



## EXECUTIVE COMMITTEE

Thursday, June 12, 2025, at 8:00 a.m.

### TELECONFERENCE PARTICIPATION

To be a voting participant in action items appearing on the agenda, the participant's teleconference location must appear below, and the participant must have posted the agenda in a location accessible to the general public no less than 72 hours prior to the announced meeting time, in accordance and within the requirements of the Brown Act (Gov. Code, § 54950 et seq.).

### TELECONFERENCE LOCATIONS

Matthew Schenk  
City of Perris  
227 North D Street  
Perris, CA 92570

Tom Cody  
City of Colton  
650 N. La Cadena Drive  
Colton, CA 92324

Marjorie De La Cruz  
Palm Springs Aerial Tramway  
1 Tram Way  
Palm Springs, CA 92262

Diego Chavez  
City of Murrieta City Hall  
1 Town Square  
Murrieta, CA 92562

Kofi Antobam  
City of Rancho Mirage  
69825 CA-111  
Rancho Mirage, CA 92270

Thomas Prill  
City of San Jacinto  
595 S. San Jacinto Avenue  
San Jacinto, CA 925

At the announced time of the meeting, teleconference participants can join the meeting via one of the following:

#### Join by Computer:

<https://us06web.zoom.us/j/81365749192?pwd=gUh82wp3O5E5Bvu1D51KrJV3KOr3MS.1>

Zoom Meeting ID: 813 6574 9192

Pass Code: 427674

#### Join by Phone:

Join by Phone: (720) 707 2699 (Same ID and Passcode as above)

One tap mobile: +17207072699,,813 6574 9192#,,, \*427674#

*In compliance with the Americans with Disabilities Act, if you are a disabled person and need a disability-related modification or accommodation to participate in this meeting, please contact PERMA's ADA Coordinator, Jim Elledge, at (760) 258-4258 at least 72 business hours prior to the meeting start time to enable PERMA to make reasonable arrangements to ensure accessibility to this meeting.*



## EXECUTIVE COMMITTEE

- |  |                             |
|--|-----------------------------|
| 1. Matthew Schenk, President           | Perris                      |
| 2. Marjorie De La Cruz, Vice President | Palm Springs Aerial Tramway |
| 3. Kofi Antobam, Treasurer             | Rancho Mirage               |
| 4. Darcy Wigington                     | Barstow                     |
| 5. Tom Cody                            | Colton                      |
| 6. Diego Chavez                        | Murrieta                    |
| 7. Thomas Prill                        | San Jacinto                 |

### 1. CALL TO ORDER

### 2. ESTABLISHMENT OF A QUORUM / ROLL CALL

### 3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

*At this time the Executive Committee members may announce any items being pulled from the agenda or continued to another date or request the moving of an item on the agenda.*

### 4. PUBLIC COMMENTS

*The public may address the Executive Committee on any matter pertaining to PERMA that is not on the agenda. The President reserves the right to limit the time of presentations by individual or topic.*

### 5. CONSENT CALENDAR

*All items on the Consent Calendar will be approved by one motion, and there will be no discussion of individual items unless an Executive Committee member or member of the public requests a specific item be pulled from the calendar for separate discussion.*

- |  |    |
|--|----|
| A. Minutes of May 1, 2025 Meeting .....                        | 4  |
| B. 2026 Executive Committee Meeting Dates .....                | 10 |
| <i>Action: Approve items A-B and direct staff to finalize.</i> |    |

### 6. ACTION / DISCUSSION ITEMS

- |  |    |
|--|----|
| A. Liability Program Update .....  | 11 |
| <i>Recommendation: Review and file</i>   |    |
| B. AdminSure Liability, Property, and Auto Physical Damage TPA Contracts .....   | 13 |
| <i>Recommendation: Authorize amendment to the AdminSure Liability TPA contract, and the Property and Auto Physical Damage TPA contract, as follows: 1) extend the term of each contract through September 30, 2025; 2) approve inclusion of a 3% increase (\$246,047 total) in each contract for July 1, 2025 – September 30, 2025; and 3) authorize the Executive Director to execute both contract amendments.</i> |    |
| C. 2025 PRISM Liability Claim Audit.....   | 14 |
| <i>Recommendation: Review and file</i>   |    |
| D. 2025-26 Workers' Compensation Memorandum of Coverage .....  | 19 |
| <i>Recommendation: Review the proposed revisions and recommend the Board adopt the 2025-26 Workers' Compensation Memorandum of Coverage.</i>   |    |



- E. 2025-26 Property Memorandum of Coverage ..... 39  
*Recommendation: Review the proposed revisions and recommend the Board adopt the 2025-26 Property Memorandum of Coverage.*
- F. 2025-26 Auto Physical Damage Memorandum of Coverage ..... 48  
*Recommendation: Review the proposed revisions and recommend the Board adopt the 2025-26 Auto Physical Damage Memorandum of Coverage.*

## 7. CLOSED SESSION

*Pursuant to Government Code Section 54956.95, the Executive Committee will hold a closed session to discuss any or all claims listed on the agenda. The confidential claims reports should be destroyed after the meeting.*

*Discussion of Open Claims and Conference with Legal Counsel:*

- A. Trial Summary Log
- B. Flores Avalos, Maria v. City of Victorville
- C. Smith, Lorraine v. City of La Mesa
- D. Murphy, Matthew Jordan v. City of Barstow

## 8. REPORT FROM CLOSED SESSION

*Report from Closed Session: Pursuant to Government Code Section 54957.1, the Executive Committee must report in open session any reportable action taken in closed session.*

## 9. CLOSING COMMENTS

*This time is set aside for Executive Committee members and staff to announce items/activities which may be of general interest to the Executive Committee. There will be no Executive Committee discussion on various matters involving PERMA except to ask questions or refer matters to staff, and no action will be taken unless listed on a subsequent agenda.*

## 10. AJOURNMENT

### NOTICES:

- 1. Upcoming Executive Committee Meeting: July 10, 2025 (teleconference)
- 2. Upcoming Board Meeting: June 12, 2024 (teleconference)
- 3. Documents and materials related to an open session agenda item that are provided to the Executive Committee less than 72 hours prior to a regular meeting will be available for public inspection and copying on the PERMA website <https://www.perमारisk.gov/>.

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY  
MINUTES OF THE EXECUTIVE COMMITTEE MEETING**

**May 1, 2025**

**1. CALL TO ORDER**

The regular meeting of the Public Entity Risk Management Authority Executive Committee was called to order by President Matthew Schenk at 9:00 a.m. on Thursday, May 1, 2025. The meeting was conducted via webinar at the noticed locations.

**2. ROLL CALL**

It was determined that a quorum was present.

***MEMBERS PRESENT***

- 1) Matthew Schenk, President, *Perris*
- 2) Marjorie De La Cruz, Vice President, *Palm Springs Aerial Tramway*
- 3) Kofi Antobam, Treasurer, *Rancho Mirage*
- 4) Darcy Wigington, *Barstow*
- 5) Diego Chavez, *Murrieta, left during closed session*
- 6) Tom Cody, *Colton, left during closed session*
- 7) Thomas Prill, *San Jacinto*

***OTHERS PRESENT***

- 1) Beth Lyons, *Executive Director, PERMA*
- 2) Jim Elledge, *Deputy Executive Director, PERMA*
- 3) Katie Achterberg, *Administrative Assistant, PERMA*
- 4) Eric Marcinkowski, *Sedgwick, left at closed session*
- 5) Michael Torcaso, *Eide Bailly*
- 6) Matt McManus, *Alliant, left at closed session*
- 7) Banesa Laird, *Alliant, left at closed session*

**3. APPROVAL OF AGENDA AS POSTED**

*Motion by Director Cody, seconded by Director Antobam to approve the amended agenda as posted. Directors Schenk, De La Cruz, Antobam, Wigington, Chavez, Cody, and Prill voted to approve the motion. Motion passed unanimously.*

**4. PUBLIC COMMENTS**

None

**5. Consent Calendar**

- A. Minutes of April 3, 2025 Meeting
  - B. Revised 2025-26 Actuarial Funding Study for the Liability Program
  - C. 2025-26 Budget Guidance as of May 1, 2025
- Motion by Director Antobam, seconded by Director Wigington to approve item A and direct staff to finalize, review and file items B-C. Directors Schenk, De La Cruz, Antobam, Wigington, Chavez, Cody, and Prill voted to approve the motion. Motion passed unanimously.*

**6. ACTION/DISCUSSION ITEMS**

- A. Americans with Disabilities Act (ADA) 2024-25 Project Update and 2025-26 Matching Grant Program

At the June 6, 2024, Board of Directors meeting an ADA diagnostics assessment program was approved to review member's accessibility activities and accomplishments and to make recommendations for compliance with the various requirements of the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973.

