

Board Office Use: Legislative File Info.	
File ID Number	19-1473
Introduction Date	June 26, 2019
Enactment Number	19-1022
Enactment Date	6/26/19 If



Memo

To Board of Education

From Kyla Johnson-Trammell, Superintendent
Preston Thomas, Chief Systems and Services Officer
Rebecca Littlejohn, Risk Management Officer

Board Meeting Date June 26, 2019

Subject Retro Active Resolution - Oakland Unified School District - Join CSAC Excess Insurance Authority (CSAC EIA)

Action Requested and Recommendation Approval by the Board of Education 1819-0253 - Oakland Unified School District Joining CSAC Excess Insurance Authority (CSAC EIA).

Background The District approved to join CSAC Excess Insurance Authority, a Joint Powers Authority, for the purpose of jointly funding the District's Workers' Compensation excess coverage for claims that exceed the District's \$500,000 per occurrence self-insured retention.

Discussion The attached Resolution is required for CSAC EIA records . This is merely a formality as the District has previously approved joining CSAC EIA at the June 27, 2018 Board meeting (enactment number 18-1065).

Fiscal Impact None

Attachments Resolution 1819-1497 Memorandum of Understanding - Excess Workers Compensation Program -Joining - CSAC Excess Insurance Authority

**RESOLUTION OF THE BOARD OF EDUCATION OF THE
OAKLAND UNIFIED SCHOOL DISTRICT JOINING CSAC
EXCESS INSURANCE AUTHORITY**

Resolution No. 1819-0256

WHEREAS, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

WHEREAS, on June 27, 2018, the Oakland Unified School District entered into a Memorandum of Understanding with the CSAC Excess Insurance Authority (Authority) (OUSD Enactment No. 18-1065); and

WHEREAS, the Oakland Unified School District did so because it desired to join together with the members of the Authority for the purpose of jointly funding and/or establishing excess and other insurance programs as determined; and

WHEREAS, the Authority has determined that it is necessary for each member of the Authority to delegate to a person[s] or position[s] authority to act on the member's behalf in matters relating to the member and the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the Oakland Unified School District that said Board of Education did hereby approve becoming a member of the CSAC Excess Insurance Authority, authorized execution of the CSAC Excess Insurance Authority Joint Powers Agreement, and except as to actions that must be approved by the Board of Education, the Risk Management Officer, under the direction of the Superintendent of Schools, is hereby appointed to act in all matters relating to the member and the Authority.

Passed by the following vote:

PREFERENTIAL AYE: None

PREFERENTIAL NOE: None

PREFERENTIAL ABSTENTION: None

PREFERENTIAL RECUSE: None

AYES: Jumoke Hinton Hodge, Gary Yee, James Harris, Vice President Jody London and President Aimee Eng

NOES: Shanthy Gonzales

ABSTAINED: None

RECUSED: Roseann Torres

ABSENT: None

CERTIFICATION

We hereby certify that the foregoing is a full, true and correct copy of a Resolution passed at a Regular Meeting of the Board of Education of the Oakland Unified School District held on June 26, 2019.

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By:	

OAKLAND UNIFIED SCHOOL DISTRICT

Aimee Eng

Aimee Eng
President, Board of Education

Kyla Johnson-Trammell

Kyla Johnson-Trammell
Superintendent and Secretary, Board of Education

Board Office Use: Legislative File Info.	
File ID Number	18-1497
Introduction Date	June 27, 2018
Enactment Number	18-1065
Enactment Date	6/27/18 os



OAKLAND UNIFIED
SCHOOL DISTRICT

Community Schools, Thriving Students

Memo

To Board of Education

From Tara Gard, Deputy Chief Talent Officer
Rebecca Littlejohn, Risk Management Officer *RL*

Date June 27, 2018

Subject Approval by the Oakland Unified School District Board of Education to join CSAC Excess Insurance Authority, a Joint Powers Authority, for the purpose of jointly funding workers' compensation excess insurance coverage –Risk Management

Action Requested Approval by the Oakland Unified School District Board of Education to join the CSAC Excess Insurance Authority, a Joint Powers Authority, for the purpose of jointly funding the District's workers' compensation excess coverage for claims exceeding the District's \$500,000 per occurrence self-insured retention.

Background The District is permissibly self-insured up to \$500,000 for purposes of California Workers' Compensation insurance coverage. The District currently purchases excess coverage from individual insurance carriers (New York Marine / State National) for buffer and statutory limits. In the interest of lowering program costs and accessing additional loss prevention and risk management services, the District explored the insurance pooling option of a joint powers authority.

Discussion CSAC Excess Insurance Authority not only provides statutory coverage limits at a lower cost than the District's current insurance provider's renewal proposal, but additionally it provides other program features such as defense coverage for serious and willful, as well as section 132 discrimination, claims; an independent claims audit for the District's third party claims administrator every 2 years; and several loss control services. Currently CSAC Excess Insurance Authority has 171 members, including Alameda County, the City of Oakland, Berkeley Unified School District and Mt. Diablo Unified School District.

There is no fiscal impact to join CSAC Excess Insurance Authority. Insurance premium payment request will address the annual premium due as stated in the Memorandum of Understanding (18-1514).

Recommendation Approval by the Oakland Unified School District Board of Education to join the CSAC Excess Insurance Authority, a Joint Powers Authority, and authorize execution of the CSAC EIA Joint Powers Agreement, Excess Workers' Compensations Memorandum of Understanding and Bylaws.

Fiscal Impact \$0; No fiscal impact to join CSAC Excess Insurance Authority JPA. Insurance premium payment request will address the annual premium due as stated in the Memorandum of Understanding.



OAKLAND UNIFIED
SCHOOL DISTRICT

Community Schools, Thriving Students

Attachments

Bylaws of the CSAC Excess Insurance Authority
Joint Powers Agreement Creating the CSAC Excess Insurance Authority
Memorandum of Understanding Excess Workers' Compensation Program



Adopted: March 5, 1993
Amended: October 4, 1996
Amended: October 6, 2006
Amended: March 6, 2009

MEMORANDUM OF UNDERSTANDING EXCESS WORKERS' COMPENSATION PROGRAM

This Memorandum of Understanding is entered into by and between the CSAC Excess Insurance Authority (hereinafter referred to as the "Authority") and the participating members who are signatories to this Memorandum.

1. **Joint Powers Agreement.** Except as otherwise provided herein, all terms used herein shall be as defined in Article 1 of the Joint Powers Agreement Creating the CSAC Excess Insurance Authority (hereinafter referred to as "Agreement"), and all other provisions of the Agreement not in conflict with this Memorandum shall be applicable.

2. **Annual Premium.** The participating members, in accordance with the provisions of Article 14(b)(2) of the Agreement, shall be assessed an annual premium for the purpose of funding the Excess Workers' Compensation Program (hereinafter referred to as the "Program"). Annual premiums shall include expected losses for the policy period, including incurred but not reported losses (IBNR), as well as a margin for contingencies based upon a confidence level as determined by the Board of Directors of the Authority (hereinafter Board), and adjustments, if any, for a surplus or deficit from all program policy periods. In addition, the premium shall include program reinsurance costs and program administrative costs, plus the Authority's general expense allocated to the Program by the Board for the next policy period.

3. **Cost Allocation.** Each participating member's share of annual premium shall be determined pursuant to a cost allocation plan as described in Article 14(b)(2) of the Agreement. The Board approved cost allocation plan is attached hereto as Exhibit A and may be amended from time to time by an affirmative vote of the majority of the Board representing the members participating in the Program.

4. **Dividends and Assessments.** The Program shall be funded in accordance with paragraph 2 above. In general, the annual premium, as determined by the Board, will be established at a level which will provide adequate overall funding without the need for adjustments to past policy period(s) in the form of dividends and assessments. However, should the Program for any reason not be adequately funded, except as otherwise provided herein, pro-rata assessments to the participating members may be utilized to ensure the approved funding level for those policy periods individually or for a block of policy periods, in accordance with the provisions of Article 14(b)(3) of the Agreement. Pro-

rata dividends will be declared as provided herein. Dividends may also be declared as deemed appropriate by the Board.

5. **Closure of Policy Periods.** Notwithstanding any other provision of this Memorandum, the following provisions are applicable:

- (a) Upon reaching ten (10) years of maturity after the end of a program period, that period shall be "closed" and there shall be no further dividends declared or assessments made with respect to those program periods except as set forth in paragraph 6(a), below;
- (b) Notwithstanding sub-paragraph (a) above, the Board may take action to leave a policy period "open" even though it may otherwise qualify for closure. In addition, the last ten (10) policy periods shall always remain "open" unless the Board takes specific action to declare any of the last ten (10) policy periods closed.
- (c) Dividends and assessments (other than as outlined in paragraph 6(a), below) shall be administered to the participating members based upon the proportion of premiums paid to the Program in "open" periods only. For purposes of administering dividends and assessments pursuant to this sub-paragraph, all "open" policy periods shall be considered as one block. New members to the Program shall become eligible for dividends and assessments upon participating in the Program for three consecutive policy periods (not less than 24 months). Participating members who withdraw from the Program prior to the three year policy period restriction are still eligible for any assessments that arose out of the policy years they participated in the Program.

6. **Declaration of Dividends.** Dividends shall be payable from the Program to a participating member in accordance with its proportionate funding to the Program during all "open" policy periods except as follows:

- (a) A dividend shall be declared at the time a program period is closed on all amounts which represent premium surcharge amounts assessed pursuant to Article 14(b)(3) of the Agreement where the funding exceeds the 80% confidence level. This dividend shall be distributed based upon each member's proportionate share of assessment paid and accrued to the policy period being closed.

7. **Memorandum of Coverage.** A Memorandum of Coverage will be issued by the Authority evidencing membership in the Program and setting forth terms and conditions of coverage.
8. **Claims Administration.** Each participating member is required to comply with the Authority's Underwriting and Claims Administration Standards (including Addendum A - W.C. Claims Administration Guidelines) as amended from time to time, and which are attached hereto as Exhibit B and incorporated herein.
9. **Late Payments.** Notwithstanding any other provision to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Executive Committee, any member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.
10. **Disputes.** Any question or dispute with respect to the rights and obligations of the parties to this Memorandum regarding coverage shall be determined in accordance with the Joint Powers Agreement Article 31, Dispute Resolution.
11. **Amendment.** This Memorandum may be amended by two-thirds of the CSAC Excess Insurance Authority's Board of Directors and signature on the Memorandum by the member's designated representative who shall have authority to execute this Memorandum. Should a member of the Program fail to execute any amendment to this Memorandum within the time provided by the Board, the member will be deemed to have withdrawn as of the end of the policy period.
12. **Complete Agreement.** Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the members.
13. **Severability.** Should any provision of this Memorandum be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
14. **Effective Date.** This Memorandum shall become effective on the effective date of coverage for the member and upon approval by the Board of any amendment, whichever is later.
15. **Execution in Counterparts.** This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the date set forth below.

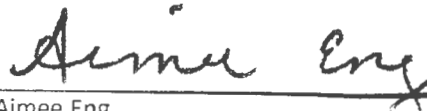
Dated: 3/6/2009




CSAC Excess Insurance Authority

Dated: _____

Member Entity: _____



Aimee Eng
President, Board of Education



Kyla R. Johnson-Trammell
Secretary, Board of Education

OAKLAND UNIFIED SCHOOL DISTRICT
Office of the General Counsel
APPROVED FOR FORM AND SUBSTANCE

By:  *4/1/09*

Michael L. Smith, Attorney at Law



EXHIBIT A

EXCESS WORKERS' COMPENSATION PROGRAM COST ALLOCATION PLAN

As delegated by the Board of Directors, the Executive Committee will determine the specific allocation of all costs among the members subject to the following parameters:

Actuarial Analysis

An annual actuarial analysis will be performed using loss data and payroll collected from the members. The analysis will determine the necessary funding rates at various confidence levels and using various discount assumptions. Different rates may be developed for different groups or classes of business as is deemed necessary or appropriate by the Executive Committee. At the March Board meeting, the Board of Directors will select the funding level rates and discount factors to be used based upon the actuarial analysis and recommendations from the actuary, the Underwriting Committee and the Executive Committee.

Pool Contributions

The total needed deposit pool contribution will be determined by multiplying the rates described above by the payroll for all of the members participating in the pool. Estimated payroll for the year being funded will be used. The Executive Committee may break the pool into different layers for allocation purposes, and may apply a different loss experience modification for each layer as is deemed appropriate based on loss frequency. In general, the lower layers will be subject to greater experience modification and the higher layers will be subject to lower experience modification or no experience modification. Within the layers, the larger members will be subject to greater experience modification than the smaller members. After the experience modification has been applied for each layer, there will be a pro-rata adjustment back to the total needed deposit pool contribution. This amount will be collected from the members at the beginning of the policy period. The actual payroll for the period will be determined after the completion of the policy period and an adjustment to each member's pool contribution will be made to account for the difference between the estimated and actual payroll. Additional contributions will be collected or return contributions will be refunded as appropriate.

Reinsurance Premiums

The reinsurance premium will be determined through negotiations with the reinsurer(s) and approved by the Board upon recommendation of the

Underwriting and Executive Committees. This premium will then be allocated among the members based upon their estimated payroll. Adjustments will be made based on the actual payroll upon completion of the policy period in the same manner as described in the Pool Contribution section above.

EIA Administration Fees

The total EIA Administration Fees will be determined through the annual budgeting process with an appropriate amount allocated to the Excess Workers' Compensation Program. These fees will be allocated among the members as determined by the Executive Committee. In general, the basis for this allocation will be each member's percentage of the total pool contributions and reinsurance premium.

Deviation From the Standard

The Executive Committee may establish policies to deviate from the standard allocation methodology selected for each year on a case-by-case basis, if necessary. They may also elect to further delegate some or all of the decision-making authority described herein to the Underwriting Committee.



