

San Joaquin Valley Insurance Authority

BOARD OF DIRECTORS

SUSAN B. ANDERSON

JUDITH CASE

MIKE ENNIS

ALLEN ISHIDA

PHIL LARSON

DEBORAH POOCHIGIAN

PETE VANDER POEL

Meeting Location:
Fresno County Employee Retirement
Association Board Chambers
1111 H Street
Fresno, CA 93721
July 22, 2011
9:00 AM

AGENDA DATE: July 22, 2011

ITEM NUMBER: 10

SUBJECT: Preliminary Renewal Rate Projections

REQUEST(S): That the Board be made aware of the preliminary 2012 rate action reflecting the shared-risk methodology adopted at the May 6, 2011 SJVIA Board meeting.

DESCRIPTION:

On May 6, 2011, the Board of Directors of the San Joaquin Valley Insurance Authority voted unanimously to adopt a shared risk methodology for renewals beginning with plan year 2012. In the shared risk arrangement, the SJVIA as a unit is reviewed for claims and reserves and subsequently each County is also reviewed for their experience as related to the pool overall. Each participating entity is then issued a renewal based on the experience of the pool which is adjusted according to their performance. This approach provides rate smoothing and stability for all entities and is employed by many JPA's currently.

Gallagher Benefit Services, in conjunction with their actuarial division, has conducted a preliminary renewal rating, based on all available claims information to date. According to the information available, GBS has determined that the SJVIA would require a 1.6% increase over current rates for the 2012 plan year. Further, it appears the IBNR reserves are adequate to fund projected run-out claims. No change in reserve funding is required at this time.

This preliminary renewal rating is based on paid medical claims through May 2011. The final rate recommendation will be presented at the August 2011 SJVIA Board of Directors meeting and will include paid medical claims through July 2011.

AGENDA: San Joaquin Valley Insurance Authority

DATE: July 22, 2011

FISCAL IMPACT/FINANCING:

None.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
Interim Assistant SJVIA Manager

**BEFORE THE BOARD OF DIRECTORS
SAN JOAQUIN VALLEY INSURANCE
AUTHORITY**

IN THE MATTER OF Preliminary Renewal Rate Projections

RESOLUTION NO. _____
AGREEMENT NO. _____

UPON MOTION OF DIRECTOR _____, SECONDED BY DIRECTOR _____
_____, THE FOLLOWING WAS ADOPTED BY THE BOARD OF DIRECTORS, AT AN
OFFICIAL MEETING HELD _____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: _____

* * * * *

That the Board was made aware of the preliminary 2012 rate action reflecting the shared-risk methodology adopted at the May 6, 2011 SJVIA Board meeting.