

TO: WEST ORANGE COUNTY WATER BOARD

FROM: David deBernardi, Director of Finance 

DATE: February 7, 2019

RE: RPA Stabilization Fund Report

Enclosed is the RPA Stabilization Fund Report for your agency including backup documentation. For those agencies that have a balance that exceeds the attachment point, a check for the amount over the attachment point is also enclosed. Approximately 193 members are receiving a check with this report. Total refunds approximate \$4.5 million.

The RPA Stabilization Fund was established in 1999 to help stabilize the fluctuating cycle of refunds and billings for prior policy years. In 2001, the Executive Committee authorized expanding the Fund to include all pooled programs.

The report has several parts. It starts with the beginning balance, the amount on the books for each member before adjustments. The first adjustment is the Liability Program's 10/1/16-17 policy year Deposit Premium for actual payroll vs. estimated payroll. Afterwards, there are adjustments for the Liability, Property and Workers' Compensation programs. These program adjustments are Retrospective Premium Adjustments for prior policy years that still have open claims. Finally, if the resulting balance is negative by more than 40% (or positive by more than 50%) of the attachment point, the district is billed (refunded) for the difference.

Also enclosed is your agency Catastrophic Fund (CAT Fund) statement. This reports discloses the activity in the CAT Fund for the both the liability and workers' compensation programs.

It should be noted that each agency's balance is maintained separately for both RPA Stabilization Fund and CAT Fund and not all agencies' balances change at the same rate.

If you have any questions regarding the RPA Stabilization Fund or any of the adjustments, please call (800) 231-5742 or e-mail me at ddebernardi@acwajpia.com.

CONGRATULATIONS!

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY
PO BOX 619082
ROSEVILLE, CA 95661-9082
RPA STABILIZATION FUND REPORT
AS OF 09/30/2018**

FOR: WEST ORANGE COUNTY WATER BOARD

BEGINNING BALANCE	\$1,202.50
LIABILITY PREMIUM ADJ. - ACTUAL VS ESTIMATED PAYROLL - PY 10/1/2016-2017	\$9,096.00
LIABILITY PREMIUM ADJ. - PY 10/1/1999-2000, 2009-2010 to 2014-2015	\$454.00
PROPERTY RETROSPECTIVE PREMIUM ADJ. - PY 4/1//2009-2010, 2013-2014 to 2014-2015	\$173.25
FUND BALANCE	<hr/> \$10,925.75
CURRENT ATTACHMENT POINT (50% OF BASIC LIABILITY PREMIUM)	<hr/> \$1,196.00
AMOUNT OF REFUND DUE TO THE MEMBER DISTRICT	<hr/> \$9,729.75 <hr/>

ACWA/JOINT POWERS INSURANCE AUTHORITY
LIABILITY PROGRAM
ADJUSTED PREMIUM CALCULATION WORK SHEET
AT 11/15/2018

WEST ORANGE COUNTY WATER BOARD

10/ 1/2016-2017 ANNUAL ESTIMATED PAYROLL: **\$2,500**
P/R Estimate Used in Original Billing: **\$2,500**
LOSSES FOR PERIOD 10/01/2012 THRU 09/30/2015 **\$0**
RETRO ALLOCATION POINT: \$2,500.00

EXPERIENCE MODIFICATION FORMULA

STEP 1

$$\begin{aligned} \$2,250 + (\text{Payroll} \times \text{P/R Modifier} \times (7 / \text{Log of Payroll})) &= \text{Basic Premium} \\ \$2,250 + (\$2,500 \times 0.068351 \times (7 / 7.824046)) &= \$2,403 \end{aligned}$$

STEP 2

$$\begin{aligned} (\text{Three Year Loss Total} / 3) / \text{Basic Premium} &= \text{District Rate} \\ (\$0 / 3) / \$2,403 &= 0.0000 \end{aligned}$$

STEP 3

$$\begin{aligned} \text{District Rate} / \text{Average Rate} &= \text{Unweighted Modification Factor} \\ 0.068351 / 0.152996 &= 0.000000 \end{aligned}$$

STEP 4

$$\begin{aligned} \text{Square root of } (\text{Basic Premium} / \$2,000,000) &= \text{Credibility Factor} \\ \text{Square root of } (\$2,403 / \$2,000,000) &= 0.0347 \end{aligned}$$

STEP 5

$$\begin{aligned} (\text{Credibility Factor} \times \text{Unweighted Modification Factor}) + (1.0 - \text{Credibility Factor}) &= \text{E-MOD} \\ (0.0347 \times 0.0000) + (1.0 - 0.0347) &= 0.9200 \end{aligned}$$