To date Disability Access Consultants (DAC) has conducted twenty-two (22) assessments, including PERMA; has five (5) scheduled; and is awaiting response from three (3) members. Three (3) members had already completed the assessment process with DAC and received implementation support instead.

The findings observed to date indicate the need for improvement across the entire membership. Each member will receive an "action plan" with recommendations and sample template documents to assist in the member's efforts to increase compliance with the ADA.

Staff also proposed a matching grant program up to a maximum of \$3,000 per member during the 2025/26 fiscal year, to help members address recommendations.

*Motion by Director Cody, seconded by Director Chavez to review and file the 2024-25 project update, approve the 2025-26 matching grant program, and authorize the Executive Director to execute necessary contracts. Directors Schenk, De La Cruz, Antobam, Wigington, Chavez, Cody, and Prill voted to approve the motion. Motion passed unanimously.*

**B. Risk Control Update and 2025-26 Risk Control Recommendations and New Initiatives**

The delivery of PERMA's risk control services is a coordinated effort and involves support from PERMA staff, Sedgwick through a risk control services contract, Bob May for contractual risk transfer services, and other vendor partners supporting existing or new initiatives.

The following new initiatives will be part of the 2025-26 program year risk control plan:

- ADA Matching Grant Program – program offers \$3,000 in matching funds to members who incur expenses related to ADA compliance initiatives.
- Impact Study on Dangerous Conditions – study to identify specific practices employed by members with low losses so they can be shared across the membership.
- Risk Manager Roundtables –provide an opportunity for members to share success stories, lessons learned, or emerging topics.
- DeepRisk Dive –develop partnership between the liability and risk control teams to identify losses warranting a deep dive.

The 2025-26 Risk Control Service Plan will include the following service areas:

- Auto liability
- Police liability
- Public works/dangerous conditions liability
- Member benefits presentations
- Topical training sessions

- Contractual risk transfer consultations

Sedgwick safety professionals provide a combination of on-site and remotely delivered safety consultation services to PERMA members.

Sedgwick offers unlimited Risk Control Consultation via Email and Telephone Inquiry, and access to the Sedgwick Risk Control Website which features various resources.

*Motion by Director De La Cruz, seconded by Director Wigington to approve the 2025-26 Risk Control Service Plan. Directors Schenk, De La Cruz, Antobam, Wigington, Chavez, Cody, and Prill voted to approve the motion. Motion passed unanimously.*

C. 2025-26 Liability Memorandum of Coverage

Staff and general counsel reviewed the Liability Memorandum of Coverage and recommended the following revisions:

1. Added language to the Occurrence definition to note that continuous or repeated and related “offenses” under Personal Injury and Errors and Omissions are treated as a single Occurrence.
2. Added to Section III – DEFENSE AND SETTLEMENT language indicating that, for Members with a \$50,000 or less retention, the right to control settlements is automatically vested in PERMA.
3. Added language to Exclusion 10 to indicate wage claims and similar claims are not covered.
4. Added verbiage to Exclusion 15 (land use), making it clear that the last part applies to the entire Exclusion.
5. Added Chief Executive Separation Payment as Endorsement Number 2.
6. Coverage periods were revised and member retentions updated.

*Motion by Director De La Cruz, seconded by director Antobam, to review the proposed revisions and recommend the Board adopt the 2025-26 Liability Memorandum of Coverage. Directors Schenk, De La Cruz, Antobam, Wigington, Chavez, Cody, and Prill voted to approve the motion. Motion passed unanimously.*

D. 2025-26 Workers’ Compensation Memorandum of Coverage

Staff and general counsel reviewed the Workers’ Compensation Memorandum of Coverage and recommended the following revisions:

1. Allow the workers’ compensation third party claim administrator authority to make all payments routinely required or necessitated by Workers’ Compensation law, including temporary disability payments, medical costs, medical fee review charges, fees for independent medical examinations, defense attorney fees, etc. as they are incurred.
2. Provide the third-party administrator with discretionary settlement authority to resolve claims up to and including a payment not to exceed \$25,000, upon prior written notice to the Member, with the adjustment and/or settlement binding upon the Member.
3. Update coverage period dates and member retentions.



*The Committee reviewed the proposed changes and asked legal counsel to provide language to clarify members may opt out of the settlement authority if they provide a written request to PERMA. This item will be brought back to the Executive Committee in June.*

E. Contract for Claims Management System

Initiating a contract with a claim and member management system will benefit PERMA and its members. Collecting and measuring data within a centralized system is crucial for enhancing operational efficiency and informed decision-making. By consolidating data into a single repository, PERMA can implement uniform data quality standards to ensure data is accurate, consistent, and reliable. Centralized data management also supports automated tasks, data reusability, and sharing, leading to more productive workflow. Moreover, it allows for the creation of comprehensive dashboards that provide information for PERMA and the Members to assist with loss control efforts. This high level of data quality is essential for making informed decisions.

The key benefits of implementing a new system include:

1. Enhanced Transparency for Members.
2. Centralized and Accessible Data
3. Expanded System Capabilities
4. Long-Term Cost Efficiency
5. Greater control
6. Improved Vendor Flexibility

PERMA has identified Origami Risk, one of the top Risk Management Information Systems (RMIS), as its software partner. Origami provides additional pool management tools that the other systems either do not offer or offer in a less comprehensive manner. By partnering with Ardee, PERMA is able to take advantage of the configuration and technical work they have already done to configure the claim system. This decreases the implementation fees and also decreases the amount of time and effort PERMA staff must expend to get the system operational.

This project is a strategic investment that strengthens transparency, efficiency, data control, and member service, while maximizing value from costs PERMA is already incurring.

*Motion by Director Cody, seconded by Director Antobam 1) Approve a contract with Ardee not to exceed \$210,000 for a software implementation with Origami which includes liability claim tracking and reporting, payment processing, exposure data collection, program tracking, member portals; 2) approve annual licensing fees and liability claim payment processing not to exceed \$230,000; 3) approve a three-year term, and 4) authorize the Executive Director to execute the contract. Directors Schenk, De La Cruz, Antobam, Wigington, Chavez, Cody, and Prill voted to approve the motion. Motion passed unanimously.*

F. Recruitment Update

Staff gave a brief update on recruitment efforts in the liability program. Two offers have been made for the following positions: Liability Program Manager and Claims Litigation Manager. In addition, a three-month extension to September 30, 2025, was secured with AdminSure, who is the current TPA, for liability claim handling services.

*No action was taken on this item.*

**G. Workers' Compensation Attorney Panel**

To effectively manage workers' compensation claims involving public employees, it's essential to establish a panel of vetted, high-quality attorneys. This approach offers key advantages: specialized expertise, cost control, better claim outcomes, compliance and risk management, stronger internal coordination, and accountability and performance tracking.

Over the past nine months, PERMA worked with Athens to compile a list of attorneys working on PERMA claims. Performance was then evaluated. The evaluation included effectiveness, proactiveness, communication, and timeliness.

