure is to outline ACCEL’s bookkeeping activities, responsibilities and procedures.

**PROCEDURES**

**Types of Financial Reports:**

ACCEL generates various reports monthly, quarterly and annually, unless specially requested.

<u>When Generated</u>	<u>Description</u>	<u>Responsible Party</u>
Monthly	Ratification of Disbursements	Bookkeeper
	Administration Budget	Bookkeeper
	Report of Investments	Investment Manager
	Bank Reconciliation	Bookkeeper
Quarterly	Estimated Earnings Report	Program Administrator
	Financial Statements	Bookkeeper
Annual	Financial Audit	Financial Auditor, Treasurer, Bookkeeper and Program Administrator
	Liability Payroll Audit	Bookkeeper
	Special Districts Annual Report	Bookkeeper
	Investment Policy Reviewed and amended if necessary	Finance Committee

Members receive these reports at their regular Board Meetings. All financial reports are kept on file with the Program Administrator. All financial reports are reviewed by the Treasurer prior to submittal to the Board for approval.

## **Chart of Accounts – Set up:**

Payments and deposits are tracked and recorded by the Bookkeeper in the Chart of Accounts. These codes are determined by the ACCEL Board. Each transaction must be coded in the Charts. The following is an example of various recorded transactions in the Chart of Accounts:

**Codes:** 1200 Premium Deposits  
5200 Claims Payments  
5201 Attorney Claims Payments  
5203 Special Handling  
5204 Coverage Counsel

**Sub-Code:** 001 ACCEL Claimant #1  
002 ACCEL Claimant #2  
003 ACCEL Claimant #3

*Example: The following transactions have been approved and need to be processed:*

- 1) *An attorney is requesting payment of \$5,500 for work done on Claimant #1's case.*

*Check issued to Attorney Firm in the amount of \$5,500, coded as 5201.001*

- 2) *Claimant #3's case has been settled for \$54,000 payable to Claimant #3.*

*Check issued to Claimant #3 in the amount of \$54,000, coded as 5200.003*

- 3) *The Excess Claims Administrator has sent an invoice for Special Handling in the Claimant #2 case in the amount of \$650.*

*Check issued to Excess Claims Administrator for \$650, coded as 5203.002*

- 4) *An ACCEL Member paid their renewal annual deposit of \$350,000.*

*Deposit of \$350,000 is recorded "City of X", coded as 1200*

## **Banking Authority:**

The following representatives are authorized to act on ACCEL's behalf with the following levels of Authority:

LAI: Authority is set up by title and two people are required to complete a change. The Program Administrator (Conor Boughey) and Treasurer are listed.

Union Bank: Daniel Howell as Contracting Officer with only Administrative Authority.

US Bank: Daniel Howell as Authorized Signer with Administrative Rights.

ACCEL requests any administrative changes be reported to Daniel Howell, Conor Boughey, ACCEL's Treasurer and Bookkeeper.

## **Types of Transactions**

The following is a description of the various types of transactions and authorized representative for checking account activities.

### **a) Transfer of Funds (Investments to Administrative Checking Account)**

When transfers are required between ACCEL's investment accounts and Administrative Checking Accounts, Conor Boughey and ACCEL's Treasurer, have authorization to complete transactions. Funds may only be transferred between these accounts, no further authorization is provided. ACCEL's Bookkeeper will contact ACCEL's Investment Manager and banks to initiate the transfer, document ACCEL's files and provide a report to the Board. Transfers generally take 2-3 days to complete.

### **b) Transfer of Funds To and From Local Agency Investment Fund (LAIF)**

LAIF Funds are transferred between LAIF and both the Administrative Checking Account. Conor Boughey, ACCEL Program Administrator, and the ACCEL Treasurer are authorized to transfer these funds. Funds may only be transferred between these accounts, no further authorization is provided. Neither authorized representative has check signing authority.

When funds needed to be transferred, the Bookkeeper prepares the transfer form and verifies documentation with Conor Boughey to make the request at 9:30 a.m. PST or earlier to ensure the transfer is completed before end of business closing day. A request to transfer funds into LAIF from Union Bank of California is controlled through the Bookkeeper.

### **c) Check Issuance and Fund Transfers (including wire transfers)**

#### ***Bookkeeping Procedures***

1. Checks are issued by the Bookkeeper regularly on the 15<sup>th</sup> and last day of every month, unless otherwise specified.
2. The transaction must be recorded in the charts of accounts and applied appropriately.
3. All records are maintained with the Bookkeeper.

