



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: Thursday, May 23, 2024 at 9:30 AM

LOCATION: Teleconference

Link: <https://alliantinsurance.zoom.us/j/93710696100?pwd=THRIZXIObWhCTDEzTzQ2bjJ3OXFQUT09>

Dial: (669) 900-6833

Meeting ID: 937 1069 6100

Passcode: 204109

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. REPORTS

2-7 1 1. ACCEL Liability Program Renewal Update (A)
Alliant will provide the Board with an update regarding the July 1, 2024 Excess Liability renewal. Action may be taken or direction given.

8-9 1 2. ACCEL's Estimated 2024 Retro Results and Net Position (I)
The Board will discuss the estimated retro results and net position.

C. PUBLIC COMMENTS (I)

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

ADJOURNMENT



Item No. B.1
Special Board of Directors
May 23, 2024

EXCESS LIABILITY PROGRAM RENEWAL UPDATE

ISSUE: ACCEL's Excess Liability program renews July 1, 2024. ACCEL is currently self-funding the layer from \$1,000,000 to \$9,000,000. All Members participate in a purchased Excess Liability insurance program to \$60,000,000. At today's meeting, Alliant will provide a status report and market outlook for the July renewals.

The first excess layer of insurance is placed with Allied World National Assurance Company (AWAC) and has been quoted for the upcoming term. The excess insurers above this first layer of insurance are finalizing their quotes, and they will be available for the June Board Meeting.

Today's call is to review the \$5,000,000 excess of \$10,000,000 quote and prepare the Board for the total anticipated renewal costs and Member allocation. The first excess policy is a key driver of the total excess costs and should also be compared to the cost of self-funding the layer. A key beneficial aspect to the AWAC policy is a lack of aggregates, meaning that ACCEL members can have multiple 'limit loss' occurrences in one coverage period without fear of limit erosion. If this layer were to be self-funded, the actuarial deposit premium estimates would cover 1 full limit loss before additional funding would be assessed to members.

Also, Great American E&S is the second excess carrier and has added a biometric exclusion to their policy, which all excess policies follow.

RECOMMENDATION: After a further verbal report/discussion is provided at the meeting, the Board may take action regarding the excess liability renewal strategy. The Board may take action or provide direction.

Additional Consideration

In favor: As we approach renewal, the market continues to process the new reality of a large increase in high value claims in the most recent 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. A vote in favor of renewing the AWAC lead layer in the \$5M xs. \$10M layer indicates the Board sees value in the un-aggregated coverage.

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. It is likely that ACCEL will retain more risk in the future, and the number of severe claims is troubling. A vote against renewing the AWAC layer in its current position indicates the Board would prefer to focus on risk financing and may appreciate AWAC providing limit in excess of a \$15M attachment point (or somewhere between \$10-\$15M).

FISCAL IMPACT: The following charts illustrate the financial considerations of retaining the \$5,000,000 excess of \$10,000,000 layer of coverage. AWAC offers reinsurance without aggregate limits, which is the

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



equivalent of nearly 100% confidence funding. The following chart is for the 2024-25, using the AWAC quoted premium including taxes and fees.

ACCEL \$5,000,000 excess \$10,000,000 2024-25 Rate Comparison					
	AWAC	Self Fund 90%	Self Fund 80%	Self Fund 75%	Self Fund Expected
Retention	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Limit	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Payroll	\$ 1,756,498,269	\$ 1,756,498,269	\$ 1,756,498,269	\$ 1,756,498,269	\$ 1,756,498,269
Rate	\$ 0.38	\$ 0.40	\$ 0.33	\$ 0.31	\$ 0.24
Premium	\$ 6,706,700	\$ 6,682,000	\$ 5,565,000	\$ 5,176,000	\$ 4,077,000
Difference		\$ (24,700)	\$ (1,141,700)	\$ (1,530,700)	\$ (2,629,700)

BACKGROUND: When ACCEL was formed in the late 1980’s, excess liability insurance coverage was rapidly becoming unavailable. ACCEL formed as a \$9,000,000 excess of \$1,000,000 self-insured entity with no excess insurance coverage. Several years later, the market softened and ACCEL was able to obtain limited excess insurance limits. As the market continued to soften, ACCEL was able to purchase reinsurance for the entire program in 2000. Subsequently, the market hardened and ACCEL retained \$4,000,000 excess \$1,000,000 until July 1, 2020 at which point ACCEL took a \$2,000,000 corridor retention for 1 year, and then increased the pooled layer to \$9,000,000 excess \$1,000,000 for July 1, 2021 and since.