Exhibit B

Adopted: December 6, 1985
Last Amended: March 6, 2009
Amend by BOD Policy Statement: October 4, 2013

CSAC EXCESS INSURANCE AUTHORITY UNDERWRITING AND CLAIMS ADMINISTRATION STANDARDS

I. GENERAL

- A. Each Member shall appoint an official or employee of the Member to be responsible for the risk management function and to serve as a liaison between the Member and the Authority for all matters relating to risk management.
- B. Each Member shall maintain a loss prevention program and shall consider and act upon all recommendations of the Authority concerning the reduction of unsafe conditions.

II. EXCESS WORKERS' COMPENSATION PROGRAM

- A. Members of the Excess Workers' Compensation Program, except those members of the Primary Workers' Compensation Program whose responsibilities are outlined in Section IV below, shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member.
 - 1. The Member shall use only qualified personnel to administer its workers' compensation claims. At least one person in the claims office (whether in-house or outside administrator) shall be certified by the State of California as a qualified administrator of self-insured workers' compensation plans.
 - 2. Qualified defense counsel experienced in workers' compensation law and practice shall handle litigated claims. Members are encouraged to utilize attorneys who have the designation "Certified Workers' Compensation Specialist, the State Bar of California, Board of Legal Specialization".
 - 3. The Member shall use the Authority's Workers' Compensation Claims Administration Guidelines (Addendum A) and shall advise its claims administrator that these guidelines are utilized in the Authority's workers' compensation claims audits.
- B. The Member shall provide the Authority written notice of any potential excess workers' compensation claims in accordance with the requirements of the Authority's Bylaws. Updates on such claims shall be provided pursuant to the reporting provisions of the Authority's Workers'

Compensation Claims Administration Guidelines (Addendum A) or as requested by the Authority and/or the Authority's excess carrier.

C. A claims administration audit utilizing the Authority's Workers' Compensation Claims Administration Guidelines (Addendum A) shall be performed once every two (2) years. In addition, an audit will be performed within twelve (12) months of any of the following events:

1. There is an unusual fluctuation in the Member's claim experience or number of large claims, or
2. There is a change of workers' compensation claims administration firms, or
3. The Member is a new member of the Excess Workers' Compensation Program.

The claims audit shall be performed by a firm selected by the Authority unless an exception is approved. Recommendations made in the claims audit shall be addressed by the Member and a written response outlining a program for corrective action shall be provided to the Authority within sixty (60) days of receipt of the audit.

D. Each Member shall maintain records of claims in each category of coverage (i.e. indemnity, medical, expense) or as defined by the Authority and shall provide such records to the Authority as directed by the Board of Directors, Claims Review Committee, Underwriting Committee, or Executive Committee. Such records shall include both open and closed claims, allocated expenses, and shall not be capped by the Member's self-insured retention.

E. The Member shall obtain an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) at least once every three (3) years. Based upon the actuarial recommendations, the Member should maintain reserves and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

III. GENERAL LIABILITY PROGRAMS

A. Members of the General Liability I or General Liability II Programs, except those members of the Primary General Liability Program whose responsibilities are outlined in Section V below, shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member.

1. The Member shall use only qualified personnel to administer its liability claims.

2. Qualified defense counsel experienced in tort liability law shall handle litigated claims. Members are encouraged to utilize defense counsel experienced in the subject at issue in the litigation.
 3. The Member shall use the Liability Claims Administration Guidelines (Addendum B) and shall advise its claims administrator that these guidelines are utilized in the Authority's liability claims audits.
- B. The Member shall provide the Authority written notice of any potential excess liability claim in accordance with the requirements of the Authority's Bylaws. Updates on such claims shall be provided pursuant to the reporting provisions of the Authority's Liability Claims Administration Guidelines (Addendum B) or as requested by the Authority and/or the Authority's excess carrier.
- C. A claims administration audit utilizing the Authority's Liability Claims Administration Guidelines (Addendum B) shall be performed once every two (2) years. In addition, an audit will be performed within twelve (12) months of any of the following events:
1. There is an unusual fluctuation in the Member's claims experience or number of large claims, or
 2. There is a change of liability claims administration firms, or
 3. The Member is a new member of the General Liability I or General Liability II Program.

The claims audit shall be performed by a firm selected by the Authority unless an exception is approved. Recommendations made in the claims audit shall be addressed by the Member and a written response outlining a program for corrective action shall be provided to the Authority within sixty (60) days of receipt of the audit.

- D. Each Member shall maintain records of claims in each category of coverage (i.e. bodily injury, property damage, expense) or as defined by the Authority and shall provide such records to the Authority as directed by the Board of Directors or applicable committee. Such records shall include open and closed claims, allocated expenses, and shall not be capped by the Member's self-insured retention.
- E. The Member shall obtain an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) at least once every three (3) years. Based upon the actuarial recommendations, the Member should maintain reserves and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

IV. PRIMARY WORKERS' COMPENSATION PROGRAM

- A. Members of the Primary Workers' Compensation Program shall provide the third party administrator written notice of any claim in accordance with the requirements of the Authority. Members must also cooperate with the third party administrator in providing all necessary information in order for claims to be administered appropriately.
- B. The Authority shall be responsible for ensuring qualified personnel administer claims in the Primary Workers' Compensation Program and that claims are administered in accordance with the Authority's Workers' Compensation Claims Administration Guidelines (Addendum A).
- C. The Authority shall be responsible for ensuring a claims administration audit utilizing the Authority's Workers' Compensation Claims Administration Guidelines (Addendum A) is performed once every two (2) years.
- D. The Authority shall be responsible for obtaining an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) annually.

V. PRIMARY GENERAL LIABILITY PROGRAM

- A. Members of the Primary General Liability Program shall provide the third party administrator written notice of any claim or incident in accordance with the requirements of the Authority. Members must also cooperate with the third party administrator in providing all necessary information in order for claims to be administered appropriately.
- B. The Authority shall be responsible for ensuring qualified personnel administer claims in the Primary General Liability Program and that claims are administered in accordance with the Authority's Liability Claims Administration Guidelines (Addendum B).
- C. The Authority shall be responsible for ensuring a claims administration audit utilizing the Authority's Liability Claims Administration Guidelines (Addendum B) is performed once every two (2) years.
- D. The Authority shall be responsible for obtaining an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) annually.

VI. PROPERTY PROGRAM

- A. Members of the Property Program shall maintain appropriate records including a complete list of insured locations and schedule of values pertaining to all real property. Such records shall be provided to the Authority or its brokers as requested by the Executive or Property Committees.

- B. Each Member shall perform a real property replacement valuation for all locations over \$250,000. Valuations shall be equivalent to the Marshall Swift system and shall be performed at least once every five (5) years. New members shall have an appraisal or valuation performed within one year from entry into the Program.

VII. MEDICAL MALPRACTICE PROGRAM

A. Program I

- 1. Members of Medical Malpractice Program I (hereinafter Program I) shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member.
 - a. Members of Program I shall use only qualified personnel to administer its health facility claims.
 - b. Qualified defense counsel experienced in health facility law shall handle litigated claims.
 - c. Members of Program I shall use the "Claims Reporting and Handling Guidelines" in the CSAC Excess Insurance Authority Medical Malpractice Program Operating and Guidelines Manual (hereinafter Operating and Guidelines Manual), and shall advise its claims administrator that these claims handling guidelines are utilized in the Authority's medical malpractice claims audits.
- 2. Members of Program I shall provide the Authority written notice of any potential excess claim or "major incident" in accordance with the requirements of the Authority and of the excess carrier as stated in the Operating and Guidelines Manual. Updates on such claims or major incidents shall be provided as requested by the Authority.
- 3. A claims administration audit utilizing the Authority's Claims Reporting and Handling Guidelines in the Operating and Guidelines Manual shall be performed once every three (3) years. In addition, an audit will be performed within twelve (12) months of any of the following events:
 - a. There is an unusual fluctuation in the Member's claims experience or number of large claims, or
 - b. There is a change of health facility claims administration firms, or

- c. The Member is a new member of the Medical Malpractice Program, or
 - d. The Medical Malpractice Committee requests an audit. The claims audit shall be performed by a firm(s) selected by the Authority. Recommendations made in the claims audit shall be addressed by the Member and a written response outlining a program for corrective action shall be provided to the Authority within sixty (60) days of receipt of the audit.
- 4. Each Member shall maintain records of claims in each category of coverage (i.e. bodily injury, property damage, expense) or as defined by the Authority and shall provide such records to the Authority as directed by the Board of Directors or applicable committee. Such records shall include open and closed claims, allocated expenses, and shall not be capped by the Member's self-insured retention.
 - 5. Members of Program I shall obtain an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) at least once every three (3) years. Based upon the actuarial recommendations, the Member should maintain reserves and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.
 - 6. The Member shall have an effective risk management program in accordance with the "Risk Management Guidelines" as stated in the Operating and Guidelines Manual.

B. Program II

- 1. For Medical Malpractice Program II (hereinafter Program II) Members, the Authority shall be responsible for the investigation, settlement, defense and appeal of any claim made, suit brought or proceeding instituted against the Member. The Authority may contract with a third party administrator for handling of such claims.
- 2. The Authority shall be responsible for ensuring the third party administrator uses qualified personnel to administer Program II claims.
- 3. The Authority shall be responsible for ensuring qualified defense counsel experienced in health facility law shall handle litigated claims.
- 4. The Authority shall be responsible for ensuring a claims administration audit utilizing the Authority's Claims Reporting and Handling Guidelines in the Operating and Guidelines Manual shall be performed once every two (2) years.

The claims audit shall be performed by a firm(s) selected by the Authority. Recommendations made in the claims audit shall be addressed by the third party administrator and a written response outlining a program for corrective action shall be provided to the Authority within sixty (60) days of receipt of the audit.

5. The Authority shall be responsible for obtaining an actuarial study performed by a Fellow of the Casualty Actuarial Society (FCAS) annually.
6. The Member shall have an effective risk management program in accordance with the "Risk Management Guidelines" as stated in the Operating and Guidelines Manual.

VIII. SANCTIONS

- A. The Authority shall provide the Member written notification of the Member's failure to meet any of the above-mentioned standards or of other concerns, which affect or could affect the Authority.
- B. The Member shall provide a written response outlining a program for corrective action within sixty (60) days of receipt of the Authority's notification.
- C. After approval by the Executive or applicable Program Committee of the Member's corrective program, the Member shall implement the approved program within ninety (90) days. The Member may request an additional sixty (60) days from the Executive or applicable Program Committee. Further requests for extensions shall be referred to the Board of Directors.
- D. Failure to comply with subsections B or C may result in cancellation of the Member from the affected Authority Program in accordance with the provisions in the Joint Powers Agreement.
- E. Notwithstanding any other provision herein, any Member may be canceled pursuant to the provision of the Joint Powers Agreement.



Adopted: December 6, 1985
Amended: March 4, 1988
Amended: October 7, 1988
Amended: October 6, 1995
Amended: October 1, 1999
Amended: June 6, 2003
Amended: March 2, 2007
Amended: July 1, 2009
Amended: July 1, 2011
Amended: March 2, 2012
Amended: October 4, 2013

**ADDENDUM A
WORKERS' COMPENSATION
CLAIMS ADMINISTRATION GUIDELINES**

The following Guidelines have been adopted by the CSAC Excess Insurance Authority (hereinafter The Authority or the EIA) in accordance with Article 18(b) of the CSAC Excess Insurance Authority Joint Powers Agreement. It is the intent of these Guidelines to ensure compliance with all applicable Labor Code and California Code of Regulations Sections. In the event that there exists a conflict between the Guidelines, the Labor Code or the Code of Regulations, the most stringent requirement shall apply.

I. CLAIM HANDLING - ADMINISTRATIVE

A. Case Load

1. Each claims examiner assigned to the Member should handle a targeted caseload of 150 but not to exceed 165 claims. In situations where caseloads include future medical and medical only claims, these claims shall be counted as 2:1 in the caseload limit.
2. Supervisory personnel should not handle a caseload, although they may handle specific issues.

B. Case Review and Documentation

1. Documentation should reflect any significant developments in the file and include a plan of action. Plan of action statements should be updated at the time of examiner diary review.
2. The examiner should review the file at intervals not to exceed 45 calendar days. Future medical files should be reviewed at intervals

not to exceed 90 calendar days. An accomplishment level of 95% shall be considered acceptable.

3. The supervisor shall monitor activity on indemnity files at intervals not to exceed 120 calendar days. Future medical files shall be reviewed by the supervisor at intervals not to exceed 180 calendar days. An accomplishment level of 95% shall be considered acceptable.
4. File contents shall comply with Code of Regulations Sections 10101, 10101.1 and 15400, and be kept in a neat and orderly fashion. If claims are maintained in a paperless system, documents shall be clearly identified (e.g., medical report, WCAB Orders, legal, etc.). An accomplishment level of 95% shall be considered acceptable.
5. All medical-only cases shall be reviewed for potential closure or transfer to an indemnity examiner within 90 calendar days following claim file creation. An accomplishment level of 95% shall be considered acceptable.

C. Communication

1. Telephone Inquiries

Return calls shall be made within 1 working day of the original telephone inquiry. All documentation shall reflect these efforts. An accomplishment level of 95% shall be considered acceptable.

2. Incoming Correspondence

All correspondence received shall be clearly stamped with the date of receipt. An accomplishment level of 95% shall be considered acceptable.

3. Return Correspondence

All correspondence requiring a written response shall have such response completed and transmitted within 5 working days of receipt. An accomplishment level of 95% shall be considered acceptable.

4. Ongoing Claimant Contact

On cases involving unrepresented injured workers who are off work, telephone contact shall be made at a minimum of once every 45 days and within 3 working days after a scheduled surgical procedure. This is in addition to nurse case management involvement on claims where nurse case managers are assigned. An accomplishment level of 95% shall be considered acceptable.

