CSAC Excess Insurance Authority

Leader in Member-Directed Risk Management

The CSAC Excess Insurance Authority is a member-directed risk sharing pool of counties and public entities committed to providing risk coverage programs and risk management services which are set forth in our mission to be competitive, available, responsive, equitable, and stable.

- **One of the largest insurance pools in the U.S.**
- **In just the last 5 years, we've saved our members $362 million**
- **Stability is achieved through long-term member involvement**
- **Most California public entities obtain coverage through the EIA**
- **The EIA is truly member driven**

Benefits of Membership

- **Save Money Through Volume Discounts**
- **Flexible & Responsive to Your Needs**
- **Shield from Insurance Market Swings**
- **Minimize Risk & Uncertainty**
- **Legislative Advocacy**

Success Attributable to Stability & Longevity

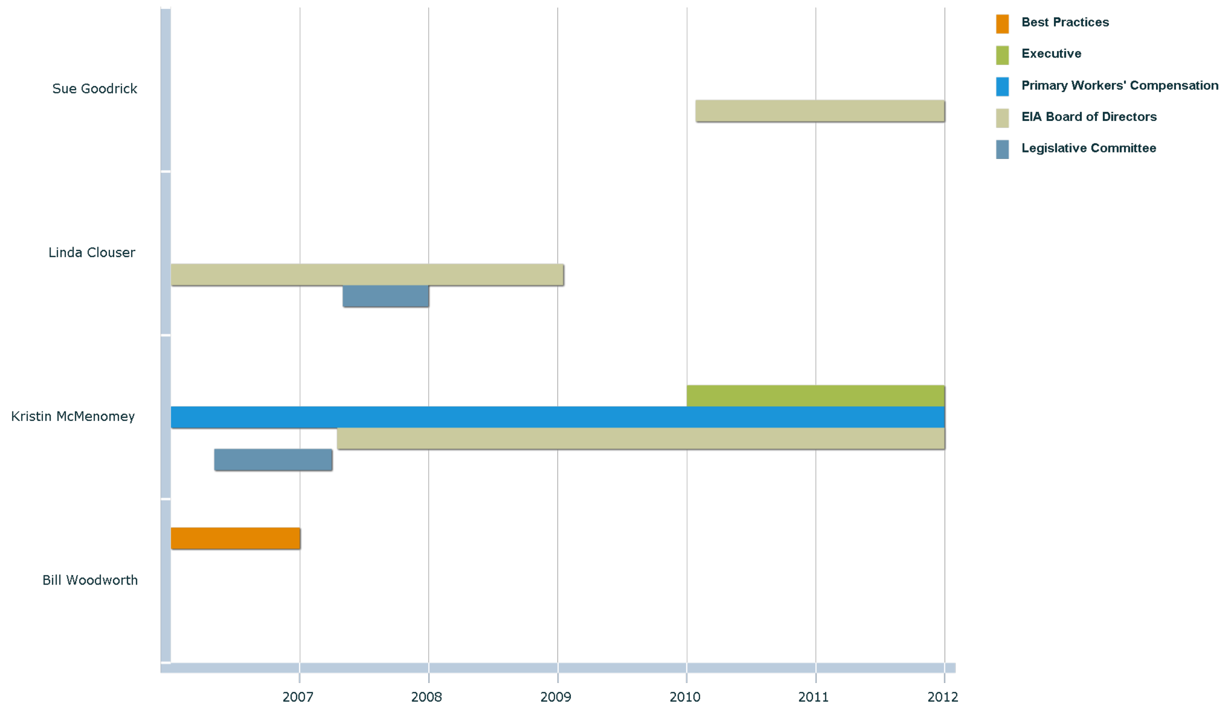
- **80% of county members have been participants for more than 30 years**
- **July 1, 2011 marks 10 years since the expansion of members to include non-counties**

- **Since 2001, membership has grown almost 500%**
- **The additional volume has reduced costs and increased stability for all members**

Committee Participation

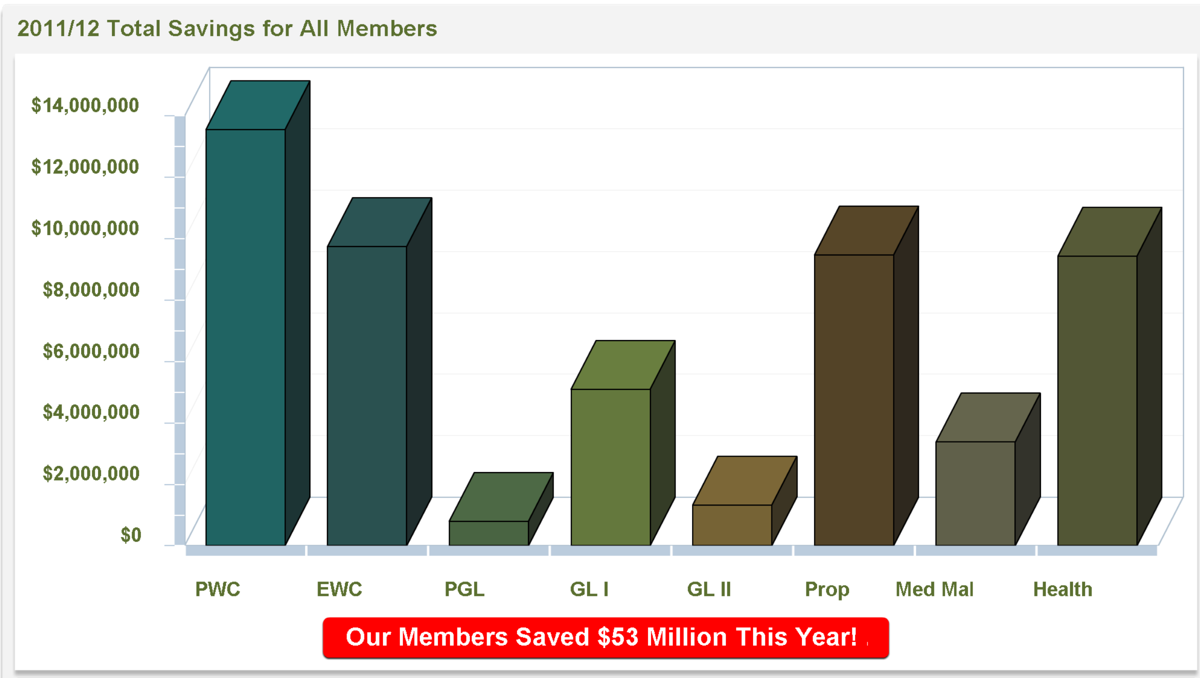
The members make all the difference.