DEPOSIT PREMIUM FORMULA

STEP 1

$$\begin{aligned} \text{Basic Premium} \times \text{E-MOD} &= \text{Gross Premium} \\ \$2,403 \times 0.9200 &= \$2,211 \end{aligned}$$

STEP 2 (2 Programs = 2.00%)

$$\begin{aligned} \text{Gross Premium} \times \text{Multiple Program Discount Factor} &= \text{Deposit Premium} + \text{Adjustment} = \text{Adjustment Deposit Premium} \\ \$2,211 \times 0.98 &= \$2,167 + \$0 = \$2,167 \\ \text{Adjustment Amount} &= \$2,167 - \$2,211 = \text{Adjustment Amount} \\ \text{Deposit Premium Originally Billed} &= \$2,211 - \$2,167 = \text{Adjustment Amount} \end{aligned}$$



ACWA/JOINT POWERS INSURANCE AUTHORITY
POLICY YEAR 10/01/2009-2010
LIABILITY RETROSPECTIVE PREMIUM ADJUSTMENT # 6
AS OF AS OF 09/30/2018

WEST ORANGE COUNTY WATER BOARD

<u>RETROSPECTIVE PREMIUM CALCULATION</u>	<u>TOTAL JPIA</u>	<u>MEMBER'S SHARE</u>
<u>PAID CLAIMS and CASE RESERVES</u>		
Self Insured Level	\$1,521,288	\$0
\$2,500 - \$5,000	\$17,959	\$51
\$5,000 - \$10,000	\$36,515	\$41
\$10,000 - \$25,000	\$119,017	\$80
\$25,000 - \$50,000	\$415,154	\$135
\$50,000 - \$100,000	\$985,683	\$241
\$100,000 - \$500,000	\$2,027,182	\$487
TOTAL	\$5,122,798	\$1,035
<u>BULK RESERVES</u>		
Incurred but Not Reported	\$3,202	\$1
Catastrophic Reserve	\$1,595,616	\$384
TOTAL	\$1,598,818	\$385
<u>OPERATING EXPENSES</u>		
Excess Insurance and Broker's Fees	\$5,156,285	\$1,239
General and Administrative Expense	\$2,067,006	\$497
TOTAL	\$7,223,291	\$1,736
AGGREGATE and OTHER INCOME	\$414	\$0
INTEREST and OTHER INCOME	\$(770,457)	\$(185)
TOTAL	\$13,174,864	\$2,971
<u>DEPOSIT PREMIUM</u>		
Total Prior Retrospective Premium Adjustments	\$(2,763,879)	\$(861)
Net Premium on Deposit	\$13,192,278	\$2,974
Retrospective Premium Calculation # 6 (Amount Needed on Deposit)	\$13,174,864	\$2,971
Net Retrospective Premium Adjustment # 6	\$(17,414)	\$(3)



ACWA/JOINT POWERS INSURANCE AUTHORITY
POLICY YEAR 10/01/2010-2011
LIABILITY RETROSPECTIVE PREMIUM ADJUSTMENT # 5
AS OF AS OF 09/30/2018

WEST ORANGE COUNTY WATER BOARD

<u>RETROSPECTIVE PREMIUM CALCULATION</u>	<u>TOTAL JPIA</u>	<u>MEMBER'S SHARE</u>
<u>PAID CLAIMS and CASE RESERVES</u>		
Self Insured Level	\$1,699,922	\$0
\$2,500 - \$5,000	\$30,912	\$92
\$5,000 - \$10,000	\$105,511	\$119
\$10,000 - \$25,000	\$240,945	\$163
\$25,000 - \$50,000	\$337,857	\$113
\$50,000 - \$100,000	\$551,793	\$136
\$100,000 - \$500,000	\$1,929,107	\$465
TOTAL	\$4,896,047	\$1,088
<u>BULK RESERVES</u>		
Incurred but Not Reported	\$31,953	\$8
Catastrophic Reserve	\$1,620,467	\$391
TOTAL	\$1,652,420	\$399
<u>OPERATING EXPENSES</u>		
Excess Insurance and Broker's Fees	\$5,166,103	\$1,246
General and Administrative Expense	\$2,262,268	\$545
TOTAL	\$7,428,371	\$1,791
AGGREGATE and OTHER INCOME	\$0	\$0
INTEREST and OTHER INCOME	\$(563,759)	\$(136)
TOTAL	\$13,413,079	\$3,142
<u>DEPOSIT PREMIUM</u>		
Total Prior Retrospective Premium Adjustments	\$(2,890,709)	\$(784)
Net Premium on Deposit	\$13,313,962	\$3,123
Retrospective Premium Calculation # 5 (Amount Needed on Deposit)	\$13,413,079	\$3,142
Net Retrospective Premium Adjustment # 5	\$99,117	\$19