D. Fiscal Handling

1. Fiscal handling for indemnity benefits on active cases shall be balanced with appropriate file documentation on a semi-annual basis to verify that statutory benefits are paid appropriately. Balancing is defined as, "an accounting of the periods and amounts due in comparison with what was actually paid". An accomplishment level of 95% shall be considered acceptable.
2. In cases of multiple losses with the same person, payments shall be made on the appropriate claim file. An accomplishment of 95% shall be considered acceptable.

E. Medicare Reporting

Proper verification of a claimant's status as to Medicare eligibility shall be completed and documented in the claim file. In those cases where the claimant does meet the eligibility requirements, mandatory reporting to the Center for Medicaid Services (CMS) must be completed directly or through a reporting agent in compliance with Section 111 of the Medicare Medicaid and SCHIP Extension Act of 2007 ("MMSEA"). An accomplishment of 100% shall be considered acceptable.

II. CLAIM CREATION

A. Three Point Contact

Three point contact shall be conducted with the non-represented injured worker, employer representative and treating physician within 3 working days of receipt of the claim by the third party administrator or self administered entity. If a nurse case manager is assigned to the claim, initial physician contact may be conducted by either the claims examiner or the nurse case manager. This initial contact should be substantive and clearly documented in the claim file. In the event a party is non-responsive, there should be evidence of at least three documented attempts to reach the individual. Medical-only claims shall have this three

point contact requirement as well. An accomplishment level of 95% shall be considered acceptable.

B. Compensability

1. The initial compensability determination (accept claim, deny claim or delay acceptance pending the results of additional investigation) and the reasons for such a determination shall be made and documented in the file within 14 calendar days of the filing of the claim with the employer. In the event the claim is not received by the third party administrator or self administered entity within 14 calendar days of the filing of the claim with the employer, the third party administrator or self administered entity shall make the initial compensability determination within 7 calendar days of receipt of the claim. An accomplishment level of 100% shall be considered acceptable.
2. Delay of benefit letters shall be mailed in compliance with the Division of Workers' Compensation (DWC) guidelines. In the event the employer does not provide notice of lost time to the third party administrator or self administered entity timely to comply with DWC guidelines, the third party administrator or self administered entity shall mail the benefit letters within 7 calendar days of notification. An accomplishment level of 100% shall be considered acceptable.
3. The final compensability determination shall be made by the claims examiner or supervisor within 90 calendar days of employer receipt of the claim form. An accomplishment level of 100% shall be considered acceptable.

C. AOE/COE Investigation

If a decision is made to delay benefits on a claim, an AOE/COE investigation shall be initiated within 3 working days of the decision to delay. This may include, but is not limited to, assigning out for witness/injured worker statements, initiating the QME/AME process, requesting medical records, etc. An accomplishment level of 95% shall be considered acceptable.

D. Reserves

1. Using the information available at claim file set up, an initial reserve shall be established for the most probable case value. An accomplishment level of 95% shall be considered acceptable.

2. The initial reserve shall be electronically posted to the claim within 14 calendar days of receipt of the claim. An accomplishment level of 95% shall be considered acceptable.

E. Indexing

All claims shall be reported to the Index Bureau at time of initial set up and re-indexed on an as needed basis thereafter. An accomplishment level of 95% shall be considered acceptable.

The EIA maintains membership with the Index Bureau that members can access.

III. CLAIM HANDLING – TECHNICAL

A. Payments

1. Initial Temporary and Permanent Disability Indemnity Payment

- a. The initial indemnity payment shall be issued to the injured worker within 14 calendar days of knowledge of the injury and disability. In the event the third party administrator or self administered entity is not notified of the injury and disability within 14 calendar days of the employer's knowledge, the third party administrator or self administered entity shall make payment within 7 calendar days of notification. Initial permanent disability payments shall be issued within 14 calendar days after the date of last payment of temporary disability. Effective 1/1/2013, permanent disability payments shall be issued upon approval of an Award pursuant to Labor Code Section 4650(b)(2). Prior to a PD Award, advances may be due if the employer has not offered the employee a position paying at least 85% of their wages and compensation at time of injury or the employee is not employed in a position paying at least 100% of their wages and compensation at time of injury. This shall not apply with salary continuation. An accomplishment level of 100% shall be considered acceptable.
- b. The properly completed DWC Benefit Notice shall be mailed to the employee within 14 calendar days of the first day of disability. In the event the third party administrator or self administered entity is not notified of the first day of disability until after 14 calendar days, the DWC Benefit Notice shall be mailed within 7 calendar days of notification. An

accomplishment level of 100% shall be considered acceptable.

- c. Self imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document. An accomplishment level of 100% shall be considered acceptable.
- d. Overpayments shall be identified and reimbursed timely where appropriate. The third party administrator or self administered entity shall request reimbursement of overpaid funds from the party that received the funds. If necessary, a credit shall be sought as part of any resolution of the claim. An accomplishment level of 95% shall be considered acceptable.

2. Subsequent Temporary and Permanent Disability Payments

- a. Eligibility for indemnity payments subsequent to the first payment shall be verified, except for established long-term disability. An accomplishment level of 100% shall be considered acceptable.
- b. Self imposed penalty shall be paid on late payments in accordance with Section III. A.7 of this document. An accomplishment level of 100% shall be considered acceptable.

3. Final Temporary and Permanent Disability Payments

- a. All final indemnity payments shall be issued timely and the appropriate DWC benefit notices sent. An accomplishment level of 100% shall be considered acceptable.
- b. Self imposed penalty shall be paid on late payments in accordance with Section III. A.7. of this document. An accomplishment level of 100% shall be considered acceptable.

4. Award Payments

- a. Payments on undisputed Awards, Commutations, or Compromise and Releases shall be issued within 10 calendar days following receipt of the appropriate document.

An accomplishment level of 95% shall be considered acceptable.

- b. For all claims in the primary workers' compensation program (PWC) and/or excess reportable claims, copies of all Awards shall be provided to the Authority at time of payment. An accomplishment level of 95% shall be considered acceptable.

5. Medical Payments

- a. Medical treatment billings (physician, pharmacy, hospital, physiotherapist, etc.) shall be reviewed for correctness, approved for payment and paid within 60 days of receipt. An accomplishment level of 100% shall be considered acceptable.
- b. The medical provider must be notified in writing within 30 days of receipt of an itemized bill if a medical bill is contested, denied or incomplete. An accomplishment level of 100% shall be considered acceptable.
- c. A bill review process should be utilized whenever possible. There should be participation in a PPO and/or MPN whenever possible.

6. Injured Worker Reimbursement Expense

- a. Reimbursements to injured workers shall be issued within 15 working days of the receipt of the claim for reimbursement. An accomplishment level of 95% shall be considered acceptable.
- b. Advance travel expense payments shall be issued to the injured worker 10 working days prior to the anticipated date of travel. An accomplishment level of 95% shall be considered acceptable.

7. Penalties

- a. Penalties shall be coded so as to be identified as a penalty payment. An accomplishment level of 95% shall be considered acceptable

- b. If the Member utilizes a third party administrator, the Member shall be advised of the assessment of any penalty for delayed payment and the reason thereof, and the administrator's plans for payment of such penalty, on a monthly basis. An accomplishment level of 95% shall be considered acceptable.
- c. If the Member utilizes a third party administrator, the Member, in their contract with the administrator, shall specify who is responsible for specific penalties.

B. Medical Treatment

- 1. Each Member shall have in place a Utilization Review process as set forth in Labor Code Section 4610. An accomplishment level of 100% shall be considered acceptable.
- 2. Disputes regarding utilization review determinations shall be resolved using the Independent Medical Review process set forth in Labor Code Section 4610.5 An accomplishment level of 100% shall be considered acceptable.
- 3. Nurse case managers shall be utilized where appropriate. An accomplishment level of 95% shall be considered acceptable.
- 4. If enrolled in a Medical Provider Network, the network shall be utilized whenever appropriate.

C. Apportionment

- 1. Investigation into the existence of apportionment shall be documented. An accomplishment level of 95% shall be considered acceptable.
- 2. If potential apportionment is identified, all efforts to reduce exposure shall be pursued. An accomplishment level of 95% shall be considered acceptable.

D. Disability Management

- 1. The third party administrator or self administered entity shall work proactively to obtain work restrictions and/or a release to full duty on all cases. The TPA or self-administered entity shall notify a designated Member representative immediately upon receipt of

temporary work restrictions or a release to full duty, and work closely with the Member to establish a return to work as soon as possible. An accomplishment level of 95% shall be considered acceptable.

2. The third party administrator or self administered entity shall notify a designated Member representative immediately upon receipt of an employee's permanent work restrictions so that the Member can determine the availability of alternative, modified or regular work. An accomplishment level of 95% shall be considered acceptable.
3. If there is no response within 20 calendar days, the third party administrator or self administered entity shall follow up with the designated Member representative. An accomplishment level of 95% shall be considered acceptable.
4. Members shall have in place a process for complying with laws preventing disability discrimination, including Government Code Section 12926.1 which requires an interactive process with the injured worker when addressing a return to work particularly with permanent work restrictions.
5. Third party administrators or self administered claims professional shall cooperate with members to the fullest extent, in providing medical and other information the member deems necessary for the member to meet its obligations under federal and state disability laws.

E. Supplemental Job Displacement Benefits

1. Supplemental Job Displacement Benefits – Dates of injury on or after 1/1/04 and before 1/1/13: Benefits pursuant to Labor Code Section 4658.5 shall be timely provided. Dates of injury on or after 1/1/13: Benefits pursuant to Labor Code 4658.7 shall be timely provided. An accomplishment level of 100% shall be considered acceptable.
2. The third party administrator or self administered entity shall secure the prompt conclusion of vocational rehabilitation/SJDB.. An accomplishment level of 95% shall be considered acceptable.

F. Reserving

1. Reserves shall be reviewed at regular diary and at time of any significant event, e.g., surgery, P&S/MMI, return to work, etc., and adjusted accordingly. This review shall be documented in the file regardless of whether a reserve change was made. A reserve worksheet shall be utilized and/or detailed rationale substantiating reserve levels shall be documented within the claim file. Where the SIP model does not apply, claims should be reserved for the most probable value. An accomplishment level of 100% shall be considered acceptable.
2. Indemnity reserves shall reflect actual temporary disability indemnity exposure with 4850 differential listed separately. An accomplishment level of 95% shall be considered acceptable.
3. Permanent disability indemnity exposure shall include life pension reserve if appropriate. An accomplishment level of 100% shall be considered acceptable.
4. Future medical claims shall be reserved in compliance with SIP regulation 15300 allowing adjustment for reductions in the approved medical fee schedule, undisputed utilization review, medically documented non-recurring treatment costs and medically documented reductions in life expectancy. Detailed rationale and/or reserve worksheet shall be documented within the claim file. An accomplishment level of 100% shall be considered acceptable.
5. Allocated expense reserves shall include medical cost containment, legal, investigation, copy service and other related fees. An accomplishment level of 100% shall be considered acceptable.

G. Resolution of Claim

1. Within 10 working days of receiving medical information indicating that a claim can be finalized, the claims examiner shall begin appropriate action to finalize the claim. An accomplishment level of 95% shall be considered acceptable.
2. Settlement value shall be documented appropriately utilizing all relevant information. An accomplishment level of 95% shall be considered acceptable.
3. Where settlement includes resolution of future medical for a medicare beneficiary or an expected medicare beneficiary, the settlement must document the strategy to protect medicare's

secondary payor status. An accomplishment level of 95% shall be considered acceptable.

4. Pursuant to CCR15400.2, claim files with awards for future benefits may be administratively closed two years after the last provision of benefits.

H. Settlement Authority

1. No agreement shall be authorized involving liability, or potential liability, of the Authority without the advance written consent of the Authority. The member shall be notified of any settlement request submitted to the EIA. An accomplishment level of 95% shall be considered acceptable.
2. The third party administrator shall obtain the Member's authorization on all settlements or stipulations in excess of the settlement authority provided in any provision of the individual contract between the Member and the claims administrator. An accomplishment level of 95% shall be considered acceptable.
3. Proof of settlement authorization(s) shall be maintained in the claim file. An accomplishment level of 95% shall be considered acceptable.

IV. LITIGATED CASES

The third party administrator or self administered entity shall establish written guidelines for the handling of litigated cases. The guidelines should, at a minimum, include the points below, which may be adopted and incorporated by reference as "the guidelines".

1. The third party administrator or self administered entity shall promptly initiate investigation of issues identified as material to potential litigation. The Member shall be alerted to the need for in-house investigation, or the need for a contract investigator who is acceptable to the Member. The Member shall be kept informed on the scope and results of investigations. An accomplishment level of 95% shall be considered acceptable.
2. The third party administrator or self administered entity shall, in consultation with the Member, assign defense counsel from a list approved by the Member. Initial referral and ongoing litigation management shall be timely and appropriate. The third party

administrator or self-administered entity shall maintain control of the ongoing claim activities. An accomplishment level of 95% shall be considered acceptable.

3. Settlement proposals directed to the Member shall be forwarded by the third party administrator, self administered entity or defense counsel in a concise and clear written form with a reasoned recommendation. Settlement proposals shall be presented to the Member as directed so as to insure receipt in sufficient time to process the proposal. An accomplishment level of 95% shall be considered acceptable.
4. Knowledgeable Member personnel shall be involved in the preparation for medical examinations and trial, when appropriate or deemed necessary by the Member so that all material evidence and witnesses are utilized to obtain a favorable result for the defense. An accomplishment level of 95% shall be considered acceptable.
5. The third party administrator or self administered entity shall comply with any reporting requirement of the Member. An accomplishment level of 95% shall be considered acceptable.

V. SUBROGATION

1. In all cases where a third party (other than a Member employee or agent) is responsible for the injury to the employee, attempts to obtain information regarding the identity of the responsible party shall be made within 14 calendar days of recognition of subrogation potential. Once identified, the third party shall be contacted within 14 calendar days with notification of the Member's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental entity, a claim shall be filed with the governing board (or State Board of Control as to State entities) within 6 months of the injury or notice of the injury. An accomplishment level of 95% shall be considered acceptable.
2. Periodic contact shall be made with the responsible party and/or insurer to provide notification of the amount of the estimated recovery to which the Member shall be entitled. An accomplishment level of 95% shall be considered acceptable.
3. The file shall be monitored to determine the need to file a complaint in civil court in order to preserve the statute of limitations. An accomplishment level of 95% shall be considered acceptable.