Since 2021, ACCEL’s claims continue to develop, with higher frequency of claims excess of \$1,000,000 and higher severity of claims, with several examples reaching over \$10,000,000. As a result of ACCEL’s continued claims development and a hesitant insurance market, the Board should continue consideration of higher attachment points to the excess insurance market.

Historically, ACCEL has taken advantage of soft insurance markets and reduced the attachment point to excess when economically beneficial to do so. To that same end, when insurance market rates increase, ACCEL can retain risk and prudently fund self-insured layers. Historically, ACCEL purchased coverage if it was available at the 75% confidence level pricing or less. However, as more layers are self-insured, the potential claim costs are significant and could rapidly impact ACCEL’s finances. ACCEL should be sure it is in strong financial position in order to assume additional risk.

For reference, the following charge is a comparison of 2023-24:

ACCEL \$5,000,000 excess \$10,000,000 2023-24 Rate Comparison					
	AWAC	Self Fund 90%	Self Fund 80%	Self Fund 75%	Self Fund Expected
Retention	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Limit	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Payroll	\$ 1,610,039,910	\$ 1,610,039,910	\$ 1,610,039,910	\$ 1,610,039,910	\$ 1,610,039,910
Rate	\$ 0.32	\$ 0.33	\$ 0.33	\$ 0.31	\$ 0.24
Premium	\$ 5,159,000	\$ 5,655,000	\$ 4,733,000	\$ 4,410,000	\$ 3,503,000
Difference		\$ 496,000	\$ (426,000)	\$ (749,000)	\$ (1,656,000)

ATTACHMENT:

1. Budget Spreadsheet Draft Estimates
2. Great American Biometric Exclusion

ACCEL
 Excess Liability Budget
 Excess Insurance Attaching at \$10,000,000
 Coverage Year 2024/25 - ESTIMATES