ACWA/JOINT POWERS INSURANCE AUTHORITY
POLICY YEAR 10/01/2011-2012
LIABILITY RETROSPECTIVE PREMIUM ADJUSTMENT # 4
AS OF AS OF 09/30/2018

WEST ORANGE COUNTY WATER BOARD

<u>RETROSPECTIVE PREMIUM CALCULATION</u>	<u>TOTAL JPIA</u>	<u>MEMBER'S SHARE</u>
<u>PAID CLAIMS and CASE RESERVES</u>		
Self Insured Level	\$1,622,700	\$0
\$2,500 - \$5,000	\$19,930	\$71
\$5,000 - \$10,000	\$63,930	\$90
\$10,000 - \$25,000	\$281,378	\$233
\$25,000 - \$50,000	\$534,642	\$213
\$50,000 - \$100,000	\$932,701	\$275
\$100,000 - \$500,000	\$3,876,209	\$1,113
TOTAL	\$7,331,491	\$1,995
<u>BULK RESERVES</u>		
Incurred but Not Reported	\$149,509	\$43
Catastrophic Reserve	\$1,646,218	\$473
TOTAL	\$1,795,727	\$516
<u>OPERATING EXPENSES</u>		
Excess Insurance and Broker's Fees	\$5,318,422	\$1,528
General and Administrative Expense	\$2,496,688	\$717
TOTAL	\$7,815,110	\$2,245
AGGREGATE and OTHER INCOME	\$5,036	\$1
INTEREST and OTHER INCOME	\$(535,640)	\$(154)
TOTAL	\$16,411,724	\$4,603
<u>DEPOSIT PREMIUM</u>		
Total Prior Retrospective Premium Adjustments	\$(202,230)	\$(179)
Net Premium on Deposit	\$16,256,434	\$4,549
Retrospective Premium Calculation # 4 (Amount Needed on Deposit)	\$16,411,724	\$4,603
Net Retrospective Premium Adjustment # 4	\$155,290	\$54



ACWA/JOINT POWERS INSURANCE AUTHORITY
POLICY YEAR 10/01/2012-2013
LIABILITY RETROSPECTIVE PREMIUM ADJUSTMENT # 3
AS OF AS OF 09/30/2018

WEST ORANGE COUNTY WATER BOARD

<u>RETROSPECTIVE PREMIUM CALCULATION</u>	<u>TOTAL JPIA</u>	<u>MEMBER'S SHARE</u>
<u>PAID CLAIMS and CASE RESERVES</u>		
Self Insured Level	\$1,498,836	\$0
\$2,500 - \$5,000	\$13,829	\$54
\$5,000 - \$10,000	\$102,209	\$149
\$10,000 - \$25,000	\$354,946	\$315
\$25,000 - \$50,000	\$586,513	\$252
\$50,000 - \$100,000	\$877,731	\$275
\$100,000 - \$500,000	\$1,217,939	\$375
TOTAL	\$4,652,004	\$1,420
<u>BULK RESERVES</u>		
Incurred but Not Reported	\$59,996	\$18
Catastrophic Reserve	\$472,772	\$145
TOTAL	\$532,768	\$163
<u>OPERATING EXPENSES</u>		
Excess Insurance and Broker's Fees	\$4,080,300	\$1,255
General and Administrative Expense	\$1,669,798	\$514
TOTAL	\$5,750,098	\$1,769
AGGREGATE and OTHER INCOME	\$0	\$0
INTEREST and OTHER INCOME	\$(538,766)	\$(166)
TOTAL	\$10,396,104	\$3,186
<u>DEPOSIT PREMIUM</u>		
Total Prior Retrospective Premium Adjustments	\$(6,262,447)	\$(1,941)
Net Premium on Deposit	\$10,421,506	\$3,192
Retrospective Premium Calculation # 3 (Amount Needed on Deposit)	\$10,396,104	\$3,186
Net Retrospective Premium Adjustment # 3	\$(25,402)	\$(6)



ACWA/JOINT POWERS INSURANCE AUTHORITY
POLICY YEAR 10/01/2013-2014
LIABILITY RETROSPECTIVE PREMIUM ADJUSTMENT # 2
AS OF AS OF 09/30/2018

