



**BOARD OF DIRECTORS**

STEVE BRANDAU  
KUYLER CROCKER  
NATHAN MAGSIG  
BUDDY MENDES  
BRIAN PACHECO  
AMY SHUKLIAN  
PETE VANDER POEL

**Meeting Location:  
County of Fresno  
Board of Supervisors Chambers  
2281 Tulare Street, #301  
Fresno, CA 93721**

**AGENDA DATE:** October 16, 2020

**ITEM NUMBER:** Item 11

**SUBJECT:** Receive Consultant's Report for Increasing the Stabilization Reserve and Approve Recommendation to Increase the Stabilization Reserve to Two Month's Reserve (A)

**REQUEST(S):** That the Board review the current Stabilization Reserve level and provide direction to increase the Stabilization Reserve to two months.

**DESCRIPTION:**

To ensure the SJVIA has enough funds available to cover claim cost and other related expenses, a one-month Stabilization Reserve was established by the SJVIA Board in 2017. When the initial one-month Stabilization Reserve was established, the SJVIA consultant (Keenan) communicated that this was the first step towards establishing a conservative and fully funded stabilization reserve. Since the SJVIA Board also set goals that included ensuring premium rates charged to each entity supported their underlying costs, funding the Incurred But Not Reported (IBNR) Reserve and repaying outstanding loans to the County of Fresno and County of Tulare, it was agreed that steps would need to be incremental. The SJVIA Board subsequently directed that loans would not be repaid until the other goals (Rates, IBNR, Stabilization) were achieved. Therefore, the SJVIA consultant and staff recommend increasing the Stabilization Reserve in phases with the goal of achieving, at minimum, a three-month Stabilization Reserve. The Board has directed SJVIA staff and Keenan develop an impact report for increasing the Stabilization Reserve from the minimum threshold of one-month. Keenan calculated the one-month Stabilization Reserve at \$5,978,475 and a two-month Stabilization Reserve at \$11,956,951. Based on the calculated accumulation from 2018 to August 2020, setting the two-month reserve would be an appropriate intermediate step as the SJVIA continues to make progress towards its goal. SJVIA staff recommends increasing the Stabilization Reserve to a two-month reserve.

**AGENDA:** San Joaquin Valley Insurance Authority

**DATE:** October 16, 2020

**FISCAL IMPACT/FINANCING:**

An additional \$5,978,475 would be set aside in the Stabilization Reserve to accommodate a two-month accumulation.

**ADMINISTRATIVE SIGN-OFF:**



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Paul Nerland  
SJVIA Manager



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Lupe Garza  
SJVIA Assistant Manager