The attorney panel presented for consideration included attorneys working on PERMA claims as well as additional attorneys recommended by either the Members or Athens.

*Motion by Director Chavez, seconded by Director Wigington to approve the workers' compensation attorney panel as presented. Directors Schenk, De La Cruz, Antobam, Wigington, Chavez, Cody, and Prill voted to approve the motion. Motion passed unanimously.*

**7. CLOSED SESSION**

The Executive Committee entered closed session at 10:04 a.m. with legal counsel pursuant to Government Code section 54956.95(a) to discuss the following:

- A. Yaple, Lawrence & Tracey v. City of Desert Hot Springs
- B. Gerred, Kimmy v. SunLine Transit Agency

Conference with Legal Counsel – Anticipated Litigation:

- C. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (One potential cases)
- D. Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (One potential case)

Pursuant to Government Code §54957.6 for conference with labor negotiators regarding discussions with unrepresented employees.

- E. 2025-26 Compensation for Unrepresented Employees and Adjustments to the Compensation Schedule

Pursuant to Government Code §54957, the Executive Committee will hold a closed session for the purpose of:

- F. Public Employee Performance Evaluation
  - 1) Title: Executive Director

**8. REPORT FROM CLOSED SESSION**

The Executive Committee reconvened into open session at 11:47 a.m.

*No reportable action was taken.*

**6. ACTION/DISCUSSION ITEMS, Continued**



- H. 2025-26 Compensation and Benefit Enhancements for Unrepresented Employees  
*Motion by Director Antobam, seconded by Director De La Cruz to 1) Increase the half-day holiday on December 24 to include a full day; 2) Increase the 457 matching to \$35 per paycheck, for 24 paychecks, for all employees except the Executive Director; and 3) Provide 2.7% COLA increase to employees, except the Executive Director, that are meeting expectations, effective the first full pay period in July. Directors Schenk, De La Cruz, Antobam, Wigington, and Prill voted to approve the motion. Motion passed unanimously.*

- I. 2025-26 Compensation Schedule Adjustments  
The Committee directed staff to add a section to the Personnel Rules regarding market rate compensation schedule adjustments as follows: "In July of each year, PERMA adjusts its compensation scheduling using a blended CPI measured as of February. The blended CPI consists of the areas in which employees live and is subject to a 2% floor and 5% ceiling."

The Committee discussed adjustments to the compensation schedule and hiring a third party to perform a compensation and benefits analysis to be completed by October 2025. The analysis should evaluate benefits, compensation methods (steps, open ranges, etc.), job analysis documents compared to work being performed, comparable salaries in the JPA and insurance market, and so on.

*Motion by Director Wigington, seconded by Director Antobam to direct staff to adjust the PERMA Compensation Schedule by 2.9% effective the first full pay period in July, revise the Personnel Rules as indicated above, and authorize the Executive Director to engage a consultant to review PERMA's compensation and benefit structure. Directors Schenk, De La Cruz, Antobam, Wigington, and Prill voted to approve the motion. Motion passed unanimously.*

- J. 2025-26 Executive Director Compensation and Benefits  
*Motion by Director Schenk, seconded by Director Prill to increase the Executive Director's compensation schedule by 2.9%, increase the actual salary by 5%, and extend the contract for one year to December 2027. Directors Schenk, De La Cruz, Antobam, Wigington, and Prill voted to approve the motion. Motion passed unanimously.*

## 9. CLOSING COMMENTS

None

## 10. ADJOURNMENT

There being no further business, the meeting of the Executive Committee adjourned at 11:41 a.m.

Respectfully submitted,  
Beth Lyons, Board Secretary

**Executive Committee****June 12, 2025****Subject:** 2026 Executive Committee Meeting Dates**Action for Consideration:** Approve the 2026 Executive Committee meeting dates.**Background:**

The Executive Committee (EC) meets on the first Thursday of the month, a minimum of four times annually. At the request of the EC, monthly meeting dates have been identified so the EC may meet monthly if necessary. Meetings are cancelled if there is a lack of agenda items.

Meetings in bold italic coincide with meetings of the Board.

Staff have attempted to avoid conflicts with conferences and EC member council or board meetings. If you have a conflict with one or more of the dates below, please notify staff. Calendar invites will be sent to EC members after the dates have been approved.

**2026 meeting dates (first Thursday of each month, with exceptions noted)**

- January 8
- February 11-12 (Strategic Planning - in-person)
- ***March 12 (EC and Board - remote)***
- April 2
- May 7
- ***June 4 (EC and Board - remote)***
- July 9
- August 6
- September 3
- October 1
- November 5
- ***December 3 (EC and Board - in person)***

**Fiscal Impact:** Varies by item**Attachment:** None**Prepared By:** Katie Achterberg, Administrative Assistant



## Executive Committee

June 12, 2025

**Subject:** Liability Program Update

**Action for  
Consideration:** Review and file

### Background:

PERMA conducted strategic planning on February 3-4, 2025. Members of the Executive Committee, staff, and vendors providing risk control, finance, and high-severity liability claim services, attended the meeting. Candid discussions included the pool's philosophy, program structure, and member engagement.

During the discussion, the Executive Committee discussed the liability program and asked staff to begin activities to create an in-house liability department. Department goals include improving accountability, ensuring claim strategy and handling consistency, developing clear parameters and standards for claim handling, sharing/integrating data across the agency (finance, risk control, claims, member agencies), and ensuring effective communication with, and support of, the members.

The Executive Committee also considered the critical nature the claim adjusters play in developing relationships and trust with the members, and how a lack of timely and consistent responses has resulted in member dissatisfaction and complaints. The expectation is that the adjusters serve as professional spokesperson(s) on behalf of the members, to build rapport, and reduce claimant complaints.

The ability to regularly schedule claim file reviews, provide status reports and regular communication, reduce the number of adjusters working on member agency claims (i.e. assign adjusters by member, similar to the WC program), and provide member access to the claim system were also discussed. Staff also stressed the importance of data integrity, automation, and accurate financial information (e.g. reserves, reports, recoveries, etc.).

Based upon the current claim volume and issues with the program, PERMA needs approximately seven positions to manage the liability claims, improve services to the members, and add appropriate program trend oversight/risk issue identification.

Position	Quantity	Min Occurrence	Max Occurrence
Liability Program Manager	1	0	Emergency overflow
<i>Claim Litigation Manager</i>	<i>1</i>	<i>80</i>	<i>100</i>
Claims Specialist	2	120	150
<i>Claims Adjuster</i>	<i>2</i>	<i>150</i>	<i>175</i>
Administrative Assistant (Claims Intake)	1	0	0
<b>Total Occurrence volume</b>	<b>7</b>	<b>620</b>	<b>750</b>



## Executive Committee

June 12, 2025

The overall 2024-25 liability program expenditures are \$30.6M, and expenses related solely to liability claim handling are estimated at \$1.6M, or 5%. If PERMA brought claim handling in-house, staff estimates the cost would be between \$1.25M and \$1.51M. Below is a chart which details the anticipated expenses.