	Actuarial Rate Updated			Bound (2 Yr Policy)	Proposed	Quoted	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated				
Member	ACCEL			Beazley	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)	Total							
	FY 23/24 DE9 Subject Wages at March 31, 2024 A	\$4 xs \$1 Deposit @ ~ 90% Confidence Level B	\$5 xs \$5 Deposit @ ~ 75% Confidence Level (B-2)	\$50M xs. \$25K Terrorism C	ACCEL Administrative Cost D	\$5 xs \$10 Premium E	\$8.2 p/o \$10 xs \$15 Premium F-1	\$1.8 p/o \$10 xs \$15 Premium F-2	\$10 xs \$25 Premium G	\$5 xs \$35 Premium H	\$2.5 xs \$40 Premium I	\$2 xs \$42.5 Premium J	\$2.5 xs \$44.5 Premium K	\$5.5 xs \$47 Premium L	\$5 xs \$52.5 Premium M	\$2.5 xs \$57.5 Premium N	Total Cost of Excess Liability Program (B+B2+C+D+E+E2+F+G+H+I+J+K+L+M+N)		FY 23/24 Total Cost	Percent Change				
Anaheim	\$304,316,227	\$5,689,214	\$1,820,120	\$18,711	\$60,824	\$1,185,722	\$1,146,077	\$270,129	\$988,583	\$368,527	\$148,915	\$100,760	\$89,353	\$128,742	\$79,143	\$35,621	\$12,130,441		\$9,397,825	29.1%				
Bakersfield	161,299,134	\$2,702,229	\$864,510	\$9,917	\$60,824	\$613,239	\$592,225	\$127,940	\$511,796	\$184,361	\$72,835	\$47,311	\$41,265	\$62,143	\$35,854	\$12,785	\$5,939,234		5,179,317	14.7%				
Burbank	147,091,428	\$2,300,543	\$736,000	\$9,044	\$60,824	\$559,223	\$540,060	\$116,671	\$466,715	\$168,122	\$66,420	\$43,144	\$37,630	\$56,669	\$32,695	\$11,659	\$5,205,418		4,271,811	21.9%				
Modesto	109,320,903	\$2,043,763	\$653,849	\$6,722	\$60,824	\$415,624	\$401,382	\$86,712	\$346,871	\$124,951	\$49,364	\$32,065	\$27,968	\$42,117	\$24,300	\$8,665	\$4,325,176		3,720,194	16.3%				
Monterey	43,182,785	\$538,203	\$172,184	\$2,655	\$60,824	\$164,175	\$158,550	\$34,252	\$137,017	\$49,357	\$19,499	\$12,666	\$11,047	\$16,637	\$9,599	\$3,423	\$1,390,089		1,421,431	-2.2%				
Mountain View	103,659,603	\$1,291,949	\$413,326	\$6,374	\$60,824	\$394,101	\$380,596	\$82,221	\$328,908	\$118,481	\$46,808	\$30,405	\$26,519	\$39,936	\$23,041	\$8,216	\$3,251,704		3,314,862	-1.9%				
Ontario	152,165,952	\$2,565,720	\$820,837	\$9,356	\$60,824	\$578,516	\$558,692	\$120,696	\$482,816	\$173,922	\$68,711	\$44,632	\$38,929	\$58,624	\$33,823	\$12,061	\$5,628,159		4,327,156	30.1%				
Palo Alto	151,261,534	\$2,038,901	\$652,294	\$9,300	\$60,824	\$575,077	\$555,371	\$119,978	\$479,947	\$172,888	\$68,303	\$44,367	\$38,697	\$58,275	\$33,622	\$11,989	\$4,919,833		4,399,181	11.8%				
Salinas	71,431,408	\$942,576	\$301,553	\$4,392	\$60,824	\$271,573	\$262,267	\$56,658	\$226,649	\$81,644	\$32,255	\$20,952	\$18,274	\$27,520	\$15,878	\$5,662	\$2,328,677		2,374,948	-1.9%				
Santa Barbara	121,548,217	\$1,514,902	\$484,654	\$7,473	\$60,824	\$462,111	\$446,276	\$96,410	\$385,668	\$138,927	\$54,885	\$35,652	\$31,096	\$46,828	\$27,018	\$9,634	\$3,802,358		3,830,318	-0.7%				
Santa Cruz	81,933,594	\$1,529,056	\$489,183	\$5,038	\$60,824	\$311,501	\$300,827	\$64,989	\$259,972	\$93,648	\$36,997	\$24,032	\$20,961	\$31,566	\$18,212	\$6,494	\$3,253,299		2,574,641	26.4%				
Santa Monica	244,018,089	\$3,975,324	\$1,271,804	\$15,003	\$60,824	\$927,726	\$895,936	\$193,552	\$774,260	\$278,907	\$110,187	\$71,574	\$62,427	\$94,011	\$54,240	\$19,341	\$8,805,116		7,638,063	15.3%				
Visalia	65,260,798	\$813,370	\$260,217	\$4,013	\$60,824	\$248,113	\$239,611	\$51,764	\$207,070	\$74,592	\$29,469	\$19,142	\$16,696	\$25,143	\$14,506	\$5,173	\$2,069,702		2,126,896	-2.7%				
TOTAL:	\$1,756,489,673	\$27,945,750	\$8,940,531	\$107,998	\$790,709	\$6,706,701	\$6,477,870	\$1,421,972	\$5,596,272	\$2,028,327	\$804,648	\$526,702	\$460,862	\$688,211	\$401,931	\$150,723	\$63,049,206		\$54,576,641	15.5%				
	Rate per \$100 Payroll:	1.591	0.509		0.04502	0.3802	0.3672	0.0793	0.3173	0.1143	0.0452	0.0293	0.0256	0.0385	0.0222	0.0079								
	FY: 23/24 @ 90%/75% Confidence Level	1.522	0.489																					
	Percent Change YOY:	9.10%	14.04%	13.56%	0.00%	-0.51%	30.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%								
	Premium:			110,000		6,500,000	5,988,050	1,314,450	5,476,875	2,048,816	812,775	532,021	465,519	667,000	393,358	147,508								
	CIGA/Surplus Lines Taxes & Fees:			3,498		206,700	489,822	107,522	174,165	Reinsurance	Reinsurance	Reinsurance	Reinsurance	21,211	12,509	4,691								
	Rebate:	5%	4%	(5,500)					(54,769)	(20,488)	(8,128)	(5,320)	(4,655)	(3,934)	(1,475)									
	Total:			107,998		6,706,700	6,477,872	1,421,972	5,596,271	2,028,328	804,647	526,701	460,864	688,211	401,933	150,724								