The success of the EIA is dependent on participation by the members. We thank them for their continued support of the EIA's mission. Your Entity's participation on the Board of Directors and/or on the various committees is illustrated below.



Total Savings by All Members

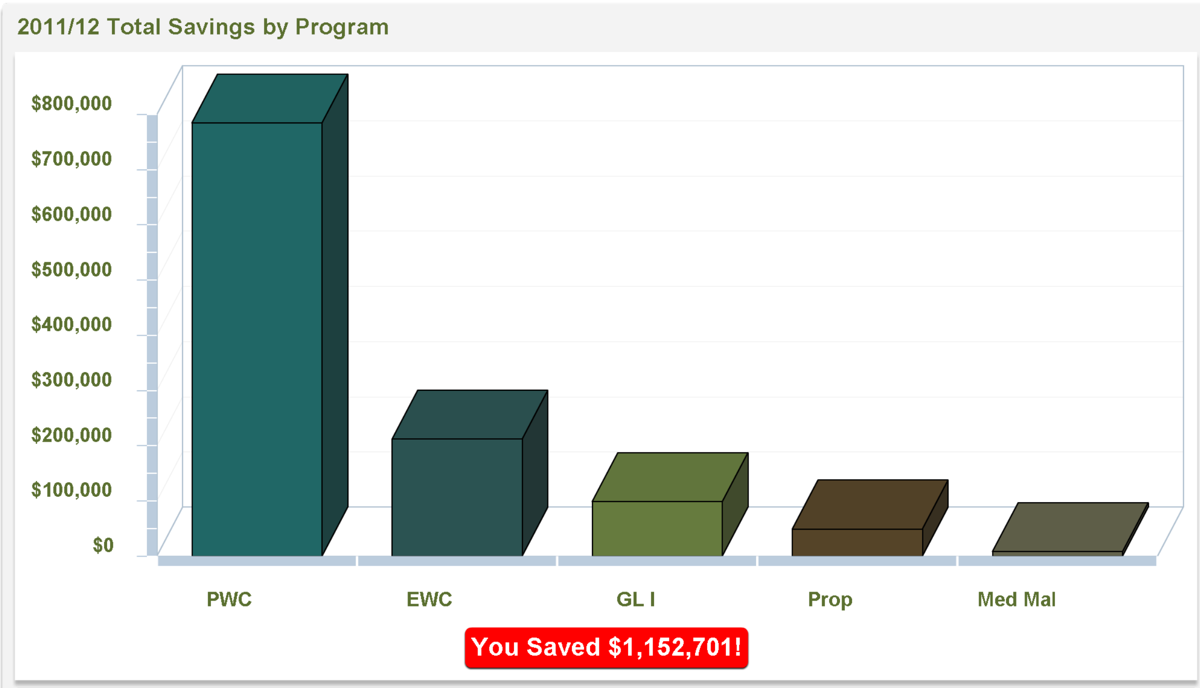
In total, the EIA provides coverage and services to 291 public entities in California. This year, the EIA saved those public entities $52,816,104.



Program	EIA Premium	Estimated Stand-Alone Premium	Savings
PWC	$49,383,909	$62,939,455	$13,555,546
EWC	$65,749,618	$75,498,917	$9,749,299
PGL	$2,442,562	$3,241,389	$798,827
GL I	$31,348,960	$36,443,024	$5,094,064
GL II	$19,444,393	$20,770,918	$1,326,525
Prop	$50,076,817	$59,548,804	$9,471,986
Med Mal	$10,424,402	$13,808,459	$3,384,057
Health	$214,220,410	$223,656,210	$9,435,800
Totals	$443,091,071	$495,907,176	$52,816,104