4. If the injured worker brings a civil action against the party responsible for the injury, the claims administrator shall consult with the Member about the value of the subrogation claim and other considerations. Upon Member authorization, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action. An accomplishment level of 95% shall be considered acceptable.
5. Whenever practical, the claims administrator shall aggressively pursue recovery in any subrogation claim. They should attempt to maximize the recovery for benefits paid, and assert a credit against the injured worker's net recovery for future benefit payments. An accomplishment level of 95% shall be considered acceptable.
6. Member (and EIA if applicable) approval is required to waive pursuit of subrogation or agree to a settlement of a third party recovery. This approval shall be documented in the claim file. In cases of self-administered entities, a process should be documented noting the authority levels within the member organization to waive pursuit of subrogation or agree to a settlement of a third party recovery. An accomplishment level of 95% shall be considered acceptable.

VI. EXCESS COVERAGE

- A. Claims meeting the definition of reportable excess workers' compensation claims as defined by the Memorandum of Coverage Conditions Section shall be reported to the Authority within 5 working days of the day on which it is known the criterion is met. Utilize the Excess Workers' Compensation First Report Form available through the EIA website. An accomplishment level of 95% shall be considered acceptable.
- B. Subsequent reports shall be transmitted to the Authority on a quarterly basis on all indemnity claims and on a semi-annual basis on all future medical claims or sooner if claim activity warrants, or at such other intervals as requested by the Authority, in accordance with Underwriting and Claims Administration Standards. Utilize the Excess Workers' Compensation Status Report Form available through the EIA website, or a comparable form to be approved by the Authority. An accomplishment level of 95% shall be considered acceptable.
- C. Reimbursement requests should be submitted in accordance with the Authority's reporting and reimbursement procedures on a quarterly or semi-annual basis depending on claims payment activity. Utilize the Excess Workers' Compensation Claim Reporting and Reimbursement

Procedures available through the EIA website. An accomplishment level of 95% shall be considered acceptable.

- D. A closing report with a copy of any settlement documents not previously sent shall be sent to the Authority. An accomplishment level of 95% shall be considered acceptable.



Adopted: October 5, 1979
Amended: May 12, 1980
Amended: January 23, 1987
Amended: October 7, 1988
Amended: March 1993
Amended: November 18, 1996
Amended: October 4, 2005
Amended: February 28, 2006

**JOINT POWERS AGREEMENT
CREATING THE CSAC EXCESS INSURANCE AUTHORITY**

This Agreement is executed in the State of California by and among those counties and public entities organized and existing under the Constitution of the State of California which are parties signatory to this Agreement. The CSAC Excess Insurance Authority was formed under the sponsorship of CSAC. All such counties, hereinafter called member counties, and public entities, hereinafter called member public entities, [collectively "members"] shall be listed in Appendix A, which shall be attached hereto and made a part hereof.

RECITALS

WHEREAS, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

WHEREAS, Article 16, Section 6 of the California Constitution provides that insurance pooling arrangements under joint exercise of power agreements shall not be considered the giving or lending of credit as prohibited therein; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, pursuant to California Government Code Section 990.6, the cost of insurance provided by a local public entity is a proper charge against the local public entity; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4 and such pooling of self-insured claims or losses is not considered insurance nor subject to regulation under the Insurance Code; and

WHEREAS, the counties and public entities executing this Agreement desire to join together for the purpose of jointly funding and/or establishing excess and other insurance programs as determined;

NOW THEREFORE, the parties agree as follows:

ARTICLE 1
DEFINITIONS

"CSAC" shall mean the County Supervisors Association of California, dba California State Association of Counties.

"Authority" shall mean the CSAC Excess Insurance Authority created by this Agreement.

"Board of Directors" or **"Board"** shall mean the governing body of the Authority.

"Claim" shall mean a claim made against a member arising out of an occurrence which is covered by an excess or primary insurance program of the Authority in which the member is a participant.

"Executive Committee" shall mean the Executive Committee of the Board of Directors of the Authority.

"Fiscal year" shall mean that period of twelve months which is established by the Board of Directors as the fiscal year of the Authority.

"Government Code" shall mean the California Government Code.

"Insurance program" or **"program"** shall mean a program of the Authority under which participating members are protected against designated losses, either through joint purchase of primary or excess insurance, pooling of self-insured claims or losses, purchased insurance or any other combination as determined by the Board. The Board of Directors or the Executive Committee may determine applicable criteria for determining eligibility in any insurance program, as well as establishing program policies and procedures.

"Joint powers law" shall mean Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code.

"Loss" shall mean a liability or potential liability of a member, including litigation expenses, attorneys' fees and other costs, which is covered by an insurance program of the Authority in which the member is a participant.

"Member county" shall mean any county which, through the membership of its supervisors in CSAC, has executed this Agreement and become a member of the Authority. "Member county" shall also include those entities or other bodies set forth in Article 3 (c).

"Member Public Entity" shall mean any California public entity which does not maintain a membership in CSAC, has executed this Agreement and become a member of the Authority, "Member Public Entity" shall also include those entities or other bodies set forth in Article 3(c).

"Occurrence" shall mean an event which is more fully defined in the memorandums of coverage and/or policies of an insurance program in which the participating county or participating public entity is a member.

"Participating county" shall mean any member county which has entered into a program offered by the Authority pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

"Participating public entity" shall mean any member public entity which has entered into a program offered by the Authority pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

"Self-insured retention" shall mean that portion of a loss resulting from an occurrence experienced by a member which is retained as a liability or potential liability of the member and is not subject to payment by the Authority.

"Reinsurance" shall mean insurance purchased by the Authority as part of an insurance program to cover that portion of any loss which exceeds the joint funding capacity of that program.

**ARTICLE 2
PURPOSES**

This Agreement is entered into by the member counties and member public entities in order to jointly develop and fund insurance programs as determined. Such programs may include, but are not limited to, the creation of joint insurance funds, including primary and excess insurance funds, the pooling of self-insured claims and losses, purchased insurance, including reinsurance, and the provision of necessary administrative services. Such administrative services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal defense services.

**ARTICLE 3
PARTIES TO AGREEMENT**

(a) There shall be two classes of membership of the parties pursuant to this Agreement consisting of one class designated as Member Counties and another class designated as Member Public Entities.

(b) Each member county and member public entity, as a party to this Agreement, certifies that it intends to and does contract with all other members as parties to this Agreement and, with such other members as may later be added as parties to this Agreement pursuant to Article 19 as to all programs of which it is a participating member. Each member also certifies that the removal of any party from this Agreement, pursuant to Articles 20 or 21, shall not affect this Agreement or the member's obligations hereunder.

(c) A member for purposes of providing insurance coverage under any program of the Authority, may contract on behalf of, and shall be deemed to include:

Any public entity as defined in Government Code § 811.2 which the member requests to be added and from the time that such request is approved by the Executive Committee of the Authority.

Any nonprofit entity, including a nonprofit public benefit corporation formed pursuant to Corporations Code §§ 5111, 5120 and, 5065, which the member requests to be added and from the time that such request is approved by the Executive Committee.

(d) Any public entity or nonprofit so added shall be subject to and included under the member's SIR or deductible, and when so added, may be subject to such other terms and conditions as determined by the Executive Committee.

(e) Such public entity or nonprofit shall not be considered a separate party to this Agreement. Any public entity or nonprofit so added, shall not affect the member's representation on the Board of Directors and shall be considered part of and represented by the member for all purposes under this Agreement.

(f) The Executive Committee shall establish guidelines for approval of any public entity or nonprofit so added in accordance with Article 3(c) and (d).

(g) Should any conflict arise between the provisions of this Article and any applicable Memorandum of Coverage or other document evidencing coverage, such Memorandum of Coverage or other document evidencing coverage shall prevail.

**ARTICLE 4
TERM**

This Agreement shall continue in effect until terminated as provided herein.

**ARTICLE 5
CREATION OF THE AUTHORITY**

Pursuant to the joint powers law, there is hereby created a public entity separate and apart from the parties hereto, to be known as the CSAC Excess Insurance Authority, with such powers as are hereinafter set forth.

**ARTICLE 6
POWERS OF THE AUTHORITY**

The Authority shall have all of the powers common to General Law counties in California, such as Alpine County and all additional powers set forth in the joint powers law, and is hereby authorized to do all acts necessary for the exercise of said powers. Such powers include, but are not limited to, the following:

- (a) To make and enter into contracts.

- (b) To incur debts, liabilities, and obligations.
- (c) To acquire, hold, or dispose of property, contributions and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and government entities.
- (d) To sue and be sued in its own name, and to settle any claim against it.
- (e) To receive and use contributions and advances from members as provided in Government Code Section 6504, including contributions or advances of personnel, equipment, or property.
- (f) To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code Section 6509.5.
- (g) To carry out all provisions of this Agreement.

Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law.

ARTICLE 7 BOARD OF DIRECTORS

The Authority shall be governed by the Board of Directors, which shall be composed as follows:

a) One director from each member county, appointed by the member county board of supervisors and serving at the pleasure of that body. Each member county board of supervisors shall also appoint an alternate director who shall have the authority to attend, participate in and vote at any meeting of the Board when the director is absent. A director or alternate director shall be a county supervisor, other county official, or staff person of the member county, and upon termination of office or employment with the county, shall automatically terminate membership or alternate membership on the Board.

b) Ten directors consisting of seven directors and three alternate directors chosen in the manner specified in the Bylaws from those participating as public entity members. A director or alternate public entity director shall be an official, or staff person of the public entity member, and upon termination of office or employment with the public entity, shall automatically terminate membership or alternate membership on the Board.

c) Member county directors shall consist of a minimum of 80% of the eligible voting members on the Board. The public entity member directors shall be reduced accordingly to ensure at least 80% of the Board consists of county director members (By way of example, if the number of county members is reduced from the current 54 by member withdrawals to a level of 28, then county members would be at the 80% level, 28/35. If the county members go to 27, then the public entity members would lose one seat and would only have 6 votes).

Any vacancy in a county director or alternate director position shall be filled by the appointing county's board of supervisors, subject to the Provisions of this Article. Any vacancy in a public entity director position shall be filled by vote of the public entity members.

A majority of the membership of the Board shall constitute a quorum for the transaction of business. Each member of the Board shall have one vote. Except as otherwise provided in this Agreement or any other duly executed agreement of the members, all actions of the Board shall require the affirmative vote of a majority of the members; provided, that any action which is restricted in effect to one of the Authority's insurance programs, shall require the affirmative vote of a majority of those Board members who represent counties and public entities participating in that program. For purposes of an insurance program vote, to the extent there are public entity members participating in a program, the public entity Board members as a whole shall have a minimum of one vote. The public entity Board members may in no event cast more votes than would constitute 20% of the number of total county members in that program (subject to the one vote minimum). Should the number of public entity Board votes authorized herein be less than the number of public entity Board members at a duly noticed meeting, the public entity Board members shall decide among themselves which Board member shall vote. Should they be unable to decide, the President of the Authority shall determine which director(s) shall vote.

ARTICLE 8 POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall have the following powers and functions:

(a) The Board shall exercise all powers and conduct all business of the Authority, either directly or by delegation to other bodies or persons unless otherwise prohibited by this Agreement, or any other duly executed agreement of the members or by law.

(b) The Board of Directors may adopt such resolutions as deemed necessary in the exercise of those powers and duties set forth herein.

(c) The Board shall form an Executive Committee, as provided in Article 11. The Board may delegate to the Executive Committee and the Executive Committee may discharge any powers or duties of the Board except adoption of the Authority's annual budget. The powers and duties so delegated shall be specified in resolutions adopted by the Board.

(d) The Board may form, as provided in Article 12, such other committees as it deems appropriate to conduct the business of the Authority. The membership of any such other committee may consist in whole or in part of persons who are not members of the Board; provided that the Board may delegate its powers and duties only to a committee of the Board composed of a majority of Board members and/or alternate members. Any committee which is not composed of a majority of Board members and/or alternate members may function only in an advisory capacity.

(e) The Board shall elect the officers of the Authority and shall appoint or employ necessary staff in accordance with Article 13.

(f) The Board shall cause to be prepared, and shall review, modify as necessary, and adopt the annual operating budget of the Authority. Adoption of the budget may not be delegated.

(g) The Board shall develop, or cause to be developed, and shall review, modify as necessary, and adopt each insurance program of the Authority, including all provisions for reinsurance and administrative services necessary to carry out such program.

(h) The Board, directly or through the Executive Committee, shall provide for necessary services to the Authority and to members, by contract or otherwise, which may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal services.

(i) The Board shall provide general supervision and policy direction to the Chief Executive Officer.

(j) The Board shall receive and act upon reports of the committees and the Chief Executive Officer.

(k) The Board shall act upon each claim involving liability of the Authority, directly or by delegation of authority to the Executive Committee or other committee, body or person, provided, that the Board shall establish monetary limits upon any delegation of claims settlement authority, beyond which a proposed settlement must be referred to the Board for approval.

(l) The Board may require that the Authority review, audit, report upon, and make recommendations with regard to the safety or claims administration functions of any member, insofar as those functions affect the liability or potential liability of the Authority. The Board may forward any or all such recommendations to the member with a request for compliance and a statement of potential consequences for noncompliance.

(m) The Board shall receive, review and act upon periodic reports and audits of the funds of the Authority, as required under Articles 15 and 16 of this Agreement.

(n) The Board may, upon consultation with a casualty actuary, declare that any funds established for any program has a surplus of funds and determine a formula to return such surplus to the participating counties and participating public entities which have contributed to such fund.

(o) The Board shall have such other powers and duties as are reasonably necessary to carry out the purposes of the Authority.

