

AGENDA ITEM 1 H
Consent Item

MEMORANDUM

DATE: February 2, 2017
TO: El Dorado County Transit Authority
FROM: Maria Harris, Human Resources/Admin Services Manager
SUBJECT: California Transit Indemnity Pool Liability Program Amendment

REQUESTED ACTION:

BY MOTION,

Adopt Resolution No. 17-01 acknowledging the El Dorado County Transit Authority authorization to participate in the Employment Management Risk Association and commercial group purchased Employment Practices Liability coverage

BACKGROUND

The El Dorado County Transit Authority (El Dorado Transit) joined California Transit Systems Joint Powers Authority (CalTIP) in 1993 to obtain liability coverage, vehicle physical damage coverage and risk management services through jointly pooling resources with the other transit agencies.

CalTIP was formed in 1987 when it was difficult for public entities to obtain coverage from the commercial insurance market. Although the difficulty of obtaining insurance from the standard markets eventually waned, coverage provided by the insurance industry typically is not tailored to the specific needs of public entities and does not provide industry specific risk management services.

CalTIP was established with the execution of a joint powers agreement (Agreement) between all members. This initial Agreement was executed in 1987 and revised on August 4, 2011. CalTIP participates in a larger public entity self-insurance pool to offer options for higher limits of liability coverage to each member.

DISCUSSION

El Dorado Transit business practice includes having Employer Liability Insurance Coverage (EPL). EPL covers businesses against claims by workers that their legal rights as employees of the company have been violated. EPL provides protection against various employee lawsuits, including but not limited to sexual harassment, discrimination, wrongful termination, breach of employment contract, wrongful discipline, or mismanagement of benefit plans.

CalTIP's insurance committee authorized the preparation of a study to explore alternative methods of providing liability insurance coverage due to increasing premiums, decreasing coverages and increasing deductibles. Consequently, the recommendation was made for public transit operators to band together for the purpose of creating a self-funded insurance pool that includes liability coverage programs for thirty (30) transit operators administered by CalTIP.

The current EPL coverage will no longer be available effective July 1, 2017. During the December 2016 Board meeting, action was taken for CalTIP to pursue membership through the Employment Risk Management Association (ERMA) for EPL Coverage.

ERMA is a pool consisting of other public agency risk pools. Individual public agencies cannot apply to be members of ERMA directly, but may apply to be an underlying member of ERMA. Member Agencies may obtain EPL coverage through CalTIP's membership pool. ERMA is the first statewide risk sharing pool created exclusively to provide broad coverage for EPL with tailored loss prevention services. It is comprised of nine (9) JPA members and two individual members, totaling over 195 individual underlying members. The pool provides coverage up to \$1 million per occurrence, and purchases excess coverage through RSUI Indemnity for coverage of \$1 million excess \$1 million per occurrence.

The Adoption of the Resolution No. 17-01 authorizes El Dorado County Transit Authority's participation in ERMA. Along with an adopted resolution El Dorado Transit must submit a completed application form which will be evaluated by ERMA's Underwriting Committee (UWC) for recommendation to the CalTIP Board, which has final approval. The ERMA Board of Directors is scheduled to meet on May 1, 2017 and will consider membership at the meeting for any CalTIP member Agencies who apply for coverage effective July 1, 2017. CalTIP members that apply for membership will be notified of their pending acceptance or denial following a currently unscheduled meeting of the UWC in mid-March 2017.

Staff respectfully requests the adoption of Resolution No. 17-01, authorizing El Dorado Transit's participation within the ERMA EPL Coverage program.

FISCAL IMPACT

Self-Insured retention level: \$25,000
Annual premiums, fees are to be determined.

**EL DORADO COUNTY TRANSIT AUTHORITY
RESOLUTION NO. 17-01**

**RESOLUTION OF THE EL DORADO COUNTY TRANSIT AUTHORITY
AUTHORIZING PARTICIPATION IN THE EMPLOYMENT RISK MANAGEMENT
AUTHORITY**

WHEREAS, the El Dorado County Transit Authority wishes to obtain Employment Practices Liability coverage for the period July 1, 2017 to June 30, 2020; and

WHEREAS, the Employment Risk Management Authority (ERMA) is a self-insured joint powers authority created for the sole purpose of Employment Practices Liability Coverage. ERMA is comprised of various public entities who risk share up to \$1 million against potentially unlawful employment practices and discrimination claims; and

WHEREAS, ERMA formed primarily due to the fact that government entities have not historically been able to secure Employment Practices Liability (EPL) coverage at a competitive cost through the commercial insurance marketplace; and

WHEREAS, ERMA has met all of the high professional standards established by the California Association of Joint Powers Authorities (CAJPA) in the areas of governance, finance, claims control, safety and loss control and ERMA is fully accredited by CAJPA. CAJPA's accreditation process requires reviews by independent consultants in the areas of accounting, claims adjusting, and actuarial analysis; and

WHEREAS, ERMA provides services to both Joint Powers Insurance Authorities and individual public entities; and

WHEREAS, the El Dorado County Transit Authority has determined that it is in the best interest to become a member of ERMA for the purpose of obtaining Employment Practices Liability coverage; and

WHEREAS, ERMA requires the El Dorado County Transit Authority to pass a resolution expressing the desire and commitment of the El Dorado County Transit Authority's participation in ERMA, which requires a three year minimum participation period. El Dorado County Transit Authority also understands our entity will be bound by the provisions in the ERMA Joint Powers Agreement just as though it were fully set forth and incorporated herein whether our entity had signed it individually or through an underlying Joint Powers Insurance Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF DIRECTORS OF THE EL DORADO COUNTY TRANSIT AUTHORITY: The Board approves El Dorado County Transit Authority participation in ERMA July 1, 2017; and

THAT, the Executive Directory on behalf of the El Dorado County Transit Authority is hereby authorized to take any and all actions necessary to implement the foregoing resolution.

PASSED AND ADOPTED BY THE GOVERNING BOARD OF THE EL DORADO COUNTY TRANSIT AUTHORITY at a regular meeting of the Board held on the 2nd day of February 2017, by the following vote of the Board:

AYES:

NOES:

ABSTAIN:

ABSENT:

El Dorado County Transit Authority Chairperson

ATTEST:

Megan Wilcher, Secretary to the Board