Mendocino County's Savings

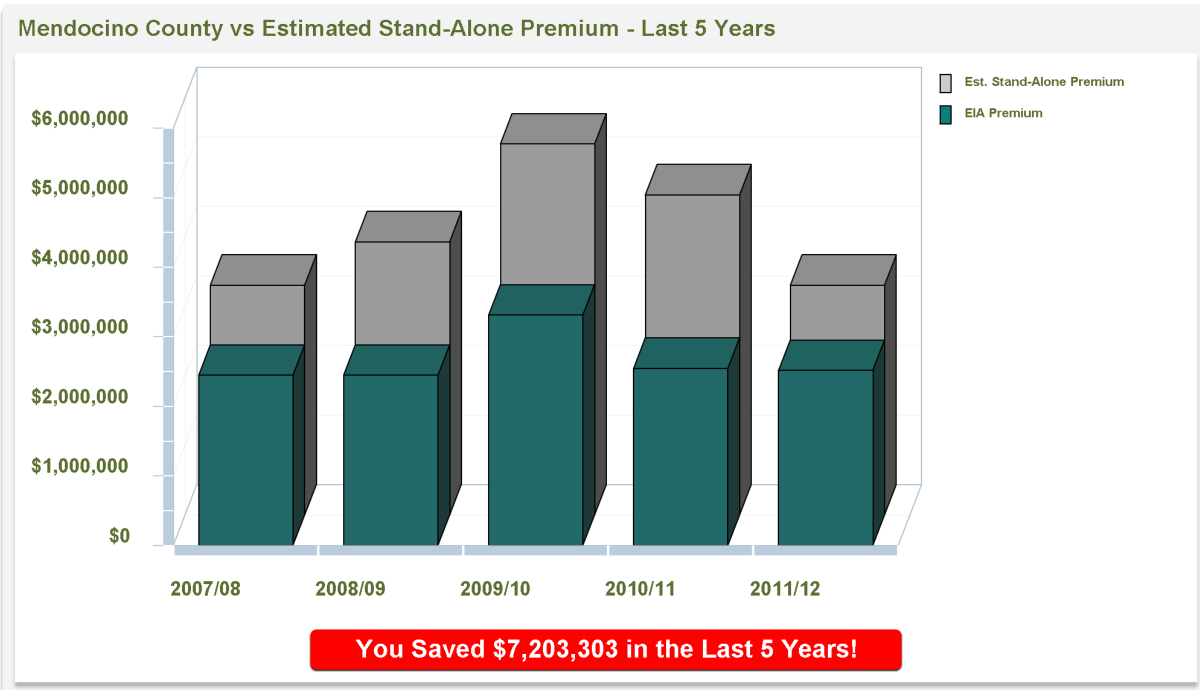
The EIA saved Mendocino County $1,152,701 in 2011/12.



Program	EIA Premium	Estimated Stand-Alone Premium	Savings
PWC	$2,517,538	$3,302,414	$784,876
EWC	$743,486	$955,421	$211,935
GL I	$505,193	$603,916	$98,723
Prop	$168,584	$217,687	$49,103
Med Mal	$26,345	$34,409	$8,064
Totals	$3,961,146	$5,113,847	$1,152,701

Mendocino County - Primary Workers' Compensation Program

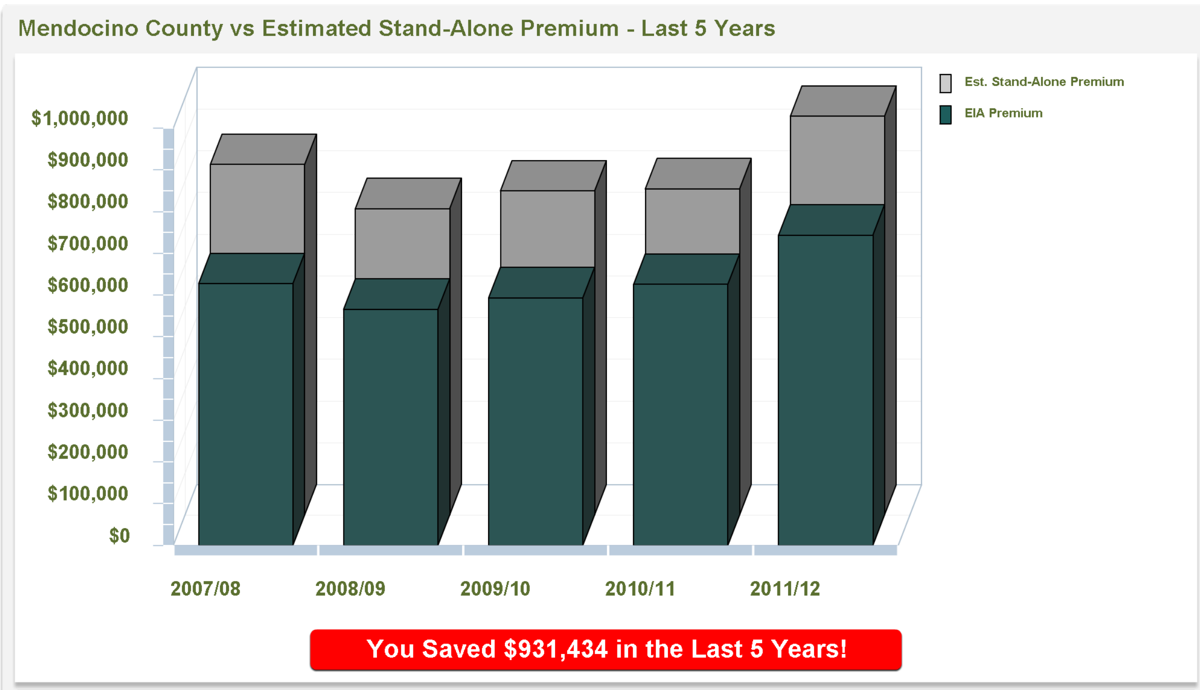
Member Since - 7/1/1997



Year	EIA Premium	Estimated Stand-Alone Premium	Savings
2007/08	$2,446,206	$3,306,198	$859,992
2008/09	$2,446,685	$3,927,915	$1,481,230
2009/10	$3,312,611	$5,334,387	$2,021,776
2010/11	$2,546,660	$4,602,089	$2,055,429
2011/12	$2,517,538	$3,302,414	$784,876
Totals	$13,269,700	$20,473,003	$7,203,303