ARTICLE 9

MEETINGS OF THE BOARD OF DIRECTORS

(a) The Board shall hold at least one regular meeting each year and shall provide for such other regular meetings and for such special meetings as it deems necessary.

(b) The Chief Executive Officer of the Authority shall provide for the keeping of minutes of regular and special meetings of the Board, and shall provide a copy of the minutes to each member of the Board at the next scheduled meeting.

(c) All meetings of the Board, the Executive Committee and such committees as established by the Board pursuant to Article 12 herein, shall be called, noticed, held and conducted in accordance with the provisions of Government Code Section 54950 et seq.

**ARTICLE 10
OFFICERS**

The Board of Directors shall elect from its membership a President and Vice President of the Board, to serve for one-year terms.

The President, or in his or her absence, the Vice President, shall preside at and conduct all meetings of the Board and shall chair the Executive Committee.

**ARTICLE 11
EXECUTIVE COMMITTEE**

The Board of Directors shall establish an Executive Committee of the Board which shall consist of eleven members: the President and Vice President of the Board, and nine members elected by the Board from its membership.

The terms of office of the nine non-officer members shall be as provided in the Bylaws of the Authority.

The Executive Committee shall conduct the business of the Authority between meetings of the Board, exercising all those powers as provided for in Article 8, or as otherwise delegated to it by the Board.

**ARTICLE 12
COMMITTEES**

The Board of Directors may establish committees, as it deems appropriate to conduct the business of the Authority. Members of the committees shall be appointed by the Board, to serve two year terms, subject to reappointment by the Board. The members of each committee shall annually select one of their members to chair the Committee.

Each committee shall be composed of at least five members and shall have those duties as determined by the Board, or as otherwise set forth in the Bylaws.

Each committee shall meet on the call of its chair, and shall report to the Executive Committee and the Board as directed by the Board.

**ARTICLE 13
STAFF**

(a) **Principal Staff.** The following staff members shall be appointed by and serve at the pleasure of the Board of Directors:

(1) **Chief Executive Officer.** The Chief Executive Officer shall administer the business and activities of the Authority, subject to the general supervision and policy direction of the Board of Directors and Executive Committee; shall be responsible for all minutes, notices and records of the Authority and shall perform such other duties as are assigned by the Board and Executive Committee.

(2) **Treasurer.** The duties of the Treasurer are set forth in Article 16 of this Agreement. Pursuant to Government Code Section 6505.5, the Treasurer shall be the county treasurer of a member county of the Authority, or, pursuant to Government Code Section 6505.6, the Board may appoint one of its officers or employees to the position of Treasurer, who shall comply with the provisions of Government Code Section 6505.5 (a-d).

(3) **Auditor.** The Auditor shall draw warrants to pay demands against the Authority when approved by the Treasurer. Pursuant to Government Code Section 6505.5, the Auditor shall be the Auditor of the county from which the Treasurer is appointed by the Board under (2) above, or, pursuant to Government Code Section 6505.6, the Board may appoint one of its officers or employees to the position of Auditor, who shall comply with the provisions of Government Code Section 6505.5 (a-d).

(b) **Charges for Treasurer and Auditor Services.** Pursuant to Government Code Section 6505, the charges to the Authority for the services of Treasurer and Auditor shall be determined by the board of supervisors of the member county from which such staff members are appointed.

(c) **Other Staff.** The Board, Executive Committee or Chief Executive Officer shall provide for the appointment of such other staff as may be necessary for the administration of the Authority.

**ARTICLE 14
DEVELOPMENT, FUNDING AND IMPLEMENTATION
OF INSURANCE PROGRAMS**

(a) **Program Coverage.** Insurance programs of the Authority may provide coverage, including excess insurance coverage for:

- (1) Workers' compensation;
- (2) Comprehensive liability, including but not limited to general, personal injury, contractual, public officials errors and omissions, and incidental malpractice liability;
- (3) Comprehensive automobile liability;
- (4) Hospital malpractice liability;
- (5) Property and related programs;

and may provide any other coverages authorized by the Board of Directors. The Board shall determine, for each such program, a minimum number of participants required for program implementation and may develop specific program coverages requiring detailed agreements for implementation of the above programs.

(b) **Program and Authority Funding.** The members developing or participating in an insurance program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the Authority, hereinafter called Authority general expenses, shall be equitably allocated among the various programs by the Board, and shall be funded by the members developing or participating in such programs in accordance with such allocations, as hereinafter provided. In addition, the Board may, in its discretion, allocate a share of such Authority general expense to those members which are not developing or participating in any program, and require those counties and public entities to fund such share through a prescribed charge.

(1) **Development Charge.** Development costs of an insurance program shall be funded by a development charge, as established by the Board of Directors. The development charge shall be paid by each participant in the program following the program's adoption by the Board. Development costs are those costs actually incurred by the Authority in developing a program for review and adoption by the Board of Directors, including but not limited to: research, feasibility studies, information and liaison work among participants, preparation and review of documents, and actuarial and risk management consulting services. The development charge may also include a share of Authority general expenses, as allocated to the program development function.

The development charge shall be billed by the Authority to all participants in the program upon establishment of the program and shall be payable in accordance with the Authority's invoice and payment policy.

Upon the conclusion of program development: any deficiency in development funds shall be billed to all participants which have paid the development charge, on a pro-rata or other equitable basis, as determined by the Board; any surplus in such funds shall be transferred into the Authority's general expense funds.

(2) **Annual Premium.** Except as provided in (3) below, all post-development costs of an insurance program shall be funded by annual premiums charged to the members participating in the program each policy year, and by interest earnings on the funds so accumulated. Such premiums shall be determined by the Board of Directors upon the basis of a cost allocation plan and rating formula developed by the Authority with the assistance of a casualty actuary, risk management consultant, or other qualified person. The premium for each participating member shall include that participant's share of expected program losses including a margin for contingencies as determined by the Board, program reinsurance costs, and program administrative costs for the year, plus that participant's share of Authority general expense allocated to the program by the Board.

(3) **Premium Surcharge**

(i) If the Authority experiences an unusually large number of losses under a program during a policy year, such that notwithstanding reinsurance coverage for large individual losses,

the joint insurance funds for the program may be exhausted before the next annual premiums are due, the Board of Directors may, upon consultation with a casualty actuary, impose premium surcharges on all participating members; or

(ii) If it is determined by the Board of Directors, upon consultation with a casualty actuary, that the joint insurance funds for a program are insufficient to pay losses, fund known estimated losses, and fund estimated losses which have been incurred but not reported, the Board of Directors may impose a surcharge on all participating members.

(iii) Premium surcharges imposed pursuant to (i) and/or (ii) above shall be in an amount which will assure adequate funds for the program to be actuarially sound; provided that the surcharge to any participating member shall not exceed an amount equal to three (3) times the member's annual premium for that year, unless otherwise determined by the Board of Directors.

Provided, however, that no premium surcharge in excess of three times the member's annual premium for that year may be assessed unless, ninety days prior to the Board of Directors taking action to determine the amount of the surcharge, the Authority notifies the governing body of each participating member in writing of its recommendations regarding its intent to assess a premium surcharge and the amount recommended to be assessed each member. The Authority shall, concurrently with the written notification, provide each participating member with a copy of the actuarial study upon which the recommended premium surcharge is based.

(iv) A member which is no longer a participating member at the time the premium surcharge is assessed, but which was a participating member during the policy year(s) for which the premium surcharge was assessed, shall pay such premium surcharges as it would have otherwise been assessed in accordance with the provisions of (i), (ii), and (iii) above.

(c) **Program Implementation and Effective Date.** Upon establishment of an insurance program by the Board of Directors, the Authority shall determine the manner of program implementation and shall give written notice to all members of such program, which shall include, but not be limited to: program participation levels, coverages and terms of coverage of the program, estimates of first year premium charges, program development costs, effective date of the program (or estimated effective date) and such other program provisions as deemed appropriate.

(d) **Late Entry Into Program.** A member which does not elect to enter an insurance program upon its implementation, pursuant to (c) above, or a county or public entity which becomes a party to this Agreement following implementation of the program, may petition the Board of Directors for late entry into the program. Such request may be granted upon a majority vote of the Board members, plus a majority vote of those board members who represent participants in the program. Alternatively, a county or public entity may petition the Executive Committee for late entry into the program, or a program committee, when authorized by an MOU governing that specific program, may approve late entry into that program. Such request may be granted upon a majority vote of the Executive Committee or program committee.

As a condition of late entry, the member shall pay the development charge for the program, as adjusted at the conclusion of the development period, but not subject to further adjustment,

and also any costs incurred by the Authority in analyzing the member's loss data and determining its annual premium as of the time of entry.

(e) **Reentry Into A Program.** Any county or public entity that is a member of an insurance program of the Authority who withdraws or is cancelled from an insurance program under Articles 21 and 22, may not reenter such insurance program for a period of three years from the effective date of withdrawal or cancellation.

ARTICLE 15 ACCOUNTS AND RECORDS

(a) **Annual Budget.** The Authority shall annually adopt an operating budget pursuant to Article 8 of this Agreement, which shall include a separate budget for each insurance program under development or adopted and implemented by the Authority.

(b) **Funds and Accounts.** The Auditor of the Authority shall establish and maintain such funds and accounts as may be required by good accounting practices and by the Board of Directors. Separate accounts shall be established and maintained for each insurance program under development or adopted and implemented by the Authority. Books and records of the Authority in the hands of the Auditor shall be open to inspection at all reasonable times by authorized representatives of members.

The Authority shall adhere to the standard of strict accountability for funds set forth in Government Code Section 6505.

(c) **Auditor's Report.** The Auditor, within one hundred and twenty (120) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each member.

(d) **Annual Audit.** Pursuant to Government Code Section 6505, the Authority shall either make or contract with a certified public accountant to make an annual fiscal year audit of all accounts and records of the Authority, conforming in all respects with the requirements of that section. A report of the audit shall be filed as a public record with each of the members and also with the county auditor of the county where the home office of the Authority is located and shall be sent to any public agency or person in California that submits a written request to the Authority. The report shall be filed within six months of the end of the fiscal year or years under examination. Costs of the audit shall be considered a general expense of the Authority.

ARTICLE 16 RESPONSIBILITIES FOR FUNDS AND PROPERTY

(a) The Treasurer shall have the custody of and disburse the Authority's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Board of Directors to perform that function, subject to the requirements of (b) below.

(b) Pursuant to Government Code Section 6505.5, the Treasurer shall:

(1) Receive and acknowledge receipt for all funds of the Authority and place them in the treasury of the Treasurer to the credit of the Authority.

(2) Be responsible upon his or her official bond for the safekeeping and disbursements of all Authority funds so held by him or her.

(3) Pay any sums due from the Authority, as approved for payment by the Board of Directors or by any body or person to whom the Board has delegated approval authority, making such payments from Authority funds upon warrants drawn by the Auditor.

(4) Verify and report in writing to the Authority and to members, as of the first day of each quarter of the fiscal year, the amount of money then held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.

(c) Pursuant to Government Code Section 6505.1, the Chief Executive Officer, the Treasurer, and such other persons as the Board of Directors may designate shall have charge of, handle, and have access to the property of the Authority.

(d) The Authority shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in the form specified by the Board of Directors, covering all officers and staff of the Authority, and all officers and staff who are authorized to have charge of, handle, and have access to property of the Authority.

ARTICLE 17 RESPONSIBILITIES OF MEMBERS

Members shall have the following responsibilities under this Agreement.

(a) The board of supervisors of each member county shall appoint a representative and one alternate representative to the Board of Directors, pursuant to Article 7.

(b) Each member shall appoint an officer or employee of the member to be responsible for the risk management function for that member and to serve as a liaison between the member and the Authority for all matters relating to risk management.

(c) Each member shall maintain an active safety program, and shall consider and act upon all recommendations of the Authority concerning the reduction of unsafe practices.

(d) Each member shall maintain its own claims and loss records in each category of liability covered by an insurance program of the Authority in which the member is a participant, and shall provide copies of such records to the Authority as directed by the Board of Directors or Executive Committee, or to such other committee as directed by the Board or Executive Committee.

(e) Each member shall pay development charges, premiums, and premium surcharges due to the Authority as required under Article 14. Penalties for late payment of such charges, premiums and/or premium surcharges shall be as determined and assessed by the Board of Directors. After withdrawal, cancellation, or termination action under Articles 20, 21, or 23, each member shall pay promptly to the Authority any additional premiums due, as determined and assessed by the Board of

Directors under Articles 22 or 23. Any costs incurred by the Authority associated with the collection of such premiums or other charges, shall be recoverable by the Authority.

(f) Each member shall provide the Authority such other information or assistance as may be necessary for the Authority to develop and implement insurance programs under this Agreement.

(g) Each member shall cooperate with and assist the Authority, and any insurer of the Authority, in all matters relating to this Agreement, and shall comply with all Bylaws, and other rules by the Board of Directors.

(h) Each member county shall maintain membership in CSAC.

(i) Each member shall have such other responsibilities as are provided elsewhere in this Agreement, and as are established by the Board of Directors in order to carry out the purposes of this Agreement.

ARTICLE 18

ADMINISTRATION OF CLAIMS

(a) Subject to subparagraph (e), each member shall be responsible for the investigation, settlement or defense, and appeal of any claim made, suit brought, or proceeding instituted against the member arising out of a loss.

(b) The Authority may develop standards for the administration of claims for each insurance program of the Authority so as to permit oversight of the administration of claims by the members.

(c) Each participating member shall give the Authority timely written notice of claims in accordance with the provisions of the Bylaws.

(d) A member shall not enter into any settlement involving liability of the Authority without the advance written consent of the Authority.

(e) The Authority, at its own election and expense, shall have the right to participate with a member in the settlement, defense, or appeal of any claim, suit or proceeding which, in the judgment of the Authority, may involve liability of the Authority.

ARTICLE 19

NEW MEMBERS

Any California public entity may become a party to this Agreement and participate in any insurance program in which it is not presently participating upon approval of the Board of Directors, by a majority vote of the members, or by majority vote of the Executive Committee.