### In-House Claim Unit Cost Estimate vs. Current Spending

Liability Program Claims Handling and Management

#### IN-HOUSE UNIT -- ESTIMATED COST

Proposed Claims Team:		Low	High	Average	
Liability Program Manager	1	\$ 131,829	\$ 176,662	\$ 154,246	x
Claim Litigation Manager	1	118,646	158,996	138,821	new
Claim Specialist	1	86,250	115,582	100,916	x
Claim Specialist	1	86,250	115,582	100,916	x
Claims Adjuster	1	77,625	100,916	89,271	new
Claims Adjuster	1	77,625	100,916	89,271	new
Administrative Assistant	1	62,533	83,802	73,168	x
<b>Total</b>	<b>7</b>	<b>640,758</b>	<b>852,456</b>	<b>746,607</b>	
Benefits and Other Costs		206,000	260,115	233,058	
<b>Total Salary, Benefits and Other Costs</b>		<b>846,758</b>	<b>1,112,571</b>	<b>979,664</b>	
Check Processing, HR, Payroll		200,000	200,000	200,000	
Claim System		200,000	200,000	200,000	
<b>Total Program Cost</b>		<b>1,246,758</b>	<b>1,512,571</b>	<b>1,379,664</b>	

x-Existing position

#### CURRENT SPEND

Claim Manager Position	250,000
Admisure Liability TPA Fees	869,090
RE Powers Consulting Fees	400,000
Executive Director Management of Program	100,000
<b>Total Current Spend</b>	<b>1,619,090</b>

The contract with the current TPA expires on June 30, 2025, however, staff has secured a 90-day extension through September 30, 2025. In May, PERMA hired Brandt Bahling to serve as the Liability Program Manager, and David Trautz to serve as the Claim Litigation Manager. Job postings for the remaining five positions will be posted in June, with the goal of having staff in place by August.

**Fiscal Impact:** \$1.51M estimated (high end)

**Attachment:** None

**Prepared By:** Beth Lyons, Executive Director

**Executive Committee****June 12, 2025**

**Subject:** AdminSure Liability, Property, and Auto Physical Damage TPA Contracts

**Action for**

**Consideration:** Authorize amendment to the AdminSure Liability TPA contract, and the Property and Auto Physical Damage TPA contract, as follows: 1) extend the term of each contract through September 30, 2025; 2) approve inclusion of a 3% increase (\$246,047 total) in each contract for July 1, 2025 – September 30, 2025; and 3) authorize the Executive Director to execute both contract amendments.

**Background:**

AdminSure has been partnering with PERMA to provide liability claim handling assistance since 2021. The current contract is set to expire June 30, 2025. AdminSure provided a pricing proposal of \$223,793 for the time period of July 1, 2025 – September 30, 2025. This includes a 3% increase in price.

Additionally, AdminSure has been partnering with PERMA to provide property and auto physical damage claim handling assistance since 2021. The current contract is set to expire June 30, 2025. AdminSure provided a pricing proposal of \$22,254 for the time period of July 1, 2025 – September 30, 2025. This includes a 3% increase in price.

Staff believes this three-month extension will provide adequate time for an internal claims team to be hired and onboarded for the liability program. This provides the new claims team with at least one month to become familiar with the claims before taking full responsibility on October 1, 2025. Further, this extension will provide time for data migration from AdminSure's claims system to PERMA's claims system.

Additionally, it will allow PERMA staff time to either: 1) perform an RFP for the property and auto physical damage claim handling, or 2) make preparations to bring the first-party claim handling in-house.

**Fiscal Impact:** Fiscal year 2025-26: \$246,047 (\$223,793 liability and \$22,254 property and APD).

**Attachment:** None

**Prepared By:** Beth Lyons, Executive Director  
Brandt Bahling, Liability Program Manager

**Executive Committee****June 12, 2025****Subject:** 2025 PRISM Liability Claim Audit**Action for  
Consideration:** Review and file**Background:**

Every two years in the odd years PRISM performs an audit of PERMA's liability claim handling. Attached is the liability claim audit summary performed by RMS (Ken Maiolini) on behalf of PRISM. The full 96-page report was not attached as it includes the **confidential** claim audit forms for open claims.

The auditor stated the following: "The audit would indicate that the handling of claims by the Member (aka PERMA) is done well. The files are very effectively handled for a large claims load that involves many high value dangerous condition matters. The handling meets or exceeds industry standards, PRISM Claims Handling Guidelines and CAJPA criteria. Other than the **NOTED** issues related to POA and the one file reserve, we have no other recommendations."

PERMA prepared a response to the audit and provided it to PRISM in mid-May.

1. Recommended reviewing loss reserves on a trip-and-fall claim to ensure adequacy.
  - a. *PERMA's response: Adjuster reviewed the claim and increased the reserve.*
2. Remind all Adjusters handling files of the importance of developing and updating a Plan of Action (POA) in the system. Most of the files had a solid POA, but the auditor noticed some inconsistency in this regard. This is a general observation, and reinforcement of the POA should be a priority.
  - a. *PERMA's response: On 5/6/2025 all adjusters were reminded of the importance of developing, and documenting in the claim system, a plan of action both through an email as well as verbally during the monthly claim roundtable.*

**Fiscal Impact:** None**Attachment:** 2025 Audit Report Summary**Prepared By:** Beth Lyons, Executive Director



## PRISM GENERAL LIABILITY CLAIMS AUDIT REPORT

### PUBLIC ENTITY RISK MANAGEMENT AUTHORITY – 2025

An audit was conducted of the Member's General Liability claims handling from April 27 to May 1, 2025. The audit included a review of 90 open claims and an RMS Audit Review form was completed on each of the files (these forms are included in this report as a confidential document). The audit was completed remotely using the TPA claims system which records all activity/financials in a paperless format. The Member participates in GLI with a \$1M SIR. They handle their claims in-house but also use the services of an independent consultant to assist in oversight of the process and a TPA to assist. This arrangement is currently being reviewed, and it is anticipated they will eventually handle claims entirely in-house. The current arrangement works well but could be handled more economically if moved in-house. The Executive Director is very active in overseeing the claims and a vital part of the process.

The audit findings are as follows:

**INVESTIGATION** – The claims handling indicates that investigation is done timely and very complete. The investigation involves JPA Member resources, use of outside investigators, witness interviews, site visits, obtaining reports and video and verifying risk transfer opportunities. The investigative information is well documented in the claims system and provides a full picture of the claim issues. This investigation assists in determining pre-litigation assignment of Defense Counsel, development of a POA, pursuit of risk transfer, reporting to PRISM and identifying early resolution opportunities. The investigation is well done and sets a good base for future handling.

**NOTED:** It would be suggested that all Adjusters handling files be reminded of the importance of developing and updating a POA in the system. Most of the files had a solid POA, but we noticed some inconsistency in this regard. This is a general observation, and reinforcement of the POA should be a priority.

**RESERVES** – We found that reserves are set timely, most are set early in the process as precautionary and reviewed as facts develop. The Member reserve practices are solid, and they update PRISM of any reserve changes and SIR erosion. There is review of reserves by Supervisors and the Executive Director.

**NOTED:** Claim #24-176621 – Involves a trip-and-fall of a 67-year-old woman. Liability appears adverse and damages could include liens, LOE and possible TBI. Current loss reserve at \$10K. Would suggest that matter be reviewed, and loss reserves be adjusted accordingly.





**LITIGATION MANAGEMENT** – The handling involves proactive litigation management, which includes pre-lit Defense Counsel assignment, timely documentation of initial evaluations and budgets, good collaboration on motions and expert retention, keeping PRISM in the loop and identifying matters appropriate for resolution. The Member uses highly qualified Defense Counsel with extensive public entity and geographic expertise. The litigation is handled well and benefits all stakeholders.

**LIABILITY/DAMAGE EVALUATION** – The files are well documented with information related to liability issues and damages. This documentation includes Adjuster claims summaries, Defense Counsel reports/evaluations, documents related to medical issues, cost of care, LOE, police reports and investigation. The evaluations are shared with PRISM and reviewed by the Supervisors and Executive Director. The files present a clear picture of the full exposure.

**FILE MANAGEMENT** – The files are well managed and coordinated. There is a professional and competent tone to the files. The handling includes:

- Timely and appropriate issuing of statutory notices, that protect all claims defenses.
- Tracking of financials, MRL erosion and SIR impact.
- Timely diary management.
- Consistent PRISM reporting and diligent follow-up with PRISM on status.
- Aggressive identification of risk transfer opportunities and follow-up.
- Supervisor and Executive Director oversight and input.
- Well documented and utilized claims system.
- Effective use of e-mail communication.
- Collaborative litigation process.
- Good JPA Member communication.