WEST ORANGE COUNTY WATER BOARD

<u>RETROSPECTIVE PREMIUM CALCULATION</u>	<u>TOTAL JPIA</u>	<u>MEMBER'S SHARE</u>
<u>PAID CLAIMS and CASE RESERVES</u>		
Self Insured Level	\$1,421,031	\$0
\$2,500 - \$5,000	\$27,619	\$112
\$5,000 - \$10,000	\$119,979	\$179
\$10,000 - \$25,000	\$298,666	\$276
\$25,000 - \$50,000	\$569,572	\$247
\$50,000 - \$100,000	\$887,286	\$279
\$100,000 - \$500,000	\$4,663,808	\$1,438
TOTAL	\$7,987,961	\$2,531
<u>BULK RESERVES</u>		
Incurred but Not Reported	\$241,435	\$74
Catastrophic Reserve	\$0	\$0
TOTAL	\$241,435	\$74
<u>OPERATING EXPENSES</u>		
Excess Insurance and Broker's Fees	\$3,659,417	\$1,128
General and Administrative Expense	\$2,230,573	\$688
TOTAL	\$5,889,990	\$1,816
AGGREGATE and OTHER INCOME	\$679	\$0
INTEREST and OTHER INCOME	\$(585,330)	\$(180)
TOTAL	\$13,534,735	\$4,241
<u>DEPOSIT PREMIUM</u>		
Total Prior Retrospective Premium Adjustments	\$(2,722,736)	\$(777)
Net Premium on Deposit	\$13,617,393	\$4,261
Retrospective Premium Calculation # 2 (Amount Needed on Deposit)	\$13,534,735	\$4,241
Net Retrospective Premium Adjustment # 2	\$(82,657)	\$(20)



ACWA/JOINT POWERS INSURANCE AUTHORITY
POLICY YEAR 10/01/2014-2015
LIABILITY RETROSPECTIVE PREMIUM ADJUSTMENT # 1
AS OF AS OF 09/30/2018

WEST ORANGE COUNTY WATER BOARD

<u>RETROSPECTIVE PREMIUM CALCULATION</u>	<u>TOTAL JPIA</u>	<u>MEMBER'S SHARE</u>
<u>PAID CLAIMS and CASE RESERVES</u>		
Self Insured Level	\$1,337,210	\$0
\$2,500 - \$5,000	\$22,956	\$54
\$5,000 - \$10,000	\$88,943	\$82
\$10,000 - \$25,000	\$241,105	\$135
\$25,000 - \$50,000	\$621,269	\$172
\$50,000 - \$100,000	\$1,050,215	\$226
\$100,000 - \$500,000	\$4,149,402	\$879
TOTAL	\$7,511,101	\$1,548
<u>BULK RESERVES</u>		
Incurred but Not Reported	\$464,899	\$98
Catastrophic Reserve	\$0	\$0
TOTAL	\$464,899	\$98
<u>OPERATING EXPENSES</u>		
Excess Insurance and Broker's Fees	\$3,634,717	\$770
General and Administrative Expense	\$1,953,881	\$414
TOTAL	\$5,588,598	\$1,184
AGGREGATE and OTHER INCOME	\$15	\$0
INTEREST and OTHER INCOME	\$(596,655)	\$(126)
TOTAL	\$12,967,958	\$2,704
<u>DEPOSIT PREMIUM</u>		
Total Prior Retrospective Premium Adjustments	\$0	\$0
Net Premium on Deposit	\$15,113,236	\$3,202
Retrospective Premium Calculation # 1 (Amount Needed on Deposit)	\$12,967,958	\$2,704
Net Retrospective Premium Adjustment # 1	\$(2,145,278)	\$(498)



ACWA/JOINT POWERS INSURANCE AUTHORITY
POLICY YEAR 04/01/2009-2010
PROPERTY RETROSPECTIVE PREMIUM ADJUSTMENT # 3
AS OF 09/30/2018

WEST ORANGE COUNTY WATER BOARD

<u>RETROSPECTIVE PREMIUM CALCULATION</u>	<u>TOTAL JPIA</u>	<u>MEMBER'S SHARE</u>
<u>PAID CLAIMS and CASE RESERVES</u>		
Losses	\$686,681	\$342
TOTAL	\$686,680.92	\$342
<u>BULK RESERVES</u>		
Incurred but Not Reported	\$0	\$0
Catastrophic Reserve	\$0	\$0
TOTAL	\$0	\$0
<u>OPERATING EXPENSES</u>		
Excess Insurance and Broker's Fees	\$2,643,369	\$1,317
General and Administrative Expense	\$193,540	\$96
TOTAL	\$2,836,909	\$1,413
AGGREGATE and RECOVERY INCOME	\$310	\$0
INTEREST and OTHER INCOME	\$(98,104)	\$(49)
TOTAL	\$3,425,796	\$1,706