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) :

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. Great American E&S - new Biometric Identifiers Biometric Information and Data Privacy 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 23/24 DE9 Subject Wages at March 31, 2024 A	\$4 xs \$1 Deposit @ ~ 90% Confidence Level B	\$5 xs \$5 Deposit @ ~ 75% Confidence Level (B-2)
Anaheim	\$304,316,227	\$4,841,671	\$1,548,970
Bakersfield	161,299,134	\$2,566,269	\$821,013
Burbank	147,091,428	\$2,340,225	\$748,695
Modesto	109,320,903	\$1,739,296	\$556,443
Monterey	43,182,785	\$687,038	\$219,800
Mountain View	103,659,603	\$1,649,224	\$527,627
Ontario	152,165,952	\$2,420,960	\$774,525
Palo Alto	151,261,534	\$2,406,571	\$769,921
Salinas	71,431,408	\$1,136,474	\$363,586
Santa Barbara	121,548,217	\$1,933,832	\$618,680
Santa Cruz	81,933,594	\$1,303,563	\$417,042
Santa Monica	244,018,089	\$3,882,328	\$1,242,052
Visalia	65,260,798	\$1,038,299	\$332,177
TOTAL:	\$1,756,489,673	\$27,945,750	\$8,940,531
	Rate per \$100 Payroll:	1.591	0.509
	<i>FY: 22/23 @ 90% Confidence Level</i>	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
1.200	\$5,810,005	\$1,858,764	\$5,689,214	\$1,820,119.88
1.075	\$2,759,602	\$882,865	\$2,702,229	\$864,509.92
1.004	\$2,349,387	\$751,626	\$2,300,543	\$735,999.60
1.200	\$2,087,155	\$667,732	\$2,043,763	\$653,849.31
0.800	\$549,630	\$175,840	\$538,203	\$172,184.25
0.800	\$1,319,379	\$422,102	\$1,291,949	\$413,326.01
1.082	\$2,620,194	\$838,265	\$2,565,720	\$820,837.32
0.865	\$2,082,190	\$666,144	\$2,038,901	\$652,294.36
0.847	\$962,589	\$307,956	\$942,576	\$301,553.37
0.800	\$1,547,066	\$494,944	\$1,514,902	\$484,654.00
1.198	\$1,561,520	\$499,569	\$1,529,056	\$489,182.64
1.046	\$4,059,726	\$1,298,806	\$3,975,324	\$1,271,803.57
0.800	\$830,639	\$265,742	\$813,370	\$260,216.77
	\$28,539,083	\$9,130,353	\$27,945,750	\$8,940,531.00

0.97921 0.97920978

ACCEL
Summary of XS Liability Costs
Cost of Excess Liability Including ACCEL Pool and Admin Cost