**NEGOTIATION PRACTICE** – The audit indicates that the claims are timely identified as having merit and resolution potential. On the closed matters or files with pending mediations the handling was well done to posture the matter for the best possible resolution. The negotiation practices of the Member benefits all stakeholders.



**OVERALL** – The audit would indicate that the handling of claims by the Member is done well. The files are very effectively handled for a large claims load that involves many high value dangerous condition matters. The handling meets or exceeds industry standards, PRISM Claims Handling Guidelines and CAJPA criteria. Other than the **NOTED** issues related to POA and the one file reserve, we have no other recommendations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ken Maiolini', is written over a horizontal line.

Kenneth R. Maiolini, ARM-P

Attachments: RMS Audit Review Forms (Confidential Document)  
RMS Audit Matrix  
RMS Audit Checklist

## **RMS Audit Matrix**

Entity Reviewed PERMA Program GL I

Date of Review 4/27-5/1/2025 # of Claims Reviewed 90

Average Case Loads appropriate for Member and TPA staffing

TPA (If Applicable) N/A

### **Claims Handling Compliance by % and/or 1-10 Rating**

Government Code / Statutory Notices	<u>100</u>	/	<u></u>
File Documentation	<u>99</u>	/	<u></u>
Liability Determination	<u>100</u>	/	<u></u>
Damage Evaluation	<u>100</u>	/	<u></u>
Litigation Management	<u>100</u>	/	<u></u>
Subrogation	<u>N/A</u>	/	<u></u>
Risk Transfer	<u>100</u>	/	<u></u>
Excess Reporting	<u>100</u>	/	<u></u>
Reserving	<u>99</u>	/	<u></u>
Negotiation Practices	<u>100</u>	/	<u></u>
Supervision Oversight	<u>100</u>	/	<u></u>
Averages	<u>99.8%</u>		<u></u>

Auditor: Kenneth Maiolini


**Executive Committee**
**June 12, 2025**

**Subject:** 2025-26 Workers' Compensation Memorandum of Coverage

**Action for**

**Consideration:** Review the proposed revisions and recommend the Board adopt the 2025-26 Workers' Compensation Memorandum of Coverage.

**Background:**

Staff and general counsel reviewed proposed revisions to the Workers' Compensation Memorandum of Coverage (MOC) at the May meeting of the Executive Committee. The proposed changes are included in the table below, along with an additional change requested by the Committee following discussion of the originally proposed changes.

<b>MOC Section</b>	<b>Description of Change</b>
<b>Throughout Document</b>	❖ Change dates to reflect coverage period of July 1, 2025 to June 30, 2026
<b>Schedule of Covered Members and Member Retentions</b>	❖ Updated all covered parties to reflect members' full legal name.
<b>Section II – General Section</b> Section C. Right to Assume Control of Defense	❖ Allow the workers' compensation third party claim administrator authority to make all payments routinely required or necessitated by Workers' Compensation law, including temporary disability payments, medical costs, medical fee review charges, fees for independent medical examinations, defense attorney fees, etc. as they are incurred ❖ Provide the third-party administrator with discretionary settlement authority to resolve claims up to and including a payment not to exceed \$25,000, upon prior written notice to the Member, with the adjustment and/or settlement binding upon the Member. ❖ NEW: Amendment allowing members to opt out of the granting of settlement authority upon receipt of a written request from the Member.

The addition of language surrounding settlement authority was proposed in order to: 1) remove the administrative burden associated with tracking and managing each member's settlement authority level, 2) ensuring consistency across the membership; and 3) ensuring claims are administered in a timely manner. All changes are shown in the attached redline version of the MOC.

**Fiscal Impact:** Not applicable

**Attachment:** 2025-26 Workers' Compensation Memorandum of Coverage - redline

**Prepared By:** Beth Lyons, Executive Director

Byrne Conley, General Counsel

**PUBLIC ENTITY  
RISK MANAGEMENT AUTHORITY**



**MEMORANDUM OF  
WORKERS' COMPENSATION AND  
EMPLOYERS' LIABILITY COVERAGE**

**FOR THE PERIOD  
JULY 1, 202~~5~~<sup>4</sup> TO JUNE 30, 202~~6~~<sup>5</sup>**

**EFFECTIVE: JULY 1, 202~~4~~<sup>5</sup>**

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY (PERMA)  
MEMORANDUM OF WORKERS' COMPENSATION COVERAGE**

**DECLARATIONS  
WCMOC-2024~~5~~-2~~56~~**

**Coverage Provider**

Public Entity Risk Management Authority ("PERMA") as now or may be hereafter constituted.

**Members**

As per the "Schedule of Covered Members"

**PERMA Mailing Address**

72811 Highway 111 #1014, Palm Desert, CA 92260

**Coverage Period**

July 1, 2024~~5~~ to July 1, 202~~56~~, beginning and ending at 12:01 AM standard time.

**Cancellation Notice:**

Six (6) months written notice. Termination at end of coverage year only.

**Workers' Compensation Coverage**

Part One of the Memorandum of Coverage applies to the Member's obligations under the Workers' Compensation Laws of the States listed here: **California**

**Employer's Liability Coverage**

Part Two of the Memorandum of Coverage applies to the Member's obligations in each State listed above.

**Other State Coverage**

Part Three of the Memorandum of Coverage applies to the Member's obligations under California workers' compensation law arising from Occurrences in all other states.

**Limits of Liability**

PERMA's Limit of Liability for each accident or each employee for disease under this Memorandum of Coverage shall not exceed \$500,000.

**Excess Insurers' Limit of Liability**

Workers' Compensation: Statutory  
Employer's Liability: \$5,000,000

**Retained Limit**

The Member's Retained Limit for each accident or each employee for disease, is specified on Schedule of Covered Members, below.

# SCHEDULE OF COVERED MEMBERS AND MEMBER RETENTIONS

The following are included members:

	<b>Member</b>	<b>Member Retention</b>
1	<a href="#">City of</a> Banning	\$250,000
2	<a href="#">City of</a> Barstow	\$250,000
3	<a href="#">City of</a> Blythe	\$250,000
4	<a href="#">City of</a> Canyon Lake	\$150,000
5	<a href="#">City of</a> Cathedral City	\$250,000
6	<a href="#">City of</a> Coachella	\$250,000
7	<a href="#">City of</a> Desert Hot Springs	\$100,000
8	<a href="#">City of</a> Eastvale	\$50,000
9	<a href="#">City of</a> Hesperia	\$250,000
10	Hesperia Recreation and Park District	\$100,000
11	<a href="#">City of</a> Holtville	\$250,000
12	<a href="#">City of</a> La Mesa	\$250,000
13	<a href="#">City of</a> Murrieta	\$250,000
14	<a href="#">City of</a> Norco	\$250,000
15	<a href="#">City of</a> Perris	\$250,000
16	<a href="#">City of</a> Rancho Mirage	\$250,000
17	<a href="#">City of</a> San Jacinto	\$100,000
18	SunLine Transit <a href="#">Agency</a>	\$250,000
19	<a href="#">City of</a> Victorville	\$250,000
20	<a href="#">City of</a> Westmorland	\$50,000

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**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**

**Workers' Compensation and Employer's Liability  
MEMORANDUM OF COVERAGE  
Program Year: 2024~~5~~ – 2025~~6~~**

**Effective July 1, 2024~~5~~**

**INTRODUCTION**

In return for the payment of premium and subject to all terms and conditions of this agreement, Public Entity Risk Management Authority (PERMA) agrees with the Member named in the Schedule of Covered Members as follows:

**GENERAL SECTION**

**A. THE AGREEMENT**

This agreement includes the Declarations and all Endorsements and Schedules attached to it and any relevant section of the JPA Agreement or Bylaws. It is a coverage agreement between PERMA and the Member. No condition, provision, agreement or understanding not stated in this coverage agreement (including the JPA Agreement and Bylaws) will affect any rights, duties or privileges in connection with this coverage agreement.