**ARTICLE 20
WITHDRAWAL**

(a) A member may withdraw as a party to this Agreement upon thirty (30) days advance written notice to the Authority if it has never become a participant in any insurance program pursuant to Article 14, or if it has previously withdrawn from all insurance programs in which it was a participant.

(b) After becoming a participant in an insurance program, a member may withdraw from that program only at the end of a policy year for the program, and only if it gives the Authority at least sixty (60) days advance written notice of such action.

**ARTICLE 21
CANCELLATION**

(a) Notwithstanding the provisions of Article 20, the Board of Directors may:

(1) Cancel any member from this Agreement and membership in the Authority, on a majority vote of the Board members. Such action shall have the effect of canceling the member's participation in all insurance programs of the Authority as of the date that all membership is canceled.

(2) Cancel any member's participation in an insurance program of the Authority, without canceling the member's membership in the Authority or participation in other programs, on a vote of two-thirds of the Board members present and voting who represent participants in the program.

The Board shall give sixty (60) days advance written notice of the effective date of any cancellation under the foregoing provisions. Upon such effective date, the member shall be treated the same as if it had voluntarily withdrawn from this Agreement, or from the insurance program, as the case may be.

(b) A member that does not enter one or more of the insurance programs developed and implemented by the Authority within the member's first year as a member of the Authority shall be considered to have withdrawn as a party to this Agreement at the end of such period, and its membership in the Authority shall be automatically canceled as of that time, without action of the Board of Directors.

(c) A member which withdraws from all insurance programs of the Authority in which it was a participant and does not enter any program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to the Agreement at the end of such period, and its membership in the Authority shall be automatically canceled as of that time, without action of the Board of Directors.

(d) A member county that terminates its membership in CSAC shall be considered to have thereby withdrawn as a party to this Agreement, and its membership in the Authority and participation in any insurance program of the Authority shall be automatically canceled as of that time, without the action of the Board of Directors.

ARTICLE 22
EFFECT OF WITHDRAWAL OR CANCELLATION

(a) If a member's participation in an insurance program of the Authority is canceled under Article 21, with or without cancellation of membership in the Authority, and such cancellation is effective before the end of the policy year for that program, the Authority shall promptly determine and return to that member the amount of any unearned premium payment from the member for the policy year, such amount to be computed on a pro-rata basis from the effective date of cancellation.

(b) Except as provided in (a) above, a member which withdraws or is canceled from this Agreement and membership in the Authority, or from any program of the Authority, shall not be entitled to the return of any premium or other payment to the Authority, or of any property contributed to the Authority. However, in the event of termination of this Agreement, such member may share in the distribution of assets of the Authority to the extent provided in Article 23 provided; however, that any withdrawn or canceled member which has been assessed a premium surcharge pursuant to Article 14 (b) (3) (ii) shall be entitled to return of said member's unused surcharge, plus interest accrued thereon, at such time as the Board of Directors declares that a surplus exists in any insurance fund for which a premium surcharge was assessed.

(c) Except as provided in (d) below, a member shall pay any premium charges which the Board of Directors determines are due from the member for losses and costs incurred during the entire coverage year in which the member was a participant in such program regardless of the date of entry into such program. Such charges may include any deficiency in a premium previously paid by the member, as determined by audit under Article 14 (b) (2); any premium surcharge assessed to the member under Article 14 (b) (3); and any additional amount of premium which the Board determines to be due from the member upon final disposition of all claims arising from losses under the program during the entire coverage year in which the member was a participant regardless of date of entry into such program. Any such premium charges shall be payable by the member in accordance with the Authority's invoice and payment policy.

(d) Those members which who have withdrawn or been canceled pursuant to Articles 20 and 21 from any program of the Authority during a coverage year shall pay any premium charges which the Board of Directors determines are due from the members for losses and costs which were incurred during the county's participation in any program.

ARTICLE 23
TERMINATION AND DISTRIBUTION OF ASSETS

(a) A three-fourths vote of the total voting membership of the Authority, consisting of member counties, acting through their boards of supervisors, and the voting Board members from the member public entities, is required to terminate this Agreement; provided, however, that this Agreement and the

Authority shall continue to exist after such election for the purpose of disposing of all claims, distributing all assets, and performing all other functions necessary to conclude the affairs of the Authority.

(b) Upon termination of this Agreement, all assets of the Authority in each insurance program shall be distributed among those members which participated in that program in proportion to their cash contributions, including premiums paid and property contributed (at market value when contributed). The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending claim or other liability covered by the program.

(c) Following termination of this Agreement, any member which was a participant in an insurance program of the Authority shall pay any additional amount of premium, determined by the Board of Directors in accordance with a loss allocation formula, which may be necessary to enable final disposition of all claims arising from losses under that program during the entire coverage year in which the member was a participant regardless of the date of entry into such program.

ARTICLE 24
LIABILITY OF BOARD OF DIRECTORS, OFFICERS, COMMITTEE MEMBERS
AND LEGAL ADVISORS

The members of the Board of Directors, Officers, committee members and legal advisors to any Board or committees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. They shall not be liable for any mistake of judgment or any other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Authority funds, or failure to invest.

No Director, Officer, committee member, or legal advisor to any Board or committee shall be responsible for any action taken or omitted by any other Director, Officer, committee member, or legal advisor to any committee. No Director, Officer, committee member or legal advisor to any committee shall be required to give a bond or other security to guarantee the faithful performance of their duties pursuant to this Agreement.

The funds of the Authority shall be used to defend, indemnify and hold harmless the Authority and any Director, Officer, committee member or legal advisor to any committee for their actions taken within the scope of the authority of the Authority. Nothing herein shall limit the right of the Authority to purchase insurance to provide such coverage as is hereinabove set forth.

**ARTICLE 25
BYLAWS**

The Board may adopt Bylaws consistent with this Agreement which shall provide for the administration and management of the Authority.

**ARTICLE 26
NOTICES**

The Authority shall address notices, billings and other communications to a member as directed by the member. Each member shall provide the Authority with the address to which communications are to be sent. Members shall address notices and other communications to the Authority to the Chief Executive Officer of the Authority, at the office address of the Authority as set forth in the Bylaws.

**ARTICLE 27
AMENDMENT**

A two-thirds vote of the total voting membership of the Authority, consisting of member counties, acting through their boards of supervisors, and the voting Board members from member public entities, is required to amend this Agreement.

**ARTICLE 28
PROHIBITION AGAINST ASSIGNMENT**

No member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any member shall have any right, claim or title to any part, share, interest, fund, premium or asset of the Authority.

**ARTICLE 29
AGREEMENT COMPLETE**

This Agreement constitutes the full and complete Agreement of the parties.

ARTICLE 30
EFFECTIVE DATE OF AMENDMENTS

Any amendment of this Agreement shall become effective upon the date specified by the Board and upon approval of any Amended Agreement as required in Article 27. Approval of any amendment by the voting boards of supervisors and public entity board member's must take place no later than 30 days from the effective date specified by the Board.

ARTICLE 31
DISPUTE RESOLUTION

When a dispute arises between the Authority and a member, the following procedures are to be followed:

(a) Request for Reconsideration. The member will make a written request to the Authority for the appropriate Committee to reconsider their position, citing the arguments in favor of the member and any applicable case law that applies. The member can also, request a personal presentation to that Committee, if it so desires.

(b) Committee Appeal. The committee responsible for the program or having jurisdiction over the decision in question will review the matter and reconsider the Authority's position. This committee appeal process is an opportunity for both sides to discuss and substantiate their positions based upon legal arguments and the most complete information available. If the member requesting reconsideration is represented on the committee having jurisdiction, that committee member shall be deemed to have a conflict and shall be excluded from any vote.

(c) Executive Committee Appeal. If the member is not satisfied with the outcome of the committee appeal, the matter will be brought to the Executive Committee for reconsideration upon request of the member. If the member requesting reconsideration is represented on the Executive Committee, that Executive Committee member shall be deemed to have a conflict and shall be excluded from any vote.

(d) Arbitration. If the member is not satisfied with the outcome of the Executive Committee appeal, the next step in the appeal process is arbitration. The arbitration, whether binding or non-binding, is to be mutually agreed upon by the parties. The matter will be submitted to a mutually agreed arbitrator or panel of arbitrators for a determination. If Binding Arbitration is selected, then of course the decision of the arbitrator is final. Both sides agree to abide by the decision of the arbitrator. The cost of arbitration will be shared equally by the involved member and the Authority.

(e) Litigation. If, after following the dispute resolution procedure paragraphs a-d, either party is not satisfied with the outcome of the non-binding arbitration process, either party may consider litigation as a possible remedy to the dispute.

ARTICLE 32
FILING WITH SECRETARY OF STATE

The Chief Executive Officer of the Authority shall file a notice of this Agreement with the office of California Secretary of State within 30 days of its effective date, as required by Government Code Section 6503.5 and within 70 days of its effective date as required by Government Code Section 53051.

IN WITNESS WHEREOF, the undersigned party hereto has executed this Agreement on the date indicated below.

DATE: _____

MEMBER: _____

(Print Name of Member)

BY: _____

(Authorized signature of Member)

Seal:

APPENDIX A
JOINT POWERS AGREEMENT
CSAC EXCESS INSURANCE AUTHORITY

(AS OF JULY 1, 2017)

ALAMEDA COUNTY	TULARE COUNTY
ALPINE COUNTY	TUOLUMNE COUNTY
AMADOR COUNTY	VENTURA COUNTY
BUTTE COUNTY	YOLO COUNTY
CALAVERAS COUNTY	YUBA COUNTY
COLUSA COUNTY	ACCEL
CONTRA COSTA COUNTY	ALAMEDA HEALTH SYSTEM
DEL NORTE COUNTY	AMADOR TRANSIT
EL DORADO COUNTY	BAHARMA (Bay Area Housing Authority RMA)
FRESNO COUNTY	BAY AREA AIR QUALITY MGMT DISTRICT
GLENN COUNTY	BERKELEY UNIFIED SCHOOL DISTRICT
HUMBOLDT COUNTY	BICEP
IMPERIAL COUNTY	CADA
INYO COUNTY	CALIFORNIA FAIR SERVICES AUTHORITY
KERN COUNTY	CA MENTAL HEALTH SERVICES AUTHORITY
KINGS COUNTY	CALIFORNIA STATE LEGISLATURE
LAKE COUNTY	CALIFORNIA STATE UNIVERSITY RISK
LASSEN COUNTY	MANAGEMENT AUTHORITY (CSURMA)
MADERA COUNTY	CAMPBELL UNION SCHOOL DISTRICT
MARIN COUNTY	CAPRI
MARIPOSA COUNTY	CASITAS MUNICIPAL WATER DISTRICT
MENDOCINO COUNTY	CATALINA ISLAND MEDICAL CENTER
MERCED COUNTY	CENTRAL CONTRA COSTA SANITARY DISTRICT
MODOC COUNTY	CENTRAL COUNTY FIRE DEPARTMENT
MONO COUNTY	CENTRAL SIERRA CHILD SUPPORT AGENCY
MONTEREY COUNTY	CITY OF ALAMEDA
NAPA COUNTY	CITY OF AMERICAN CANYON
NEVADA COUNTY	CITY OF ANAHEIM
ORANGE COUNTY	CITY OF ATASCADERO
PLACER COUNTY	CITY OF ATWATER
PLUMAS COUNTY	CITY OF BAKERSFIELD
RIVERSIDE COUNTY	CITY OF BEAUMONT
SACRAMENTO COUNTY	CITY OF BELL
SAN BENITO COUNTY	CITY OF BELMONT
SAN BERNARDINO COUNTY	CITY OF BERKELEY
SAN DIEGO COUNTY	CITY OF BUENA PARK
SAN JOAQUIN COUNTY	CITY OF BURLINGAME
SAN LUIS OBISPO COUNTY	CITY OF CALABASAS
SANTA BARBARA COUNTY	CITY OF CALEXICO
SANTA CLARA COUNTY	CITY OF CAPITOLA
SANTA CRUZ COUNTY	CITY OF CARLSBAD
SHASTA COUNTY	CITY OF CARMEL BY THE SEA
SIERRA COUNTY	CITY OF CHICO
SISKIYOU COUNTY	CITY OF CHULA VISTA
SOLANO COUNTY	CITY OF CLAREMONT
SONOMA COUNTY	CITY OF CLAVIS
STANISLAUS COUNTY	CITY OF CONCORD
SUTTER COUNTY	CITY OF CORONA
TEHAMA COUNTY	CITY OF CORONADO
TRINITY COUNTY	CITY OF COSTA MESA

CITY OF COVINA
 CITY OF CUPERTINO
 CITY OF CYPRESS
 CITY OF DALY CITY
 CITY OF DEL MAR
 CITY OF DOWNEY
 CITY OF EL CAJON
 CITY OF EL CENTRO
 CITY OF EL MONTE
 CITY OF ELK GROVE
 CITY OF ENCINITAS
 CITY OF ESCALON
 CITY OF ESCONDIDO
 CITY OF FAIRFIELD
 CITY OF FOLSOM
 CITY OF FONTANA
 CITY OF FREMONT
 CITY OF FRESNO
 CITY OF GALT
 CITY OF GARDEN GROVE
 CITY OF GOLETA
 CITY OF HANFORD
 CITY OF HAWTHORNE
 CITY OF HAYWARD
 CITY OF HEMET
 CITY OF HUNTINGTON BEACH
 CITY OF IMPERIAL BEACH
 CITY OF IONE
 CITY OF IRVINE
 CITY OF LANCASTER
 CITY OF LEMON GROVE
 CITY OF LIVE OAK
 CITY OF LIVERMORE
 CITY OF LOMPOC
 CITY OF LOS ALAMITOS
 CITY OF LOS ALTOS
 CITY OF MANHATTAN BEACH
 CITY OF MAYWOOD
 CITY OF MENLO PARK
 CITY OF MERCED
 CITY OF MILL VALLEY
 CITY OF MILLBRAE
 CITY OF MISSION VIEJO
 CITY OF MODESTO
 CITY OF MONTEBELLO
 CITY OF MORENO VALLEY
 CITY OF MURRIETA
 CITY OF NAPA
 CITY OF NATIONAL CITY
 CITY OF NEEDLES
 CITY OF NEWPORT BEACH
 CITY OF NOVATO
 CITY OF OAKLAND
 CITY OF OCEANSIDE
 CITY OF OROVILLE