Member	2023-2024 Limits Purchased	Final Budget FY 2023 - 2024					Estimated Budget FY 2024 - 2025					Total Cost Percent Change
		Payroll	ACCEL Pool and Admin Cost	Terrorism	Excess Insurance Cost	Total Cost	Payroll	ACCEL Pool and Admin Cost	Terrorism	Excess Insurance Cost	Total Cost	
Anaheim	\$60,000,000	\$275,213,910	\$5,595,687	\$18,461	\$3,783,677	\$9,397,825	\$304,316,227	\$7,570,158	\$18,711	\$4,541,572	\$12,130,441	29.08%
Bakersfield	\$60,000,000	153,714,807	3,152,339	10,311	2,016,667	5,179,317	\$161,299,134	\$3,627,563	\$9,917	\$2,301,754	\$5,939,234	14.67%
Burbank	\$60,000,000	126,459,579	2,604,237	8,483	1,659,091	4,271,811	\$147,091,428	\$3,097,366	\$9,044	\$2,099,008	\$5,205,418	21.86%
Modesto	\$60,000,000	109,892,802	2,271,079	7,371	1,441,743	3,720,194	\$109,320,903	\$2,758,436	\$6,722	\$1,560,019	\$4,325,176	16.26%
Monterey	\$60,000,000	40,853,859	882,706	2,740	535,984	1,421,431	\$43,182,785	\$771,211	\$2,655	\$616,222	\$1,390,089	-2.20%
Mountain View	\$60,000,000	97,719,426	2,026,273	6,555	1,282,034	3,314,862	\$103,659,603	\$1,766,099	\$6,374	\$1,479,232	\$3,251,704	-1.91%
Ontario	\$60,000,000	128,121,737	2,637,663	8,594	1,680,898	4,327,156	\$152,165,952	\$3,447,381	\$9,356	\$2,171,422	\$5,628,159	30.07%
Palo Alto	\$60,000,000	130,284,846	2,681,163	8,739	1,709,278	4,399,181	\$151,261,534	\$2,752,019	\$9,300	\$2,158,514	\$4,919,833	11.84%
Salinas	\$60,000,000	69,490,956	1,458,598	4,661	911,688	2,374,948	\$71,431,408	\$1,304,953	\$4,392	\$1,019,332	\$2,328,677	-1.95%
Santa Barbara	\$60,000,000	113,200,114	2,337,590	7,593	1,485,134	3,830,318	\$121,548,217	\$2,060,380	\$7,473	\$1,734,505	\$3,802,358	-0.73%
Santa Cruz	\$60,000,000	75,488,275	1,579,205	5,064	990,372	2,574,641	\$81,933,594	\$2,079,062	\$5,038	\$1,169,199	\$3,253,299	26.36%
Santa Monica	\$60,000,000	227,558,485	4,637,336	15,264	2,985,462	7,638,063	\$244,018,089	\$5,307,951	\$15,003	\$3,482,161	\$8,805,116	15.28%
Visalia	\$60,000,000	62,041,114	1,308,782	4,162	813,952	2,126,896	\$65,260,798	\$1,134,411	\$4,013	\$931,279	\$2,069,702	-2.69%
TOTAL:		\$1,610,039,910	\$33,172,663	\$107,998	\$21,295,980	\$54,576,641	\$1,756,489,673	\$37,676,989	\$107,998	\$25,264,219	\$63,049,206	15.52%

Notes:
Expiring Limits Purchased includes primary \$9million xs \$1 million ACCEL pool and member \$1 million SIR.
Estimated Costs based on preliminary market indications, subject to final quotes and member payroll.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - BIOMETRIC INFORMATION

This endorsement modifies insurance provided under the following:

SPECIAL EXCESS LIABILITY POLICY FOR THE ALLIANT NATIONAL
MUNICIPAL LIABILITY PROGRAM (ANML)

The following is added to **SECTION VI. – EXCLUSIONS:**

Biometric Information

Liability arising out of any actual or alleged violation of a “biometric information privacy law”, or any other liability alleged in any claim or “suit” that also alleges any such violation.

This exclusion applies regardless of any insured’s culpability or intent and regardless of whether the claim, investigation, demand, “suit”, proceeding or allegation against any insured alleges negligence or other wrongdoing in the supervision, hiring, employment, training, or monitoring of others by any insured.

This exclusion does not apply to liability arising out of any actual or alleged violation in the collection, use, access, retention, or destruction of biometric information by the Company in the performance of “law enforcement activities”.

The following is added to **SECTION VII. – DEFINITIONS:**

“Biometric information” means information, regardless of how it is captured, converted, stored or shared, about a person’s physical, biological or behavioral characteristics that can be used to identify such person and includes a person’s retina or iris scan, fingerprint, voiceprint, scan of hand or face or other body geometry, DNA, vein pattern, keystroke pattern or rhythm, gait pattern or rhythm, or sleep, health or exercise data that contain identifying information.

“Biometric information privacy law” means the parts of any local, state or federal law, statute, ordinance, regulation or governmental rule, including under any common law legal theory, that govern or relate to the collection, storage, disclosure, retention, destruction, protection, use, sale, lease or trade of “biometric information”.

“Law enforcement activity” means any of the activities, functions or operations conducted by an “insured” by or on behalf of the covered Law Enforcement Department or Agency; and/or any activity, function or operation inherent thereto or in connection therewith in the administration and/or enforcement of the law and the protection of persons or property. Such activities or operations include the ownership, maintenance or use of any premises in connection with such functions, activities or operations; and the development, implementation and enforcement of any and all practices, policies and procedures governing any aspect of law enforcement.