The terms of this agreement may not be changed or waived except by endorsement issued by PERMA to be part of the agreement. The Member is responsible for telling PERMA at once when the information contained in this agreement is no longer accurate for the Member's operations.

The coverage provided by PERMA is pooled self-insurance, and under no circumstances is it to be construed as any form of insurance.

**B. WHO IS COVERED**

The Member named in the Schedule of Covered Members Page is covered for liability to its employees, subject to the provisions of this agreement. The member represents that it is a duly qualified self insured entity under the Workers' Compensation Law of the State of California and will continue to maintain such qualification during the term that this Memorandum will be in effect. If the Member should fail to maintain such qualification, the amounts payable under this Memorandum will not exceed the amounts which would have been payable had such qualification been maintained in full force and effect.

### **C. WORKERS' COMPENSATION LAW**

Workers' Compensation law means the Workers' Compensation Laws of the State of California (which include injury by both accident and disease). It includes any amendments to that law which are in effect during the coverage period. It does not include the provisions of any law that provides non-occupational disability benefits.

### **D. LOCATIONS**

This agreement covers all of the Member's workplaces in California and in other states if listed unless the Member has other insurance, is self-insured or is covered under another Joint Powers Authority for such workplaces.

### **E. WHO IS ELIGIBLE FOR BENEFITS**

The Member's employees (or, in the event of their death, their dependents) are eligible for benefits under this agreement, except that employees who are excluded under the Workers' Compensation law are not eligible for benefits under this agreement unless they have been included on the Declarations Page or by endorsement.

## **PART ONE: WORKERS' COMPENSATION COVERAGE**

### **A. HOW THIS COVERAGE APPLIES**

This Workers' Compensation Coverage applies to bodily injury by accident or bodily injury by disease, including resulting death, subject to the following conditions:

1. Bodily injury by accident must occur during the coverage period.
2. Bodily injury by disease must be caused or aggravated by the conditions of employment. The employee's exposure to those conditions causing or aggravating such bodily injury by disease must occur during the coverage period.

See also Endorsement number 1 regarding number of Occurrences.

### **B. PERMA WILL PAY**

PERMA will pay promptly when due to those eligible under this agreement the benefits required of the Member by the Workers' Compensation law, including related claims expenses, in excess of the Member Retained Limit specified in Schedule of Covered Members and subject to PERMA's Limit of Liability specified in the Declarations.

Claims expenses of the Member mean its litigation costs, interest as required by law on awards or judgments, reasonable expenses incurred at PERMA's request (but not loss of earnings), premiums for bonds to release attachments and for appeal bonds in bond amounts up to twice the amount payable under this coverage, litigation costs taxed against the Member, and a Member's special claim investigation or legal expenses which can be directly allocated to a specific claim, including medical bill review. Claim expenses exclude: salaries and travel expenses of employees of the Member, annual retainers, overhead and any fees paid to the Member's third-party administrator for claims administration services.

### C. RIGHT TO ASSUME CONTROL OF DEFENSE

PERMA has no duty to investigate, handle, settle or defend any claims, suits or proceedings against the Member.

PERMA has the discretionary right, and shall be given the opportunity by the Member, to assume control of the defense, investigation, or settlement of any claim, suit or proceeding which appears to PERMA to involve a reasonable likelihood of resulting in a covered loss exceeding the Member's Retained Limit or to associate in the defense of such a claim. In either situation, the Member shall cooperate in all aspects of defense, investigation, or settlement, including payment of sums up to the Member's Retained Limit.

In addition to the above, claims involving sums within the Member's Retained Limit shall be adjusted by a third party administrator mutually agreed upon by the Member and PERMA. Said third party administrator shall be authorized to make all payments routinely required or necessitated by the Workers Compensation law, including temporary disability payments, medical costs, medical fee review charges, fees for independent medical examinations, defense attorney fees, etc. as they are incurred.

Said third party administrator shall also have standing discretionary settlement authority to resolve claims up to and including a payment not to exceed \$25,000, upon prior written notice to the Member. Such adjustment and settlement shall be binding upon the Member. The Member may opt out of this authorization upon written notice to PERMA, retaining all settlement authority, subject only to PERMA's discretionary rights set forth above.

Any claim, suit, or proceeding with a total incurred amount in excess of the Member's retained limit shall not be settled without PERMA's written consent.

### D. EXCLUSIONS

This Memorandum shall not apply to:

1. Punitive or Exemplary Damages, fines or penalties assessed against or imposed upon any Member; or any payments in excess of the benefits regularly required by the Workers' Compensation Law because of serious or willful misconduct of the Member, or because the Member failed to comply with any health or safety law or regulation.
2. Liability assumed by the Member under any contractual agreement, but this Exclusion does not apply to a warranty that work performed by or on behalf of the Member will be done in a workmanlike manner.
3. Defense or indemnification of any civil claim or civil lawsuit in any court brought by an employee against his/her employer.
4. Liability under the Merchant Marine Act of 1920, known as the Jones Act, 46 U.S. Code, Section 688; the U.S. Longshoremen and Harborworker's Act; the Outer Continental Shelf Act; the Defense Base Act; the Death on the High Seas Act; the Migrant and Seasonal Agricultural Worker Protection Act, or the Federal Employees Liability Act, to the extent such benefits exceed the benefits that would have been paid to such injured employee under the Workers' Compensation Law of California.
5. Liability to any volunteer of the Member, unless the Member has assumed liability pursuant to California Labor Code sections 3363.5, et seq., by resolution before the date of the injury.
6. Any loss excluded by the provisions or exclusions described in the excess policy in effect at the time of the occurrence.
7. The Member's obligation to pay salary in lieu of temporary disability benefits as required by Labor code section 4850, except to the extent that the Member or the Authority would be obligated to pay temporary disability benefits if Labor Code section 4850 did not apply.
8. Bodily injury or occupational disease sustained by a peace officer, as defined in Section 50290 of the California Government Code, when he or she was off-duty, not acting under the immediate direction of his or her employer, and outside the state of California. However, this exclusion shall not apply to bodily injury or occupation disease sustained by a peace officer under such circumstances if:
  - i. the peace officer at the time of sustaining the injury or illness was engaging in the apprehension or attempted apprehension of law violators or suspected law violators, the protection or preservation of life or property, or the preservation of the peace; and

- ii. prior to the occurrence, the governing board of the Covered Member has adopted a resolution, as provided for in California Labor Code Section 3600.2, subdivision (b)(4), accepting liability for such bodily injury and occupational illness under the Workers' Compensation Act.

#### **E. OTHER INSURANCE**

PERMA will not pay more than its share of benefits and costs covered by this agreement and other insurance, pooled self-insurance, reinsurance, indemnity, or reimbursement agreement applicable to the loss. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

#### **F. LIMIT OF LIABILITY**

PERMA's liability to pay for damages is limited. PERMA's Limit of Liability is shown in the Declarations. It is the most PERMA will pay for all amounts covered by this coverage because of bodily injury to one or more employees in any one accident or occurrence, or series of accidents or occurrences, arising out of any one event. PERMA will not pay any claims for damages after it has paid the limit of its liability under this coverage as explained above. Any amounts paid by PERMA over the Limit of Liability that are not reimbursed by an excess carrier shall be reimbursed by the Member.

The Limit of Liability is subject to the Member's Retained Limit. For example, if the Limit of Liability is \$500,000 and the Member's Retained Limit is \$200,000, PERMA would pay not more than \$300,000 in excess of the Member's Retained Limit.

#### **G. PAYMENTS THE MEMBER MUST MAKE**

The Member is responsible for any payments of benefits required under the Workers' Compensation law within the Retained Limit and those payments in excess of the benefits regularly provided by the Workers' Compensation law, including, but not limited to, those required because:

1. Of the Member's serious and willful misconduct;
2. The Member knowingly employed the employee in violation of law;
3. The Member's failure to comply with a health or safety law or regulation;
4. The Member's discharge, coercion or discrimination against any employee in violation of the law; or

5. Of injury to an employee under the minimum age specified in the Workers' Compensation law and illegally employed at the time of injury.