<u>DEPOSIT PREMIUM</u>	\$4,045,223	\$2,016
Total Prior Retrospective Premium Adjustments	\$(616,487)	\$(308)
Net Premium on Deposit	\$3,428,736	\$1,708
Retrospective Premium Calculation # 3	\$3,425,796	\$1,706
(Amount Needed on Deposit)		
Net Retrospective Premium Adjustment # 3	\$(2,940)	\$(2)



ACWA/JOINT POWERS INSURANCE AUTHORITY
POLICY YEAR 04/01/2013-2014
PROPERTY RETROSPECTIVE PREMIUM ADJUSTMENT # 2
AS OF 09/30/2018

WEST ORANGE COUNTY WATER BOARD

<u>RETROSPECTIVE PREMIUM CALCULATION</u>	<u>TOTAL JPIA</u>	<u>MEMBER'S SHARE</u>
<u>PAID CLAIMS and CASE RESERVES</u>		
Losses	\$1,105,398	\$451
TOTAL	\$1,105,398.25	\$451
<u>BULK RESERVES</u>		
Incurred but Not Reported	\$0	\$0
Catastrophic Reserve	\$0	\$0
TOTAL	\$0	\$0
<u>OPERATING EXPENSES</u>		
Excess Insurance and Broker's Fees	\$2,720,489	\$1,109
General and Administrative Expense	\$421,226	\$172
TOTAL	\$3,141,715	\$1,281
AGGREGATE and RECOVERY INCOME	\$0	\$0
INTEREST and OTHER INCOME	\$(80,588)	\$(33)
TOTAL	\$4,166,525	\$1,699

<u>DEPOSIT PREMIUM</u>	\$5,031,146	\$2,051
Total Prior Retrospective Premium Adjustments	\$(891,427)	\$(363)
Net Premium on Deposit	\$4,139,718	\$1,688
Retrospective Premium Calculation # 2	\$4,166,525	\$1,699
(Amount Needed on Deposit)		
Net Retrospective Premium Adjustment # 2	<u>\$26,807</u>	<u>\$11</u>



ACWA/JOINT POWERS INSURANCE AUTHORITY
POLICY YEAR 04/01/2014-2015
PROPERTY RETROSPECTIVE PREMIUM ADJUSTMENT # 1
AS OF 09/30/2018

WEST ORANGE COUNTY WATER BOARD

<u>RETROSPECTIVE PREMIUM CALCULATION</u>	<u>TOTAL JPIA</u>	<u>MEMBER'S SHARE</u>
<u>PAID CLAIMS and CASE RESERVES</u>		
Losses	\$809,445	\$323
TOTAL	\$809,445.46	\$323
<u>BULK RESERVES</u>		
Incurred but Not Reported	\$0	\$0
Catastrophic Reserve	\$0	\$0
TOTAL	\$0	\$0
<u>OPERATING EXPENSES</u>		
Excess Insurance and Broker's Fees	\$2,318,261	\$925
General and Administrative Expense	\$1,730,283	\$691
TOTAL	\$4,048,544	\$1,616
AGGREGATE and RECOVERY INCOME	\$0	\$0
INTEREST and OTHER INCOME	\$(51,985)	\$(21)
TOTAL	\$4,806,004	\$1,918

<u>DEPOSIT PREMIUM</u>	\$5,261,180	\$2,100
Total Prior Retrospective Premium Adjustments	\$0	\$0
Net Premium on Deposit	\$5,261,180	\$2,100
Retrospective Premium Calculation # 1	\$4,806,004	\$1,918
(Amount Needed on Deposit)		
Net Retrospective Premium Adjustment # 1	<u><u>\$(455,176)</u></u>	<u><u>\$(182)</u></u>

**ACWA/JOINT POWERS INSURANCE AUTHORITY
CATASTROPHIC FUNDS
West Orange County Water Board**

	<u>Liability</u>	<u>Workers' Comp</u>
Catastrophic Fund Balance 09/30/2017	\$3,105	\$0
Refunds to Rate Stabilization Fund	0	0
Additions from Rate Stabilization Fund	0	0
Appropriated for Catastrophic Losses	0	0
Ending Balance 9/30/2018:	<u><u>\$3,105</u></u>	<u><u>\$0</u></u>