CITY OF PACIFICA
 CITY OF PASO ROBLES
 CITY OF PERRIS
 CITY OF PLEASANTON
 CITY OF PICO RIVERA
 CITY OF POMONA
 CITY OF PORT HUENEME
 CITY OF RANCHO CORDOVA
 CITY OF RANCHO SANTA MARGARITA
 CITY OF REDDING
 CITY OF REDLANDS
 CITY OF REDONDO BEACH
 CITY OF REDWOOD CITY
 CITY OF RIALTO
 CITY OF RICHMOND
 CITY OF RIDGECREST
 CITY OF ROSEVILLE
 CITY OF SACRAMENTO
 CITY OF SAN BERNARDINO
 CITY OF SAN BRUNO
 CITY OF SAN CLEMENTE
 CITY OF SAN DIEGO
 CITY OF SAN JACINTO
 CITY OF SAN LEANDRO
 CITY OF SAN RAMON
 CITY OF SANTA CLARA
 CITY OF SANTA ROSA
 CITY OF SANTEE
 CITY OF SIMI VALLEY
 CITY OF SOLANA BEACH
 CITY OF SOUTH PASADENA
 CITY OF SOUTH SAN FRANCISCO
 CITY OF STANTON
 CITY OF STOCKTON
 CITY OF SUNNYVALE
 CITY OF TORRANCE
 CITY OF TWENTYNINE PALMS
 CITY OF VACAVILLE
 CITY OF VISALIA
 CITY OF VISTA
 CITY OF WALNUT CREEK
 CITY OF WATSONVILLE
 CITY OF WEST COVINA
 CITY OF WEST SACRAMENTO
 CITY OF WHITTIER
 CITY OF YUBA CITY
 COAST COMMUNITY COLLEGE DISTRICT
 COMMUNITY DEVELOPMENT COMMISSION
 OF L.A. COUNTY
 CONTRA COSTA CO IHSS PUBLIC AUTHORITY
 COUNCIL OF SAN BENITO CO. GOVERNMENTS
 CSAC EIA
 CSRM
 CVAG
 DEL NORTE IHSS PUBLIC AUTHORITY

DUBLIN SAN RAMON SERVICES DISTRICT
 EAST BAY REGIONAL PARK DISTRICT
 EAST SAN GABRIEL VALLEY ROP
 ERMAC
 EVERGREEN SCHOOL DISTRICT
 FIRST FIVE CONTRA COSTA CHILDREN &
 FAMILIES COMMISSION
 FIRST FIVE SACRAMENTO COMMISSION
 GOLD COAST TRANSIT DISTRICT
 GOLDEN EMPIRE TRANSIT DISTRICT
 GREAT BASIN UNIFIED AIR POLLUTION
 CONTROL DISCTRICT
 GSRMA
 GSRMA JPA
 HOUSING AUTHORITY OF RIVERSIDE CO
 HUMBOLDT IHSS PUBLIC AUTHORITY
 HUMBOLDT TRANSIT AUTHORITY
 HUNTINGTON BEACH UNION HSD
 IMPERIAL COUNTY IHSS PUBLIC AUTHORITY
 INLAND EMPIRE HEALTH PLAN
 INLAND EMPIRE UTILITIES AGENCY
 IRVINE RANCH WATER DISTRICT
 KERN COUNTY HOSPITAL AUTHORITY
 KERN IHSS PUBLIC AUTHORITY
 KINGS CO. AREA PUBLIC TRANSIT AGENCY
 KINGS WASTE & RECYCLING AUTHORITY
 LAKE ELSINORE UNIFIED SCHOOL DISTRICT
 LAWCX
 LOS ANGELES USD
 MADERA IHSS PUBLIC AUTHORITY
 MARIN COUNTY TRANSIT DISTRICT
 MENDOCINO COAST DISTRICT HOSPITAL
 MILITARY DEPT. OF THE STATE OF CA
 MONTEREY BAY AREA SELF INSURANCE
 AUTHORITY (MBASIA)
 MONTEREY SALINAS TRANSIT
 MORONGO BASIN TRANSIT AUTHORITY
 MOUNTAIN COMM HEALTHCARE DISTRICT
 MT. DIABLO USD
 MUNICIPAL POOLING AUTHORITY (MPA)
 NAPA SANITATION DISTRICT
 NCCSIF
 NCS DIA
 OFFICE OF COMMUNITY AND INVESTMENT
 AND INFRASTRUCTURE (OCII)
 OMNITRANS
 ORANGE COUNTY FIRE AUTHORITY
 ORANGE COUNTY SANITATION DISTRICT
 ORANGE COUNTY TRANSPORTATION AUTH.
 OTAY WATER DISTRICT
 PALO VERDE VALLEY HEALTH CARE
 DISTRICT HOSPITAL
 PARSAC
 PASADENA UNIFIED SCHOOL DISTRICT
 PASIS – SAN DIEGO

PERMA
 PLACER COUNTY WATER AGENCY
 PLEASANT HILL RECREATION & PARK DIST
 PORT OF OAKLAND
 REDONDO BEACH UNIFIED SCHOOL DIST
 RIVERSIDE IHSS PUBLIC AUTHORITY
 RIVERSIDE TRANSIT AGENCY
 SACRAMENTO – YOLO MOSQUITO AND
 VECTOR CONTROL DISTRICT
 SACRAMENTO COUNTY CONTRACTS
 SAFCA
 SAN BENITO IHSS PUBLIC AUTHORITY
 SAN BERNARDINO DEPARTMENTS
 SAN BERNARDINO IHSS PUBLIC AUTHORITY
 SAN DIEGO COUNTY WATER AUTHORITY
 SAN DIEGO IHSS PUBLIC AUTHORITY
 SAN DIEGO HOUSING COMMISSION
 SAN DIEGO METROPOLITAN TRANSIT SYS
 SAN DIEGO UNIFIED SCHOOL DISTRICT
 SAN JOSE UNIFIED SCHOOL DISTRICT
 SAN LUIS OBISPO RTA
 SAN MATEO COUNTY SCHOOLS INS. GROUP
 SANTA BARBARA METRO TRANSIT DISTRICT
 SANTA CLARA CO. LIBRARY DISTRICT JPA
 SANTA CLARA CO. OFFICE OF EDUCATION
 SANTA CLARA CO VECTOR CONTROL DIST
 SANTA CRUZ COUNTY FIRE AGENCIES
 INSURANCE GROUP
 SANTA CRUZ METRO TRANSIT DISTRICT
 SCHOOLS EXCESS LIABILITY FUND (SELF)
 SDRMA
 SHASTA IHSS PUBLIC AUTHORITY
 SIRMA
 SOLANO TRANSPORTATION AUTHORITY
 SONOMA COUNTY ERA
 SONOMA MARIN AREA RAIL TRANSIT
 SOUTH BAY AREA SCHOOLS INS AUTHORITY
 SOUTH COUNTY AREA TRANSIT
 SUPERIOR COURT OF CA, ALPINE COUNTY
 SUPERIOR COURT OF CA, AMADOR COUNTY
 SUPERIOR COURT OF CA, BUTTE COUNTY
 SUPERIOR COURT OF CA, CALAVERAS CO.
 SUPERIOR COURT OF CA, COLUSA COUNTY
 SUPERIOR COURT OF CA, CONTRA COSTA CO
 SUPERIOR COURT OF CA, DEL NORTE CO
 SUPERIOR COURT OF CA, EL DORADO CO
 SUPERIOR COURT OF CA, LAKE COUNTY
 SUPERIOR COURT OF CA, LASSEN COUNTY
 SUPERIOR COURT OF CA, MERCED COUNTY
 SUPERIOR COURT OF CA, ORANGE COUNTY
 SUPERIOR COURT OF CA, PLACER COUNTY
 SUPERIOR COURT OF CA, SAN BENITO CO.
 SUPERIOR COURT OF CA, SAN LUIS OBISPO
 COUNTY
 SUPERIOR COURT OF CA, SANTA BARBARA CO

SUPERIOR COURT OF CA, SANTA CRUZ CO.
SUPERIOR COURT OF CA, SHASTA COUNTY
SUPERIOR COURT OF CA, SONOMA COUNTY
SUPERIOR COURT OF CA, STANISLAUS CO.
SUPERIOR COURT OF CA, TRINITY COUNTY
SUPERIOR COURT OF CA, TUOLUMNE CO
SUPERIOR COURT OF CA, YOLO COUNTY
SUPERIOR COURT OF CA, YUBA COUNTY
SUTTER IHSS PUBLIC AUTHORITY
TAHOE TRANSPORTATION DISTRICT
TORRANCE USD
TOWN OF COLMA
TOWN OF YOUNTVILLE
TRANSPORTATION CORRIDOR AGENCIES
TRINDEL INSURANCE FUND
TURLOCK IRRIGATION DISTRICT
UC HASTINGS COLLEGE OF LAW
UPLAND UNIFIED SCHOOL DISTRICT
WEST SAN GABRIEL LIABILITY & PROPERTY
JPA
WEST SAN GABRIEL WC JPA
WESTERN RIVERSIDE COUNCIL OF
GOVERNMENTS (WRCOG)
YOLO PARMIA



BYLAWS OF THE CSAC EXCESS INSURANCE AUTHORITY

ARTICLE I. DEFINITIONS

The definitions of terms used in these Bylaws shall be the same as are contained in the Agreement Creating the Excess Insurance Authority, hereinafter called the Agreement, unless otherwise expressly provided.

ARTICLE II. OFFICES

The Authority's principal office for the transaction of business is located at 75 Iron Point Circle, Folsom, California. The Board of Directors may change the location of the principal office from time to time.

The Board may establish one or more subordinate offices at any place or places where the Authority is qualified to do business.

ARTICLE III. MEETINGS OF THE BOARD OF DIRECTORS

1. Regular Meetings

(a) Time Held – The Board of Directors shall hold a minimum of three meetings per year. These meetings should, if at all possible, be scheduled at least one year prior to each meeting. Unless otherwise changed by a majority vote of the Board of Directors at a regular meeting, these meetings shall be held at 8:30 a.m. on the first Friday of March, June and October. Should any of these days fall upon a legal holiday, the meeting of the Board shall be held on the same day of the following week.

(b) Business to be Transacted – At the second yearly regular meeting, the Board shall review, modify if necessary, and adopt the annual operating budget of the Authority. At the last yearly regular meeting, the Board shall elect officers and Executive Committee members as required by the Agreement and these Bylaws. At any meetings, the Board may transact any other business within its powers, and receive reports of the operations and affairs of the Authority.

(c) Notice – Written notice of each regular meeting of the Board shall be delivered to each director and/or alternate director at least seven (7) days in advance of the meeting. The notice shall specify:

- i. The place, date and hour of the meeting.
- ii. Those matters which are intended to be presented for action by the Board.
- iii. The general nature of any proposal for action by the Board concerning a change in the Agreement or these Bylaws, a change in the membership of the Authority, or any other matter substantially affecting the rights and obligations of the members.

- iv. If officers and Executive Committee members are to be elected, the names of the persons nominated for such positions at the time the notice is sent.

2. Special Meetings

A special meeting of the Board of Directors, and/or of the participating members in any insurance program, may be called at any time by the President of the Board, or by a majority of the members of the Board or such participating members, subject to the requirement for 24-hour written notice to the members, participating members and to requesting representatives of the media provided in Section 54956 of the California Government Code. The notice of a special meeting shall specify the time and place of the meeting and the business to be transacted. No other business shall be considered at the meeting.

3. Annual Meeting of Public Entity Members

(a) The Public Entity members of the Authority shall hold at least one meeting each year. Members attending shall be reimbursed expenses in accordance with Authority policy.

(b) The Chief Executive Officer of the Authority shall provide for the keeping of minutes of annual meetings of the Public Entity members, and shall provide a copy of the minutes to each member of the Board at the next scheduled meeting.

(c) The annual meeting of the Public Entity members shall be called, noticed, held and conducted in accordance with the provisions of Government Code Section 54950 et seq.

4. Place of Meeting

Each regular or special meeting of the Board of Directors or participating members in any insurance program shall be held at a place within the State of California designated by the Board of Directors at its preceding meeting, or if no such designation is made, as designated by the Executive Committee or the President of the Board.

5. Adjourned Meetings

The Board of Directors may adjourn any regular or special meeting to a time and place specified in the order of adjournment, whether or not a quorum has been established. If a quorum is not established, no business other than adjournment may be transacted.

A copy of the order for adjournment shall be posted as required by Section 54955 of the Government Code. No other notice of an adjourned meeting shall be necessary, unless the adjournment is for a period of 30 days or more, in which case notice of the adjourned meeting shall be given in the same manner as notice of the original meeting.

ARTICLE IV. THE EXECUTIVE COMMITTEE

1. Membership

The eleven member Executive Committee shall consist of: President, Vice President, one county CAO, one county Risk Manager, one financially-oriented member (preferably with investment background) from a member county but not necessarily a member of the Board, one county supervisor, two members from the public entity Board members, and the balance shall be elected at large. The immediate Past President shall also be a member of the Executive Committee, but shall serve in an advisory capacity only. If the Past President is elected to the Executive Committee for a term immediately succeeding his/her term as President, then the position of Past President shall remain vacant until filled in accordance with these Bylaws. The Executive Committee shall appoint Legal Counsel who shall serve in an advisory capacity to the Board of Directors and the Executive Committee.

If a specific category is not able to be filled, then the Board of Directors will fill from within its own membership.