#### ***Process for Payments***

1. Invoice or request for payments are submitted to the Bookkeeper.
2. The Bookkeeper prepares the check run and routes to Conor Boughey for approval. If there is reimbursement request to Conor Boughey greater than \$5,000, one of the following will have authority to approve: Daniel Howell or Lorissa Huey.
3. Check Signing will be completed by one of the following two methods:

- a. The Bookkeeper prepares the check and routes to the Treasurer for review and written approval. If a Claims Payment is included, the Program Administrators must obtain additional approval from the Claims Committee Chairperson. If the claim payment is for the same Member City as where the Claims Committee Chairperson is from, additional approval will be obtained from the President. Once completed, the payments will be routed for signatures to two of the following approved signers; The President, Vice President or Secretary for review and approval.
  - b. Prior to the use of a signature stamp to endorse the checks, a list of demands with supporting documentation will be sent in the same manner as above, to obtain all approvals prior to the use of a signature stamp.
4. For wire transfers, the steps above will be completed and in addition the Bookkeeper will receive wiring instructions from the receiving party and will voice verify wiring instructions with the receiving party's accounting department before these transfers are initiated.
  5. Check signing authority is stated in the ACCEL Bylaws, Article VIII – Disbursements of Funds.

**d) Invoicing/Request for Payment**

***Bookkeeping Procedures***

1. Invoices are prepared by the Bookkeeper.
2. Invoices shall be numbered in such a manner as to identify the fiscal year which the invoice applies. Example: Invoice #0405001 or #0405002, etc.
3. All records are maintained with the Bookkeeper.

***Process for Invoices***

1. Bookkeeper mails the invoice to appropriate party to request payment. The due date for payment is normally 30 days.
2. Bookkeeper sends the original invoice and yellow remittance copy along with payment envelope included in the payment request.
3. Bookkeeper provides as much documentation as needed for complex billings.

**ACCEL's Investment Allocation Goals:**

Investments held with ACCEL's investment manager are intended to outperform ACCEL's short-term investments held with LAIF. Quarterly, the Board will review the allocation of assets and compare to ACCEL's projected cashflows. If a transfer of funds from short-term to long-term funding is desired, the Board will make a motion to perform such a transfer.

ACCEL's goal is to maintain sufficient short-term assets for short-term obligations within an appropriate risk margin. All excess funds will be invested with a strategy to maximize monetary gains over the long-term guided by ACCEL's investment policy.

ACCEL's current direction is to allocate the following: ACCEL's short-term assets should not fall below ACCEL's short-term obligations plus 1.5x ACCEL's retained layer. The remaining assets should be invested in accordance with ACCEL's investment policy.

## CONTACT INFORMATION

A separate contact list is maintained by the Program Administrators.

To request the current list of Committee Members, Board Members, Financial Auditor, Bookkeeper or Third Party Claims Administrator, please contact:

Alliant Insurance Services  
560 Mission Street, 6<sup>th</sup> Floor  
San Francisco, CA 94105

Phone: (415) 403-1411  
Email: [cboughey@alliant.com](mailto:cboughey@alliant.com)

***Disclaimer:** The Program Administrators will follow this Accounting Guide's processes and endeavor to require ACCEL's banking partners to follow these standards. However, the Administrators are not responsible for any actions of the banking partners that deviate from the instructions described in this guide.*



**Item No. C.1.d**  
**Finance Committee**  
**March 03, 2025**

### POTENTIAL CHANGES TO RETROSPECTIVE RATING PLAN

**ISSUE:** At the January Finance Committee Meeting, the Committee gave direction to the Program Administrators to provide different potential models for the Retrospective Rating Plan Calculation. Specifically, these models are to see how an increase of the claims cap per member from \$4,000,000 to \$9,000,000 and how a reduction or removal of the minimum member contribution affects the calculations. This item is for the Administrators to provide an update and timeline noting that if these changes were to be adopted by the Board, the target date would be 7/1/2026.

**RECOMMENDATION:** There is no recommendation, this is an information item.

**FISCAL IMPACT:** There is no financial impact expected from the recommended action.

**BACKGROUND:** The RPC calculation was adopted in 2008 after several years of review with ACCEL's Underwriting Committee, Board and consultants. Since 2008, no modifications to the calculation have been made.

Since inception in 1986, ACCEL has utilized a Retrospective Rating Plan (RRP) that bases its percentage Share of Loss on both payroll and loss experience. Each Member's size has an impact on the weighting of its loss experience through a Creditability Factor. There has been an interesting turn of events the past few years and this has caused Members to question the relevancy of the RRP for ACCEL, as the pool exists today.

For instance, the two largest members, Anaheim and Santa Monica have had their loss sharing percentages fluctuate from as low as 6% to as high as 33% on a historical basis. In the early years, Anaheim generally had the pool's highest percentage of shared losses. Now, Anaheim's percentage is quite low, and Santa Monica's is quite high. Many things have changed since 1986; payrolls have increased, losses have experienced inflation, et cetera.

ACCEL's Underwriting Committee was assigned the task of examining the appropriateness of the current RRP and of the various factors which influence the calculations and, therefore, the percentage of shared losses for which each Member is responsible. The following is a timeline leading to the Underwriting Committee's recommendation.

**2005** At the October 2005 Strategic Planning Session, members were concerned that the Retrospective Rating Plan could be calculating errors in Members' Percentage Share of Claims. This became more of a concern for the City of Santa Monica because of the final Retro figures that were approved in June in 2005. For example, the percentage share of



claims for City of Santa Monica and Anaheim (the largest member) were compared and there was clearly a significant change in the percentages share of losses for Santa Monica. The Underwriting Committee

**2006 February Board Meeting** - The Board directed the Underwriting Committee to review the Retrospective Rating Plan formula with the Program Administrators to discuss the manipulation of factors of the formula such as Credibility and loss stratification parameters. This process would assist in determining any errors in the formula.

