

STAFF REPORT

SUBJECT: Resolution authorizing participation in the Employment Risk Management Authority

FROM: Michael Tree, Executive Director

DATE: February 6, 2017

Action Requested

The staff recommendation is to approve Resolution 11-2017, a resolution authorizing LAVTA participation in the Employment Risk Management Authority.

Background

California Transportation Insurance Pool (CalTIP) coverage for Employment Practices Liability (EPL) coverage provided to members through CalTIP's Liability Program is being discontinued. Pursuant to action taken by the Board in April 2016, the coverage will end effective July 1, 2017.

At the December CalTIP Board Meeting, staff presented two paths by which CalTIP members could continue to obtain group EPL coverage, the Employment Risk Management Association (ERMA) and commercial group-purchased EPL. The Board took action for CalTIP to pursue membership with ERMA.

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 through the risk pools to which they belong. Member Agencies may obtain EPL coverage through CalTIP's membership in the 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 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 for coverage of \$1 million excess \$1 million per occurrence (total of \$2,000,000 limit).

Discussion

In January LAVTA submitted an application to obtain price indications for EPL coverage with ERMA. The attached resolution is required for ERMA to move forward and provide the requested information. The resolution authorizes participation in ERMA. Should LAVTA

decide to move forward with ERMA membership and EPL coverage, 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.

Additional information on ERMA can be found on their agency website at www.ermajpa.org.

Fiscal Impact

It is anticipated that the cost to obtain EPL coverage through ERMA will be approximately \$6,000 per year.

Recommendation

Staff recommends the Board of Directors to approve Resolution 11-2017, a resolution authorizing LAVTA participation in the Employment Risk Management Authority.

Attachments:

1. Resolution 11-2017 authorizing participation in the Employment Risk Management Authority

Submitted: _____

RESOLUTION NO. 11-2017

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY (LAVTA) AUTHORIZING PARTICIPATION IN THE EMPLOYMENT RISK MANAGEMENT AUTHORITY

WHEREAS, the Livermore Amador Valley 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 Livermore Amador Valley 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 Livermore Amador Valley Transit Authority to pass a resolution expressing the desire and commitment of the Livermore Amador Valley Transit Authority's participation in ERMA, which requires a three year minimum participation period. The Livermore Amador Valley 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 Board of Directors of the Livermore Amador Valley Transit Authority that, the Livermore Amador Valley Transit Authority approves participation in ERMA from July 1, 2017 through June 30, 2020; and

BE IT FURTHER RESOLVED that, the Executive Director on behalf of the Livermore Amador Valley Transit Authority is hereby authorized to take any and all actions necessary to implement the foregoing resolution.

PASSED AND ADOPTED this 6th day of February, 2017.

Steven Spedowski, Chair

ATTEST:

Michael Tree, Executive Director