Any such payments are the sole responsibility of the Member and will not be counted in determining satisfaction of the Retained Limit.

## H. RECOVERY FROM OTHERS

PERMA may enforce the Member's rights, and the rights of persons entitled to the benefits of this coverage, to recover PERMA's payments from anyone liable for the injury. The Member will do everything necessary to protect those rights for PERMA and to help PERMA enforce them, and will take no action to prejudice the rights of PERMA to seek such recoveries.

Any recovery, after deducting PERMA's recovery expenses, will first be used to reduce any loss incurred in excess of this coverage, then to reduce PERMA's loss. The balance, if any, will be returned to the MEMBER.

If the MEMBER waives its rights to subrogation on a claim covered under, or that may be covered under, this Memorandum, and if the total incurred amount of the claim exceeds the MEMBER's RETAINED LIMIT (and therefore comes within PERMA's layer), then PERMA's coverage shall not apply to the claim and PERMA shall not be liable for any indemnity, reimbursement, payment, or costs on the claim exceeding the MEMBER's RETAINED LIMIT, unless PERMA approves the waiver of subrogation in writing.

The exclusion of coverage for waiver of subrogation shall apply only to a waiver of subrogation made or approved by a MEMBER after the date of the injury or illness that resulted in the claim. This exclusion shall not apply to a waiver of subrogation contained in an agreement or contract that was approved by the MEMBER prior to the date of the injury or illness that resulted in the claim.

## I. STATUTORY PROVISIONS

These statements apply where they are required by law:

1. As between an injured worker and PERMA, PERMA has notice of injury when the Member has notice.
2. PERMA is directly and primarily liable to any person entitled to the benefits payable by this coverage, subject to the provisions, conditions and limitations of this agreement.
3. Jurisdiction over the Member is jurisdiction over PERMA for purposes of the Workers' Compensation law. PERMA is bound by decisions against the Member under that law, subject to the provisions of this agreement that are not in conflict with that law.

4. Terms of this coverage that conflict with the Workers' Compensation law are changed by this statement to the extent necessary to conform to that law.
5. The Member's employee has a first lien upon any amount which becomes owing to the Member by PERMA on account of this agreement and in the case of the Member's legal incapacity or inability to receive the money and pay it to the claimant, PERMA will pay it directly to the claimant.

Nothing in these paragraphs relieves the Member of its duties under this agreement.

## **PART TWO: EMPLOYER'S LIABILITY COVERAGE**

### **A. HOW THIS COVERAGE APPLIES**

This Employer's Liability Coverage applies to bodily injury by accident or bodily injury by disease, including resulting death, subject to the following conditions:

1. The bodily injury must arise out of and in the course of the injured employee's employment by the Member.
2. The employment must be necessary or incidental to the Member's work in the State of California.
3. Bodily injury by accident must occur during the coverage period.
4. Bodily injury by disease must be caused or aggravated by the conditions of employment. The employee's last day of exposure to the conditions causing or aggravating such bodily injury by disease must occur during the coverage period.
5. If the Member is sued, the suit and any related legal actions for damages for bodily injury by accident or by disease must be brought under the laws of the State of California.

### **B. PERMA WILL PAY**

PERMA will pay, up to the Limit of Liability specified in the Declarations, all sums over the amount stated as the Member's Retained Limit in Schedule of Covered Members that the Member legally must pay as damages because of bodily injury to its employees, provided the bodily injury is covered by this Employer's Liability Coverage; such sums also include claim expenses, including a Member's litigation costs, interest as required by law on awards or judgments, reasonable expenses incurred at PERMA's request (but not loss of earnings), premiums for bonds to release attachments and for appeal bonds in bond amounts up to twice the amount payable under this coverage, litigation costs taxed against the Member, and a Member's special claim investigation or legal expenses which can be directly allocated to a specific claim, including medical bill review. Claim expenses exclude: salaries and travel expenses of employees of the Member, annual



retainers, overhead and any fees paid to the Member's third-party administrator for claims administration services.

The damages PERMA will pay, where recovery is permitted by law, include damages:

1. For which the Member is liable to a third party by reason of a claim or suit against it by that third party to recover the damages claimed against such third party as a result of injury to the Member's employee;
2. For care and loss of services; and
3. For consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee;

Provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by the Members, and

4. Because of bodily injury to the Member's employee that arises out of and in the course of employment claimed against the Member in a capacity other than as employer.

### C. EXCLUSIONS

This agreement does not cover:

1. Liability assumed under a contract. This exclusion does not apply to a warranty that the Member's work will be done in a workmanlike manner.
2. Punitive or exemplary damages.
3. Bodily injury to an employee while employed in violation of law with the Member's actual knowledge or the actual knowledge of any of the Member's executive officers.
4. Any obligation imposed by a Workers' Compensation, occupational disease, unemployment compensation or disability benefits law, or any similar law, including any fines, penalties, or payments in excess of benefits regularly required by the Workers' Compensation Law because of serious or willful misconduct of the Member, or because the Member failed to comply with any health or safety law or regulation.
5. Bodily injury intentionally caused or aggravated by, or at the direction of, the Member.

6. Damages arising out of the discharge of, coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against, or termination of any employee, or any personnel practices, policies, acts or omissions.
7. Any non-employee claims, including claims from job applicants.
8. Liability under the Merchant Marine Act of 1920, known as the Jones Act, 46 U.S. Code, Section 688; the U.S. Longshoremen and Harborworker's Act; the Outer Continental Shelf Act; the Defense Base Act; the Death on the High Seas Act; the Migrant and Seasonal Agricultural Worker Protection Act, or the Federal Employees Liability Act.
9. Any liability covered by the Employment Risk Management Authority (ERMA).

#### **D. RIGHT TO ASSUME CONTROL OF DEFENSE**

PERMA has no duty to investigate, handle, settle or defend any claims, suits or proceedings against the Member.

PERMA has the discretionary right, and shall be given the opportunity by the Member, to assume control of the defense, investigation, or settlement of any claim, suit or proceeding which appears likely to involve indemnity by PERMA or to associate in the defense of such claim. In either situation, the Member shall cooperate in all aspects of defense, investigation, or settlement, including payment of sums up to the Member's Retained Limit.

#### **E. OTHER INSURANCE**

PERMA will not pay more than its share of damages and costs covered by this agreement and any other insurance, pooled self-insurance, reinsurance, indemnity, or reimbursement agreement applicable to the loss. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

#### **F. LIMIT OF LIABILITY**

PERMA's liability to pay for damages is limited. PERMA's Limit of Liability is shown in Declarations. It is the most PERMA will pay for all amounts covered by this coverage because of bodily injury to one or more employees in any one accident or occurrence, or series of accidents or occurrences, arising out of any one event. PERMA will not pay any claims for damages after it has paid the limit of its liability under this coverage as explained above. Any amounts paid by PERMA over the

Limit of Liability that are not reimbursed by an excess carrier shall be reimbursed by the Member.

The Limit of Liability is subject to the Member's Retained Limit. For example, if the Limit of Liability is \$500,000 and the Member's Retained Limit is \$200,000, PERMA would pay not more than \$300,000 in excess of the Member's Retained Limit.

#### **G. RECOVERY FROM OTHERS**

PERMA may enforce the Member's rights to recover PERMA's payment from anyone liable for injury covered by this coverage. The Member Party will do everything necessary to protect those rights for PERMA and to help PERMA enforce them, and will take no action to prejudice the rights of PERMA to seek such recoveries.

#### **H. ACTIONS AGAINST PERMA**

There will be no right of action against PERMA under this coverage unless:

1. The Member has complied with all the terms of this agreement; and
2. The amount the Member owes has been determined with PERMA's consent or by actual trial and final judgment.