Mendocino County - Excess Workers' Compensation Program

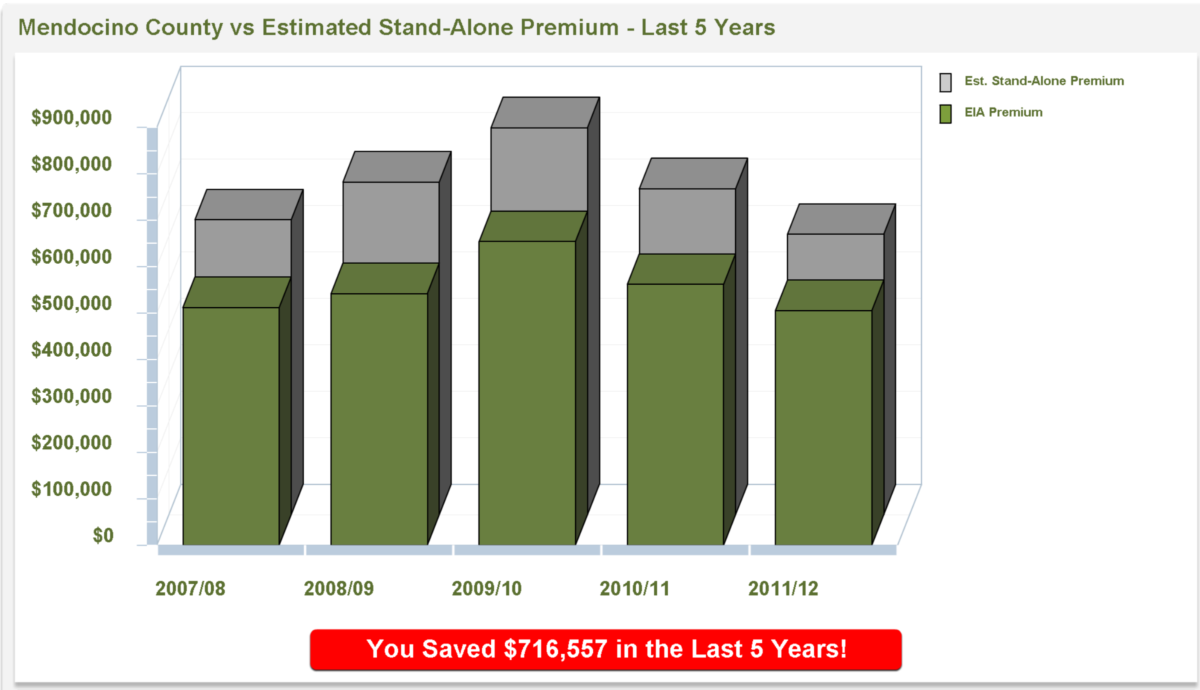
Member Since - 11/1/1979



Year	EIA Premium	Estimated Stand-Alone Premium	Savings
2007/08	$627,363	$839,938	$212,575
2008/09	$565,790	$734,358	$168,568
2009/10	$593,428	$776,226	$182,798
2010/11	$625,934	$781,492	$155,558
2011/12	$743,486	$955,421	$211,935
Totals	$3,156,001	$4,087,435	$931,434