All other Policy terms and conditions remain unchanged.



Item No. B.2
Special Board of Directors
May 23, 2024

ACCEL'S ESTIMATED 2024 RETRO RESULTS AND NET POSITION

ISSUE: At this meeting, the Board will review this year's estimated Retro results and the financial position of the Authority.

The March 2024 Draft Retro results in a net member payable of \$1,213,636. That is comprised of total member payables of \$4,955,837 and (\$3,742,201) will be assessed by from Members. The test year shows \$1,372,424 available to withdraw and (\$2,619,890) to be assessed, for a result of (\$1,247,456).

At the June Board Meeting each year, the final Retro results are presented to the Board for approval. ACCEL's Financial Plan allows the Board to restrict the amount available for return to members through the application of a restriction. For 2020-2023 (*four actions*) the Board voted to restrict 100% of the Retro. In 2019 and 2018, \$6M was restricted each year. In 2017, \$4M was restricted from the amount available. The restriction amount has been refunded in whole to each member prior to the 2024 Retro calculation (i.e., restricted funds do not carry over year-to-year; restricted funds are returned in whole prior to the next Retro calculation).

The projected net position as of June 30, 2024 indicates ACCEL is in a better financial position than expected as the prior years we were at a (\$4,637,240), (\$1,336,797), and \$4,737,452 net position for 2023, 2022, and 2021, respectively. Tami Giovanni, ACCEL's Bookkeeper was able to provide an estimated net position as of 6/30/2024 at \$22.7M. The final net position as of June 30, 2024 will not be available until the Financial Audit is presented at the October Board Meeting. However, it is clear ACCEL's financial position is rebounding due to increased funding rates and beneficial claims outcomes.

At the regularly scheduled June Board meeting the Board may vote to restrict funds or allow funds to be available for withdrawal.

RECOMMENDATION: This is an information item; no action is necessary at today's Special Board Meeting. At the June Board of Directors meeting, the Board will hear final retro results and may take action at that time to restrict funds or allow members to request funds.

FISCAL IMPACT: The approved Retro Calculation will be posted as a liability on the Financial Statements because it is owed to the Members. The proposed March 2024 Draft Retro has funds of \$4,955,837 available to the Board for withdrawal, (\$3,742,201) will be assessed from the Members, and the Total Result of the Retro is \$1,213,636. The June draft will be available at the June 2024 Board Meeting. The projection for the net position as of June 30, 2024 is \$22.7M which

ACCEL

Authority for California Cities Excess Liability

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brings the estimate down to \$17,744,163. ACCEL continues to process problematic claims but generally is settling claims within reserves.

BACKGROUND: Members are reminded that the Board has taken action to apply a full restriction to the funds noted above. Typically if a Member would like to withdraw funds, they need to submit the request in writing to the Treasurer AND the Program Administrators, stating the amount they would like refunded, and indicate which Program Years to be impacted. For members who do not indicate which Program Years to apply the payments to, the amount will first be used to zero out any negative amount totals, and secondly be applied to the oldest Program Years first.

As a reminder, Members do not receive their Retro Checks until payment of their ACCEL Program Invoices for 2024/25 are paid.

Historically, ACCEL has funded in the 80 to 90% Confidence Level range. At the June 2008 Board Meeting, ACCEL lowered the confidence level to roughly 85%. Since that time, the Authority has reduced the funding levels to an 80% confidence level. Because of ACCEL's relatively good claims experience between 2008 and 2012, ACCEL's funding remained strong until the 2019/20 year. We are now in a position where increased funding is necessary, and our outstanding liabilities are increasing rapidly.

In the past 10 years ACCEL members' claims have begun to creep into the excess layer with more regularity. This increased activity in the \$1M to \$5M is concerning to excess underwriters, who have historically attached at \$5M. Reducing the SIR could help aid our financial recovery, but does not appear to be an economical option, ACCEL took action to pool risk to a higher layer from \$4M excess \$1M to \$9M excess of \$1M as the insurance market continued to harden. To aide our funding guidelines, the Board has adopted a *Target Equity Policy* to consider in conjunction with our actuarial study. These guidelines indicate that ACCEL needs to correct course on funding and rebuild its financial position.

ATTACHMENT: None