**March Underwriting Committee Meeting** - The Underwriting Committee met in San Francisco to analyze the Retrospective Rating Plan, along with John Alltop, ACCEL's Actuary, who joined via telephone. Simulations were calculated and thereafter, it was agreed that a prudent step would be to obtain the opinion of qualified actuaries who would offer their opinions on things such as, but not limited to, (i) whether the RRP, in its present form, is in need of revision, (ii) what specific variables or fixed numbers, if any, in the RRP should be revised to update the RRP, (iii) are the fluctuations evident in the attachments unusual for a pool of this size and nature (i.e., an excess pool with a \$1,000,000 attachment point), and (iv) if the Board wishes to move toward a revision of the RRP in order to lessen the percent-of-shared loss percentage fluctuations, which specific variable and fixed factors in the RRP should most appropriately be altered, and, if any, by how much. In a response, we would be looking for some actuarial-type support for any changes or recommendation, as well as the pros and cons of such changes.

**October Board Meeting** – After a review of the actuary opinion letters received, the Underwriting Committee recommended that the Board obtain John Alltop of Bickmore Risk Services to assist in the Rating Plan review process, at which time the Board approved a budget for.

**Two November Underwriting Committee Meetings** – John Alltop introduced a new formula, and the Program Administrators ran side-by-side comparisons of the existing formula and Alltop's proposed formula, which was added to include the ability to manipulate minimum and maximum amounts weighted on payroll or losses. The Committee reviewed various scenarios and agreed to work in the direction of adopting a new formula, rather than amending the current Retrospective Rating Plan formula.

**2007 January Underwriting Committee Meeting** – The Committee discussed different parameters of the new Rating Plan Calculation formula and approved recommendation to the Board, the following parameters to determine Members Contribution.

Preliminary Member Contribution, Weighing Payroll-to-Losses		Minimum Member Contribution	Maximum Contribution "Curve"	Apply Claim Cap Maximum
<i>Payroll</i>	<i>Losses</i>	3.00%	200% - 300%	\$4,000,000
65%	35%			



**February 1<sup>st</sup> Board Workshop** – Board Members were invited to this workshop to see an introduction of the new Rating Plan Calculation. The recommendation from the Underwriting Committee was heard at the February 13, 2007 Board Meeting.

**2021 January 2021 Board Meeting** – The Board took action to form an Ad Hoc Committee with the key players from the Underwriting and Finance Committee Members along with a large and smaller Member. Both reviewed and provided some feedback in review of the calculation which are to consider a change in the 3% minimum contribution, and should there be a change due to the corridor deductible? The Board formed an Ad Hoc Committee. The Ad Hoc Committee consisted of City of Modesto (Medium Member), Palo Alto (Large Member), Santa Barbara (Medium Member), Santa Monica (Large Member), and Visalia (Small Member).

**February 2021 Ad Hoc Committee Meeting** – The Committee met and wanted to invite Mike Harrington, ACCEL’s Actuary to the next meeting. Direction was given to create a demo that includes the City of Salinas as the City joined ACCEL 1/1/2019. The Committee’s goal is to review for small revisions and tweaks (if necessary), not an overhaul of the methodology.

**April 2021 Ad Hoc Committee Meeting** – Mike Harrington attended the meeting and provided input. The discussion points were if the 3% minimum contribution should be adjusted down, and whether the allocation should be adjusted for payroll and claims. The Committee recommended to the Board to change the minimum contribution to 2% effective July 1, 2021. The Committee did not want to do anything retroactive such as changing it when Salinas joined mid term on January 1, 2019.

**June 2021 Board Meeting** - The Board took action to adopt the Committee’s recommendation to change the minimum contribution to 2% effective July 1, 2021. By doing this, the formula will allow smaller Members to reduce their share of loss and receive a greater return.

**March 2022 Finance and Board Meetings:** Since the Financial Plan falls under the Finance Committee’s purview, edits to the Financial Plan were discussed at the March 2022 Finance Committee Meeting. The Financial Plan proposed changes were adopted at the March 31, 2022, Board Meeting.

At the June 2017 Board Meeting, the board took action to administratively suspend fiscal years up to FY 2007/08, and this year’s retro calculation shows the prior funds on account, rolling forward to the FY 2008/09 year.

At the June 2024 Board Meeting, the Board took action to administratively suspend fiscal years up to FY 12/13, and this year’s retro calculation shows will show the prior funds on account, rolling forward to the FY 13/14 year. This will occur with the March Board Meeting draft as the Member Account Summary as of 12/31 is needed first.

# ACCEL

## Authority for California Cities Excess Liability

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



Also, please remember that the FY 2020/21 year calculation is the test year, and is calculated in the retro formula.

**ATTACHMENT:** None