Mendocino County - General Liability I Program

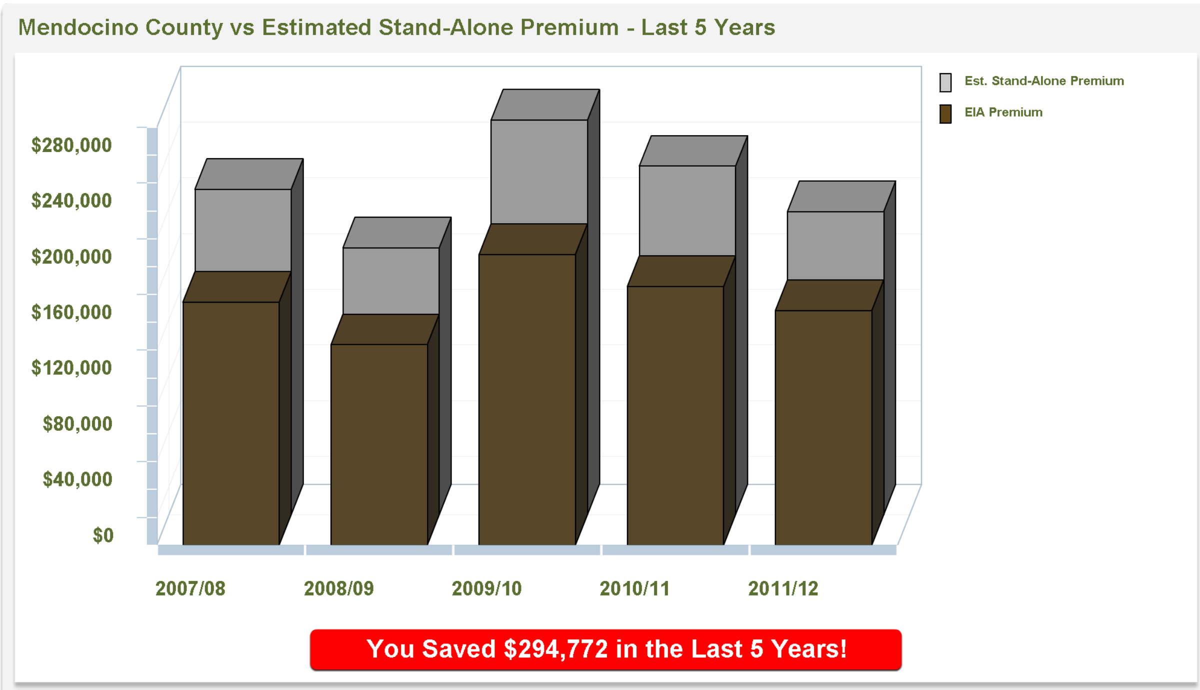
Member Since - 7/1/1980



Year	EIA Premium	Estimated Stand-Alone Premium	Savings
2007/08	$511,825	$634,985	$123,160
2008/09	$541,999	$716,785	$174,786
2009/10	$653,933	$833,778	$179,845
2010/11	$561,778	$701,821	$140,043
2011/12	$505,193	$603,916	$98,723
Totals	$2,774,728	$3,491,285	$716,557

Mendocino County - Property Program

Member Since - 6/30/1984



Year	EIA Premium	Estimated Stand-Alone Premium	Savings
2007/08	$174,513	$233,642	$59,129
2008/09	$144,042	$191,654	$47,612
2009/10	$208,860	$283,311	$74,451
2010/11	$185,720	$250,197	$64,477
2011/12	$168,584	$217,687	$49,103
Totals	$881,719	$1,176,491	$294,772

Mendocino County - Medical Malpractice Program

Member Since - 7/1/1993

Year	EIA Premium	Estimated Stand-Alone Premium	Savings
2007/08	$46,887	$55,038	$8,151
2008/09	$39,118	$48,898	$9,780
2009/10	$42,989	$54,842	$11,853
2010/11	$21,181	$35,522	$14,341
2011/12	$26,345	$34,409	$8,064
Totals	$176,520	$228,709	$52,189

Primary Workers' Compensation Program

The Primary Workers' Compensation (PWC) Program was launched on July 1, 1997, with participation from 18 counties. Since the expansion of other public entities, membership has grown to 41. With the size of this group, the Program has been able to leverage its volume to significantly reduce costs below what it would cost to self-insure on their own. Although the current situation is largely market-based, we expect to be able to leverage the volume for reduced costs well into the future.

Highlights

Established: July 1, 1997
Annual Renewal Date: July 1st
Members: 41 as of July 1, 2011
Payroll Covered: $2.8 Billion
2011/12 Premium: $57.0 Million
EIA Pool: $1 to $10k
Program Limit: $125k

The Program is governed by a 9-member PWC Committee. Annually, the Committee reviews the Program actuarial analysis and funding position in order to ensure that adequate funds are available to cover the anticipated liabilities. The Committee is also responsible for evaluating and approving the reinsurance placements, underwriting of potential new members, settlement of claims, and the services provided through the Program.

The funding position of this Program is very healthy with a substantial equity balance. The PWC Committee has declared dividends of $23,500,000 over the last four years and anticipates the ability to continue to provide similar dividends into the future. One reason the equity balance is so strong in this Program is that last year, the PWC Committee entered into a loss portfolio transfer for the outstanding liabilities. In exchange for a premium, ACE USA assumed liability for the remaining payments on claims that occurred during the 7/1/04 to 6/30/09 period. This transfer of risk had a positive impact on the Program, freeing up the equity funds in those years to be returned to the members in the form of future dividends.

For the first twelve years, the Program was structured as a large pool protected by aggregate stop loss coverage. Beginning in 2009, the structure changed to transfer more risk to an insurer while saving money for the members. From the member's perspective, the PWC Program continues to provide first-dollar coverage. The Program pools the first $10,000 of each loss and our insurance partner, CastlePoint Insurance Company, insures the next $115,000 of loss. Losses in excess of $125,000 are covered under the EIA's Excess Workers' Compensation Program.

Excess Workers' Compensation Program

The Excess Workers' Compensation (EWC) Program, established in 1979, was the first EIA Program. The success and stability of this Program best illustrates the members' foresight, flexibility, and leadership in the risk pooling industry. This Program has become one of the most successful workers' compensation programs in the nation, as evidenced by its popularity amongst California's public entities. Current membership includes 80% of California's counties, 60% of the State's cities, as well as a significant number of schools and special districts. In total, more than 1,300 public entities access the Program either directly or through other joint powers authorities. The Program's significant volume and stable membership has provided a huge advantage in reducing overall funding requirements for the pool as well as in the insurance marketplace. For the members, this translates into substantially lower premiums compared to what they would pay if they secured coverage on their own.