Any duly appointed or elected member of the Board may be elected by the Board to serve as President or Vice President, provided however, that in no event shall there be more than two public entity directors on the Executive Committee.

2. Terms of Office

The terms of office of the nine non-officer members of the Executive Committee shall be for two (2) years, or as otherwise provided for in the Agreement. The term of office for the immediate Past President shall be for one (1) year.

3. Removal, Vacancies and Alternates

The Board of Directors may remove any or all non-officer members from the Executive Committee at any time.

A vacancy in any non-officer position on the Executive Committee, because of death, resignation, removal, disqualification, or any other cause, shall be filled by election of the Board. Pending action by the Board, the remaining members of the Executive Committee may fill a vacancy on an interim basis, except in the case of a vacancy caused by removal, which may only be filled by the Board.

The alternate director for a director who is a member of the Executive Committee may attend and participate in a meeting of the Committee as the representative of the member, but may not vote.

Continued membership of any Executive Committee member who misses more than 50% of the meetings in any calendar year or who misses two consecutive meetings

may be reviewed by the Executive Committee with any removal recommendations to be made to the Board of Directors.

4. Meetings

The Executive Committee shall meet on the first Thursday of every month, or on the call of the President of the Board, at such times and places as are designated by that officer.

The Committee shall also meet on the call of any seven of its members, at such time and place as they may designate.

Written notice of regular meetings shall be in accordance with the provisions of Article III.(1)(c). Special meetings shall be called and noticed in accordance with the provisions of Article III.(2).

5. Quorum and Voting Requirements

Seven members of the Executive Committee shall constitute a quorum for the transaction of business. All actions of the Committee shall require the affirmative votes of a majority of the members, at a meeting duly held at which a quorum is present.

6. Adjourned Meetings

The Executive Committee may adjourn any meeting to a time and place specified in the order for adjournment, whether or not a quorum has been established. If a quorum is not established, no business other than adjournment may be transacted.

A copy of the order for adjournment shall be posted as required by Section 54955 of the Government Code. No other notice of an adjourned meeting shall be necessary, unless the adjournment is for a period of 24 hours or more, in which case notice of the adjourned meeting shall be delivered to the members who were not present at the time of adjournment.

ARTICLE V. OFFICERS

1. Duties of the President

The President shall preside at and conduct all meetings of the Board and shall chair the Executive Committee.

2. Duties of the Vice President

In the absence of the President, the Vice President shall perform all duties assigned to the President by the Agreement and by these Bylaws.

3. Terms of Office

The terms of office of the President and Vice President shall be for one (1) year.

4. Removal and Vacancies

The Board of Directors may remove an officer at any time. A vacancy in an officer position, because of death, resignation, removal, disqualification, or any other cause, shall be filled by election of the Board.

ARTICLE VI. COMMITTEES

1. Establishment of Committees

In accordance with Article 12 of the Agreement, by adoption of these Bylaws, the following committees are hereby established.

(a) Claims Review Committee

The Claims Review Committee shall review all claims arising out of the Excess Workers' Compensation and General Liability I Programs against members which involve or may involve liability of the Authority. The Claims Review Committee may, subject to monetary limits established by the Board, settle claims within its monetary limits in accordance with Article X of these Bylaws. The Committee shall advise the Executive Committee and the Board as to the nature and extent of claims adjusting and legal defense services necessary to protect the funds of the Authority, as to settlement of claims above its monetary limits which involve liability of the Authority, and such other functions as the Board and/or Executive Committee may direct. The Executive Committee may appoint legal counsel or use County Counsel representatives to serve in an advisory capacity to the Claims Review Committee.

(b) Underwriting Committee

The Underwriting Committee shall be responsible for approval of applications by non-members for membership in the Excess Workers' Compensation and General Liability I Programs of the Authority, subject to ratification by the Executive Committee. The Committee shall formulate, advise and make recommendations to the Executive Committee regarding the allocation of premiums to members and prospective non-members; advise and make recommendations regarding the distribution of such premiums; assess the stability of insurers and reinsurers and advise and make recommendations regarding said insurers and reinsurers; and perform such other functions as the Board and/or Executive Committee may direct.

(c) Finance Committee

The Finance Committee shall serve in an advisory capacity to the Chief Executive Officer and Executive Committee. The Committee shall study and recommend policies, procedures and practices to be implemented regarding various financial matters of the Authority and may:

- i. Review budgets,
- ii. Review financial statements on a quarterly basis,
- iii. Recommend for approval the external auditor to perform annual audits,
- iv. Recommend for approval an investment program for trust monies,
- v. Recommend for approval the accounting and internal control systems which monitor the safeguarding of the Authority's assets,
- vi. Recommend for approval the Treasurer of the Authority, and
- vii. Serve as the Authority's Audit Committee.

(d) Loss Prevention Committee

The Loss Prevention Committee shall develop, evaluate and review all matters pertaining to the Authority's loss prevention services. The Committee shall advise and make recommendations to the Executive Committee or the Board of Directors regarding the programs, proposed regulatory changes specific to loss prevention and safety, the drug and alcohol testing consortium and perform such other functions as the Board and/or Executive Committee may direct.

(e) Employee Benefits Committee

The Employee Benefits Committee shall develop, evaluate and review all matters pertaining to the Authority's employee benefits programs. The Committee shall advise and make recommendations to the Executive Committee or the Board of Directors regarding existing programs and the development and implementation of new employee benefits programs and perform such other functions as the Board and/or Executive Committee may direct.

(f) Legislative Committee

The Legislative Committee shall actively propose amending, supporting, or opposing legislation and regulations for the benefit of the members regarding issues of concern to public entities. Such legislation, legislative reform, and/or regulation shall be in the areas of workers' compensation, tort, workplace safety and loss prevention, and other areas of interest to public entities. The Committee shall advise and make recommendations to the Executive Committee regarding legislative activities to be sponsored by the Authority and perform such other functions as the Board and/or Executive Committee may direct.

2. Committees Created by Memorandums of Understanding

The Board of Directors is authorized to approve development of insurance programs through Memorandums of Understanding (MOU). Those programs may create committees through the MOU to act for and on behalf of such programs, including authorizing settlement of any claim within the authority of such programs. Any committee so created, except as otherwise provided in any applicable MOU, shall be established and act in accordance with the provisions of Article 12 of the Agreement and these Bylaws.

3. Appointment of Members

By adoption of these Bylaws, the Board of Directors delegates to the Executive Committee the appointment of the members to all Authority Committees. Such appointments are to be in accordance with the provisions as set forth in Article 12 of the Agreement. Terms of service on a Committee will be through December 31st of the year of expiration or until the Executive Committee makes new appointments at its meeting the following January, whichever is later.

4. Committee Meetings

Committees shall meet at regularly scheduled times and places or upon the call of their chairs. Written notice of regular meetings shall be in accordance with the provisions of Article III.(1)(c). Special meetings shall be called and noticed in accordance with the provisions of Article III.(2).

A majority of the members of the respective committees shall constitute a quorum for the transaction of business. All actions of the committees shall require the affirmative votes of a majority of the members at a meeting duly held at which a quorum is present.

ARTICLE VII. DELEGATION OF AUTHORITY

1. Adoption of Resolutions

As provided in Article 8 of the Agreement, the Board of Directors may adopt such resolutions as are deemed necessary in the exercise of its power and duties, including the delegation of certain powers and duties to the Executive Committee. Any resolutions so adopted by the Board are by this reference incorporated herein as though fully set forth.

2. Adoption of other Policies and Procedures

As also provided in Article 8 of the Agreement, the Board of Directors is vested with authority to exercise all powers and conduct all business of the Authority. In furtherance of that authority, the Board of Directors and the Executive Committee shall develop and implement such policies and procedures, not otherwise prohibited by the Agreement or law, as they from time to time deem necessary to aid and assist in the conduct of the business of the Authority. Any such policies and procedures as adopted are by this reference incorporated herein as though fully set forth.

ARTICLE VIII. MISCELLANEOUS

1. Execution of Contracts

The Board of Directors or the Executive Committee may authorize any officer, staff member, or agent of the Authority to execute any contract in the name of and on behalf of the Authority, and such authorization may be general or specific in nature. The Chief

Executive Officer, or his or her designee, may enter into such contracts and authorize such payments as are approved in the Authority's budget, renew any existing contract or authorize any payment which does not exceed the limit set forth in the Authority's Bidding Procedures Policy. Except as otherwise provided, no officer, staff member, or agency shall have any power to bind the Authority by contract.

2. Authorization of Payments

All invoices, billings, and claims of members for payment of losses under an excess insurance program shall be approved and signed by the following before payment by the Treasurer:

- (a) President of the Board or,
- (b) The Vice President of the Board or,
- (c) The Chief Executive Officer or his or her designee.

3. Rules of Procedure for Meetings

All meetings of the Board of Directors, Executive Committee, and other committees or bodies of the Authority shall be conducted in accordance with Robert's Rules of Order, provided that in the event of a conflict, such rules shall be superseded by the Agreement, these Bylaws, and California law.

ARTICLE IX. FISCAL YEAR

1. The fiscal year of the Authority shall be from July 1 to June 30.

ARTICLE X. ADMINISTRATION AND NOTICE OF CLAIMS

1. Administration of Claims

(a) In accordance with Article 18 of the Agreement, each member shall be responsible for the investigation, settlement or defense, and appeal of any claim made, suit brought, or proceeding instituted against the member arising out of a loss covered by an insurance program of the Authority of which the member is a participant.

(b) The Authority may develop standards for the administration of claims for designated insurance programs of the Authority. Any standards for the administration of claims which have been developed for any designated program, or which otherwise may be developed, are by this reference incorporated herein as though fully set forth.

2. Notice of Claims

Members shall give the Authority timely written notice of claims in accordance with the adopted reporting requirements established for each program. Such reporting

requirements, as adopted or as amended, are by this reference incorporated herein as though fully set forth.

ARTICLE XI. CLAIMS SETTLEMENT AUTHORITY

In accordance with Article 8 paragraph (j) of the Agreement, by adoption of these Bylaws, the following claims settlement authority is established.

(a) Subject to any claim settlement authority provide for in MOUs for existing programs, the Board of Directors hereby delegates to the Executive Committee full settlement authority for the full limits of coverage for any claim involving coverage under any established program of the Authority. The Executive Committee may further delegate its settlement authority, either through MOUs, by these Bylaws, or by specific action, to other programs or committees.

ARTICLE XII. TREASURER AND AUDITOR

1. Treasurer

The duties of the Treasurer are set forth in Article 16 of the Agreement. Pursuant to Government Code Section 6505.6 and in accordance with Article 13(a)(2) of the Agreement, the Board appoints the Chief Executive Officer to the position of Treasurer, who shall comply with the provisions of Government Code Section 6505.5 (a-d).

2. Auditor

The Auditor shall draw warrants to pay demands against the Authority when approved by the Treasurer. Pursuant to Government Code Section 6505.6 and in accordance with Article 13(a)(3) of the Agreement, the Board appoints the Chief Financial Officer to the position of Auditor, who shall comply with the provisions of Government Code Section 6505.5 (a-e).

ARTICLE XIII. PUBLIC ENTITY BOARD MEMBERS

1. Election

In accordance with Article 7(b-c), the Public Entity members shall elect seven (7) voting directors and three (3) alternate directors to the Board of Directors. The election shall be conducted by mail-in or electronic ballot under the direction of the Executive Committee. The Executive Committee shall adopt rules and procedures for the conduct of the elections, which shall include, but not be limited to, a nominating committee which shall be responsible for determining a slate of candidates. Election of Board members shall be by a majority vote of those responding. In order for the election to be valid, a response rate of at least one-third of the public entity membership is required. Should there be a tie vote for the election of any Board member, the winner will be determined in accordance with the adopted rules and procedures for the conduct of elections. Unless otherwise approved by the Executive Committee, the names of

nominated candidates shall be disseminated to all members no later than August 1st of each year. Ballots shall be submitted no later than September 1st. Elected Board members shall take office on October 1st.

2. Composition and Terms

The ten directors shall be those that receive the highest votes from the participating public entity members, with the top seven highest vote totals designated as the director members and the remaining three with the highest vote totals designated as alternate directors. Three of the director seats shall consist of one from a city member, one from a schools member, one from a special district member and the remaining four seats shall be elected at large. The terms of the seven director positions shall be staggered such that approximately half of the directors' terms will expire each year. Terms of office for the directors shall generally be two-year terms, provided however, that some one-year terms will be established initially and may be established from time to time in order to establish and maintain the appropriate stagger. Alternate members will be elected for one year terms and will be permitted to vote only if the required number of director members are absent. Should the number of alternate votes authorized due to director absences be less than the number of alternate members at any meeting, the alternates shall decide which alternate members shall be entitled to vote, and if they cannot agree, the President of the Board will determine which of the alternate directors may vote in a director's absence. Alternate directors who attend Board meetings will be entitled to expense reimbursement as if they were a director regardless of whether or not they are in a voting capacity.

ARTICLE XIV. AMENDMENTS

These Bylaws may be amended at any time by a majority vote of the Board of Directors. Following adoption of amendments, the Chief Executive Officer shall prepare and distribute a revision of the Bylaws to all members.

Below is the history of amendments of these Bylaws:

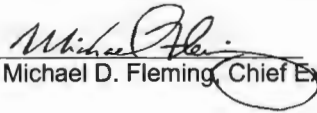
Adopted: September 11, 1980
Amended: May 7, 1982
Amended: January 23, 1987
Amended: June 3, 1988
Amended: October 5, 1990
Amended: June 7, 1996
Amended: March 3, 2006
Amended: March 5, 2010

CERTIFICATE OF CHIEF EXECUTIVE OFFICER

I, the undersigned, certify that I am presently the Chief Executive Officer of the CSAC Excess Insurance Authority and that the above Bylaws, consisting of eleven pages, are

amended Bylaws of the Authority, as adopted at a meeting of the Board of Directors held on June 7, 2013.

Date: June 7, 2013
Executed at Folsom, California



Michael D. Fleming, Chief Executive Officer