

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
April 20, 2012
9:00 AM

AGENDA DATE: April 20, 2012

ITEM NUMBER: 7

SUBJECT: Approve the selection of Demsey, Filliger & Associates, LLC, as outside actuary to perform the annual GASB10 evaluation for the SJVIA and authorize the Board President to execute the Special Services Agreement.

REQUEST(S): That the Board Approve the selection of Demsey, Filliger & Associates, LLC, as outside actuary to perform the annual GASB10 evaluation for the SJVIA and authorize the Board President to Execute the Special Services Agreement.

DESCRIPTION:

On January 20, 2012 the SJVIA Board of Directors instructed Gallagher Benefit Services and SJVIA staff to release a Request for Proposal (RFP) for actuarial services relative to the Authorities GASB 10 evaluation. The Governmental Accounting Standards Board (GASB) is the independent organization that establishes and approves standards of accounting and financial reporting for State and Local governmental entities, including the SJVIA. GASB Statement 10 requires such things as disclosure in the notes to the financial statements about the type of reinsurance or excess insurance coverage for certain claims costs, and requires presentation of gross, ceded, and net premiums and claims costs in the ten-year revenue and claims development information. Furthermore, this Statement provides that claims development information should be reported consistently on a report or policy-year basis.

GBS send Request for Proposal packets to ten (10) vendors and received proposals from 2 vendors. The proposals were analyzed on the basis of content, pricing and

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service capabilities. SJVIA staff and GBS conducted finalist interviews with the following:

- Demsey, Filliger & Associates, LLC
- McGinn Actuaries

Based on the interviews and a review of each vendor's response and referrals, both GBS and staff selected Demsey, Filliger & Associates, LLC to recommend for the GASB 10 evaluation.

SCOPE OF SERVICES

Demsey, Filliger & Associates, LLC will provide the SJVIA with an actuarial report as of December 31, 2011. This report will contain the following information:

- Projected aggregate costs, actuarially sufficient self-insured rates, and incurred but not reported (IBNR) reserves for each of the self-insured PPO benefit designs and the self-insured aspect of the HMO plan, for the plan years ended December 31, 2011, 2012, and 2013;
- Evaluation of adequacy of funding levels and reserves to pay self-insured claims, expenses, and change in IBNR reserves;
- A comprehensive report and executive summary discussing assumptions, data utilized, and results. The report will provide sufficient information for staff to prepare reporting for SJVIA's financial statements, including footnote disclosure and required supplemental information.
- Summary of plan provisions, data and methodology, actuarial assumptions, and certification.

FISCAL IMPACT/FINANCING:

Demsey Filliger & Associates, LLC proposed an all-inclusive fee of \$7,000 for the first year and \$6,000 for subsequent years. There are sufficient funds available for this evaluation.

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ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Jeffrey Cardell
SJVIA Assistant Manager

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

IN THE MATTER OF Approve the selection of Demsey, Filliger & Associates, LLC, as outside actuary to perform the annual GASB10 evaluation for the SJVIA and authorize the Board President to execute the Special Services Agreement.

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 APRIL 20, 2012 BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: _____

* * * * *

That the Board approved the selection of Demsey, Filliger & Associates, LLC, as outside actuary to perform the annual GASB10 evaluation for the SJVIA and authorizd the Board President to execute the Special Services Agreement.