Highlights

Established: November 1, 1979
Members: 164 as of July 1, 2011
Payroll Covered: $20.1 Billion
2011/12 Premium: $64.5 Million
EIA Pool: SIR to $5 Million
Total Program Limit: Statutory

The EIA Board of Directors governs the Program in conjunction with a 9-member Underwriting Committee, 11-member Executive Committee, and 9-member Claims Review Committee. The functions of the Underwriting and Executive Committees are to evaluate administrative issues, including Program funding, structure, insurance placements, underwriting of prospective members, governing documents, and member services. The Claims Review Committee has responsibility for the settlement of claims within the Program and general oversight of the claims administration. This significant level of member involvement is invaluable, and has proven to be a governance structure that functions very well for the EIA.

Since this Program was formed, it has been restructured many times, most notably by expanding or contracting the pool layer to provide the members with the best coverage at the lowest possible cost. In 2009, we were able to leverage the size of the group and the premium volume in the market to negotiate a multi-year quota-share arrangement with a new insurance partner, the Tower Group, which saved the members approximately $30,000,000 in up-front insurance costs.

The EWC Program is one of the best examples of how pooling and purchasing power can deliver long-term savings and stability for the member agencies. The partnerships between the EIA, the county members, the public entity members, and the reinsurers have provided significant financial savings for the members, and will continue to do so for years to come.

Primary General Liability Program

The Primary General Liability (PGL) Program was launched on July 1, 1998. The Program allows members of the General Liability I Program to eliminate their self-insured retention and purchase primary, low-deductible coverage. As a service to the members, the Program is responsible for the administration of claims, which is accomplished through two third-party claims administrators. The EIA oversees the claims administration and works closely with both firms to ensure claims are adequately and appropriately investigated and defended.

Highlights

Established: July 1, 1998
Members: 29 as of July 1, 2011
Payroll Covered: $376 Million
2011/12 Premium: $2.4 Million
Member Deductible: $10,000
Program Limit: $100,000

The Program is governed by a 7-member PGL Committee, which is responsible for all aspects of the Program. On a continual basis, the Committee evaluates and makes decisions including funding, insurance coverage, underwriting, services, and the settlement of claims. Although claims are handled by a third party claims administrator, and settlements are authorized by the PGL Committee, the members remain very involved in the direction of the claims, beginning with the investigation and ultimately in the disposition of the claims.

Initially, the PGL Program was structured as a pooled program protected by aggregate stop loss coverage. However, in 2004, it became apparent that the combination of the hardening insurance market and the unique nature of the aggregate stop loss coverage would pose challenges. Since then, the PGL Program has been flexible in structure and insurance placements to ensure the quality of the Program remained high and the cost of the Program remained low, especially when compared to the cost of a comparable product for a member on their own. Since April 30, 2009, the Program has been fully insured by Ace American Insurance Company. During that time, we estimate we have saved the members approximately $1,100,000.

Once again, the EIA members and the PGL Committee, in particular, have proved their ability to withstand market conditions by staying together, being prepared for change, and reacting where necessary. This leadership has provided the members with the security and stability they desire from the Program, with substantial cost savings to the group compared to self-insuring.

General Liability I Program

Launched in 1980 as a joint purchase insurance program, the General Liability I (GLI) Program has evolved into one of the most successful municipal pooling programs in the United States. Like the Excess Workers' Compensation Program, the GLI Program utilizes a combination of pooling and purchasing of excess coverage, which has given the members the ability to respond to changing market conditions.

Highlights

Established: July 1, 1980
Members: 101 as of July 1, 2011
Payroll Covered: $4.3 Billion
2011/12 Premium: $31.0 Million
EIA Pool: SIR to $5 Million
Total Program Limit: $25 Million

The EIA Board of Directors governs the Program in conjunction with a 9-member Underwriting Committee, 11-member Executive Committee, and 9-member Claims Review Committee. The functions of the Underwriting and Executive Committees are to evaluate administrative issues including Program funding, structure, insurance placements, underwriting of prospective members, governing documents, and member services. The Claims Review Committee has responsibility for the settlement of claims within the Program and general oversight of the claims administration. This significant level of member involvement is invaluable, and has proven to be a governance structure that functions very well for the EIA.

Annually, the Committees and Board evaluate the funding position of the Program. The Board has determined that the healthy funding position, approximately $31,000,000 in net assets, was sufficient to reduce the contributions from the members for the past two years. Assuming the funding remains at a high level, it is anticipated that reductions in contributions or the declaration of dividends could continue over the next few years.

In the soft insurance market of the early 1980's, the GLI Program was initially structured as a joint purchase program. Since then, the Program has been continually restructured to respond to market conditions using a combination of pooling and excess coverage. For many years, the excess placement had been made with National Union Fire Insurance, an AIG/Chartis company. In 2010, a new relationship was initiated with Ironshore and Torus Insurance Companies. Ironshore remains on the Program in 2011, but Torus was replaced with a new partner, Starr Indemnity. The changes over the past couple of years have resulted in financial savings compared to what members would have had to pay for similar coverage on their own. These changes are further evidence of the strength and resilience that the Committees and the Board have developed in order to continue providing the members with the broadest coverage at the lowest possible cost.

As a result of the members' commitment to the Program, the EIA has been able to provide the members with a stable and financially strong mechanism that will provide for their long-term needs for years to come.

General Liability II Program

The General Liability II (GLII) Program was created in February 1991 with the objective of offering larger members the advantages of the joint purchase of excess coverage, while maintaining their ability to handle and fund their primary losses.

Highlights

Established: February 15, 1991
Members: 11 as of July 1, 2011
Payroll Covered: $5.7 Billion
2011/12 Premium: $19.4 Million
Excess Limit: $25 Million

The GLII Committee, which is comprised of a representative from each participating county and one public entity representative, is responsible for all matters pertaining to the GLII Program, including but not limited to, the insurance placements, program structure, coverage, settlement of claims, program services, and underwriting of prospective new members. The members are in the process of expanding participation on the GLII Committee to all of the public entity members. Like the other EIA Programs, the Committee has utilized its ability to make changes when necessary to withstand market conditions and ensure the Program remains a cost-effective solution into the future.

Members of the GLII Program enjoyed the benefits of a long-term relationship with Insurance Company of the State of Pennsylvania, an AIG/Chartis subsidiary company, going back to the inception of the Program. However, the EIA has continued to monitor the worldwide insurance marketplace for potential cost-reduction and coverage enhancement opportunities through alternative carriers. As of 7/1/10, a new arrangement was made with Ironshore Insurance Company, who participated in the Program's placement beginning in 2009, and Torus Insurance Company. Through these placements, the members were able to achieve significant premium savings, improve the coverage terms, and expand the limits provided by the Program to $25,000,000. Last year's renewal was not only a huge success, it was a great example of how the members of this Program used their creativity, flexibility, and resolve to ensure they had sufficient coverage and a sound structure, all at the lowest possible cost. In 2011, the structure was once again modified and Torus was replaced with AmTrust, who is a new partner to the EIA and the GLII Program.

Through the members' commitment and involvement, as well as diligence in the marketplace, the GLII Program will continue to meet the needs of the members at a cost that is well below what it would be to purchase similar coverage on their own.

Property Program

The Property Program, launched in June 1984, can best be described as a "work continually in progress." The growth and success of the Program can be attributed to the creative solutions associated with earthquake coverage. The unique structure and risk sharing feature of the Program has resulted in higher coverage limits, reduced costs, and coverage stability over both the short and long term.

Highlights

Established: June 30, 1984
Members: 81 as of March 31, 2011
Total Insured Values: $49.5 Billion
2011/12 Premium: $50.9 Million
All Risk and Flood Limit: $610 Million Per Tower
Earthquake Limit (Optional): $307.5 Million

The Property Program is governed by an 11-member Committee, which is responsible for all matters pertaining to the Program, including the program structure and coverages. This Program must always proactively evolve to meet both the increasing demand for coverage, as well as a dynamic insurance marketplace. The Program is currently structured with an aggregated pool, above which excess coverage layers are placed and exposure is allocated among separate "towers" to diversify the risk geographically.

The benefits of long-term relationships with insurers and underwriters are most apparent in this Program. Over the past decade, the property insurance market has been very tumultuous following significant catastrophic events across the globe. During this time, significant rate increases were experienced by all buyers of catastrophic coverages, with some receiving rate increases of up to 300%. For those that did not have historical relationships with insurers or underwriters, coverage in some cases was not available. It is here that the EIA structure and philosophies have made the difference. As a result of the EIA's relationship with Lexington Insurance over the past 26 years and the long-term relationships with the excess markets, the EIA was able to renew the Property Program during that time with minimal adverse impact to the members. As one of the world's largest buyers of insurance protection for California earthquake exposures, the EIA has not been immune to rate increases or restrictions in coverage, but the members fared far better through the EIA than they would have on their own. This past year, as the insurance market was fairly stable, and although the Program has a challenging loss history, we were able to negotiate a renewal on a flat rate basis. The newest feature of the EIA's Property Program, beginning last year, is the inclusion of Cyber Liability Coverage. This is only one of the unique features provided to all members in the Program that cannot be replicated in a property insurance placement if a member were purchasing on their own.

The success of the Property Program is due in large part to the Program's continual presence in the marketplace. Because of the complexity of the Program and the unique exposures insured, the marketing to domestic and international insurers requires continual representation throughout the year by our brokers. With the Property Committee's leadership and the commitment of the members to stick together through good times and bad, the EIA's Property Program will continue to endure insurance market swings to fulfill the mission of providing the best coverage, at the most affordable price, for California's counties and public entities well into the future.

Medical Malpractice Program

The Medical Malpractice Program was launched in 1988 to provide California counties with the necessary coverage to insure their unique healthcare operations. The Program has since grown to provide coverage to 46 counties and 3 public entities, with exposures ranging from large acute care hospitals to small public health clinics. This unique Program is divided into two groups for underwriting purposes - Program I for members with self-insured retentions and Program II for members with deductibles. The 2 programs share a common pooling layer designed for potential dividends, risk sharing, and program flexibility.

Highlights

Established: June 1, 1988
Members: 48 as of September 1, 2011
2011/12 Premium: $12.4 Million
Program Limit: $21.5 Million xs SIR or Deductible

The Medical Malpractice Program is governed by a 7-member Medical Malpractice Committee, which is responsible for all matters pertaining to the Program, including but not limited to, program funding, insurance placements, claims oversight and settlements, program services, and underwriting of prospective new members.

The Program has been reinsured with Lexington Insurance Company through a series of multi-year agreements since 2000. These agreements have provided long-term security and stability for the Program. The size and stability of the Program has also enabled the EIA to negotiate placements that cannot otherwise be made in the open marketplace. In 2010, the EIA entered into an arrangement with Lexington to convert the current claims-made excess coverage to occurrence-based excess coverage. Professional liability coverage of this nature is rarely provided on an occurrence basis, but the size and stability of the Program enabled the EIA to secure this amazing deal.

The success over the life of the Medical Malpractice Program has been linked to the members' ability to remain flexible, as well as their commitment to tackle the challenges of medical malpractice exposures together. As the members' responsibilities and mechanisms for providing health care services to the public change, so too will the Medical Malpractice Program in order to continually meet the challenge of dealing with changing exposures at the lowest possible cost.

EIAHealth Program

The EIAHealth Program was launched on July 1, 2003 with participation from 3 counties. There are now 19 members participating in the Program, including 2 small-group program members that provide health benefits to over 70 small public entities throughout the state. With the rising cost of employee medical coverage and the ability to better control those costs through the Program, additional participants are expected to join in the coming years. The Program was developed as an alternative to group health insurance plans, with the goal of giving the members the ability to duplicate their group health benefit plans at competitive rates within a pooled environment while still maintaining local control over their health benefits. Pooling offers the opportunity to reduce insurance premiums by consolidating the fixed costs over a larger population instead of purchasing insurance as a single entity.

Highlights

Established: July 1, 2003
Members: 19 as of January 1, 2011
Covered Employee Lives: 19,000
2011/12 Premium: $173 Million

The EIAHealth Program is governed by a 9-member Committee, which is responsible for all aspects of the Program. On a continual basis, the Committee evaluates the financial position of the Program and makes all decisions regarding plan features, Program structure, the underwriting of prospective new members, and matters relating to Program services.

The risk-sharing concepts used in developing the EIAHealth Program are relatively new to employee benefits programs. Increased volume, in terms of number of members and covered lives, is key to providing a greater level of predictability and stability. Therefore, the Committee requested that the EIA's broker, Alliant Insurance Services, commit a team of brokers specializing in employee benefits to begin marketing the Program to California's public entities. At the same time, the Committee has continued to develop creative solutions to enhance the Program. As a result, on July 1, 2006, the EIAHealth Program began a partnership with Self Insured Schools of California (SISC). This relationship and collaborative effort not only gives the Program more stability, it has also provided an opportunity for lower rates and savings in the fixed costs of the Program. In addition, the partnership has provided the ability for the Program to expand coverages by offering HMO benefits to members in the urban areas. While the savings resulting from the partnership with SISC are just beginning to materialize, members have saved money by participating in the Program since its inception.

How are the premium comparisons computed?

In the report, we compare the premiums your agency paid to the EIA to what it would likely cost to purchase similar coverage and services on your own, or what is referred to as the "stand-alone" premium. Except for the Primary Workers' Compensation and Primary General Liability Programs, the stand-alone premium estimates are market based projections. Factors such as the entity's size, retention, type of exposures, location, and/or the coverage being purchased has an impact on the estimated stand-alone projection. Below is a summary of the analysis that was done to derive the stand-alone projections as well as the various factors that influence the estimated projections:

PWC	Actuarial projection to fund a self-insured layer at the 80% confidence level, discounted at 4%
EWC	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 15 - 20% below market pricing depending on the type of exposure (county, city, school or other)
PGL	Actuarial projection to fund a self-insured layer at the 80% confidence level, discounted at 1.5%
GLI	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 15 - 25% below market pricing depending on the type of exposure (county, school or other)
GLII	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, at approximately 15% below market pricing depending on the entity's size and type of exposure (county or city)
Medical Malpractice	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 15 - 20% below market pricing depending on the size of the county and whether the member has a low deductible or higher SIR
Property	Insurance market projection based on actual All Risk and Earthquake quotes received by Alliant for similar public entity risks, ranging from 20 - 40% below market pricing depending on size of the entity as measured by total insured values, type of exposure (county, city, school or other), and if earthquake coverage is purchased, and the earthquake zone of the covered location
EIAHealth	Insurance market projection based on actual member experience including insurance company margins for contingencies and profit

Take Advantage of our Many Member Resources

Seminars

- Annual Orientation / Re-orientation
- Medical Malpractice
- Health Care Symposium
- Monthly Progam Related Webinars

Loss Prevention Resources

- Customized Webinars
- Regional & Onsite Training
- Video & Printed Library
- PreventionLink (online training)
- Electronic Driver Record Pull Notice (EPN) Services

Online Resources

- Members Area Offers 24/7 Access to Coverage Documents & Program Info
- Transactional History of Subsidy Fund Usage
- Custom Reporting on Program Participation Information
- Calendar of Events
- Member Q&A Forum

Cost Savings Programs

- Certificate of Insurance Management
- Claim System & Medical Provider Network
- Drug & Alcohol Monitoring Consortium

Summary

The EIA is proud of the millions of dollars it has saved California's public entities. As a member-directed risk sharing pool this would not be possible without the dedication and loyalty of our members.

Key Takeaways

- Saved Mendocino County $1,152,701
- Helping shield you from impact of economic issues & market swings
- EIA's programs are flexible and responsive to your needs
- EIA has been supporting California's counties for more than 30 years
- It has been 10 years since membership was expanded to other California public entities, making this organization even stronger and more stable for the long haul