This coverage does not give anyone the right to add PERMA as a defendant in an action against the Member to determine the Member's liability.

### **PART THREE: COVERAGE OUTSIDE OF CALIFORNIA**

This coverage is identical to Part One: Workers' Compensation Coverage of this agreement. It applies to the Member's employees who are hired in California and are eligible for benefits under this agreement while they are working anywhere outside California. This coverage only applies to employees who work on a temporary and transitory basis in another state, who are regularly employed in California, and whose work in the other state is incidental to their employment in California. For any workers' compensation benefits awarded under the law of any state or jurisdiction other than California, PERMA will indemnify the Member only to the extent that those benefits do not exceed the benefits which would have been paid to such injured employee under the Workers' Compensation Law of the State of California.

### **PART FOUR: MEMBER'S DUTIES IF INJURY OCCURS**

The Member or the Member's representative must tell PERMA at once if injury occurs that may be covered by this agreement. The Member's other duties are as follows:

1. Provide for immediate medical and other services required by the Workers' Compensation law.
2. Give PERMA or its representative the names and addresses of the injured persons and of witnesses, and other information PERMA may need.
3. Promptly give PERMA all notices, demands and legal papers related to the injury, claim, proceeding or suit.
4. Cooperate with PERMA and assist it, as PERMA may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with PERMA's right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses within PERMA's layer of coverage, except at the Member's own cost.

These are conditions precedent to the Member receiving coverage under this agreement.

## **PART FIVE: PREMIUM**

### **A. DEPOSIT PREMIUM**

All premium for this agreement will be determined by PERMA.

Remuneration is part of the premium basis. This premium basis includes payroll and all other remuneration paid or payable during the coverage period for the services of:

1. All the Member's employees eligible for benefits under this agreement while engaged in work covered by this agreement; and
2. All other persons engaged in work that could make PERMA liable under Part One (Workers' Compensation Coverage) of this agreement. If the Member does not have the payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph will not apply if the Member gives PERMA proof that the employers of these persons lawfully secured their Workers' Compensation obligations.

### **B. PREMIUM PAYMENTS**

The Member will pay all premium when due.

#### **C. FINAL PREMIUM**

The deposit premium shown in PERMA's Budget and Annual Premium documents is an estimate. The final premium will be determined after this coverage period ends by using the actual, not the estimated, premium basis and actual losses of the pool.

#### **D. RECORDS**

The Member will keep records of information needed to compute premium. The Member will provide PERMA with copies of those records when requested.

#### **E. AUDIT**

The Member will let PERMA examine and audit all its records that relate to this agreement. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data. PERMA may conduct the audits during regular business hours during the coverage period and within three years after the coverage period ends. Information developed by audit may be used to determine final premium.

#### **F. RATE CHANGES**

This agreement is issued by PERMA and accepted by the Member with the agreement that the Member will accept any increase in premium or in the rates of premium which may be promulgated under any rating plan approved by the Board of Directors, and that the effective date of any such increase shall be the effective date thereof fixed in accordance with the provisions of any such rating plan approved by the Board of Directors. Also, the rates used to determine the premium are subject to increase during the term of the agreement if an increase in rates applicable to the agreements in force is approved by the Board of Directors, and the effective date of any such increase shall be the date fixed by the Board of Directors.

### **PART SIX: CONDITIONS**

#### **A. INSPECTION**

PERMA has the right, but is not obligated, to inspect the Member's workplaces at any reasonable time. PERMA's inspections will relate to the workplaces and the premiums to be charged. PERMA may give the Member reports on the conditions PERMA finds. PERMA may also recommend changes. While they may help to

reduce losses, PERMA does not undertake to perform the duty of any person to provide for the health and safety of the Member's employees or the public. PERMA does not warrant that the Member's workplaces are safe or healthful or that they comply with laws, regulations, codes or standards.

## **B. LONG-TERM POLICY**

If this policy is written for a period of longer than one year, all the provisions of this agreement shall apply separately to each consecutive twelve-month period, or if the first or last period is less than twelve months, in the same manner as if a separate agreement had been written for each consecutive period. Until the coverage terminates, the Member's deposit premium will be transferred to each consecutive coverage period to act as a deposit in the same manner as if a separate agreement had been written.

## **C. TRANSFER OF MEMBER'S RIGHTS AND DUTIES**

The Member's rights and/or duties under this agreement may not be transferred without PERMA's written consent.

## **D. PERMA'S NOTICE TO MEMBER**

Posting documents on the website, or emailing documents that relate to this agreement to the Member at the Board member email address on file with PERMA, will be sufficient to prove notice to the Member of that document.

## **E. BANKRUPTCY OR INSOLVENCY**

Bankruptcy or insolvency of the Member will not relieve PERMA of its duties or liabilities under this Memorandum. Payments will be made as if the Member had not become bankrupt or insolvent, but not for sums below the Retained Limit, nor in excess of the Limit of Liability.

## **F. CANCELLATION**

PERMA may cancel this Memorandum in accordance with the procedures set forth in the Bylaws. The Member may cancel this Memorandum only by withdrawal from PERMA or this program under the terms set forth in the Bylaws. Notice of cancellation or withdrawal will be governed by the provisions of the Bylaws. Cancellation of withdrawal shall not relieve the Member of its obligations under the Agreement, Bylaws or Operating Plan, including the obligations to make premium contributions and to cooperate in the defense of claims covered under this agreement.

## **G. ARBITRATION**

Decisions by PERMA as to whether coverage exists for a particular claim (or part of a claim) shall be made by the Board of Directors or by such employee or committee as the Board designates. A Member may appeal to the Board of Directors any such decision.

Any dispute concerning this Memorandum shall not be the subject of any court action, but shall instead be submitted to binding arbitration to determine whether PERMA abused its discretion and acted arbitrarily or capriciously. The Member must exhaust the right to appeal to the Board of Directors, if applicable, before requesting arbitration of a dispute.

Arbitration shall be conducted pursuant to Title IX of the California Code of Civil Procedure (commencing with Section 1280), except as otherwise provided herein. Arbitration shall be conducted by a three-person panel. The Member or Parties shall select a total of one arbitrator; PERMA shall select one arbitrator; and the two arbitrators shall then select a third arbitrator upon mutual agreement. No arbitrator shall be employed or affiliated with PERMA or any Member.

The procedures set forth in California Code of Civil Procedure Section 1283.05 relating to depositions and discovery shall apply.

The arbitration panel shall have jurisdiction to determine whether or not coverage applies. Under no circumstances shall the Authority be liable for consequential damages, "bad faith" damages, or any sums beyond the amounts due under Part One: Workers' Compensation, Part Two: Employer's Liability Coverage, and Part Three: Coverage Outside of California, plus interest at the same rate as the Authority earned on investments for the time period involved.

Each party shall bear the cost of its selected arbitrator and shall bear one-half the cost of the third arbitrator. Each party shall bear its own costs and expenses of arbitration, including attorney fees.

The decision of the panel of arbitrators shall be final and binding, and shall not be subject to appeal.



**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY (PERMA)  
MEMORANDUM OF WORKERS' COMPENSATION COVERAGE**

ENDORSEMENT NO. 1

LAWCX provides excess coverage to this Memorandum, and PRISM provides excess coverage to LAWCX. PRISM has adopted Endorsement No. U-5, attached, effective July 1, 202<sup>45</sup>. This Memorandum is amended to incorporate by reference the language of PRISM Endorsement No. U-5, to be effective on and after July 1, 202<sup>45</sup>. The Endorsement No. U-5 language will apply, whenever applicable, to Section One, Part F, of this Memorandum, "Limit of Liability."

**Commented [BL1]:** Update the number if necessary and attach

**Commented [BL2]:** Update the number if necessary and attach

**Commented [BL3]:** Update the number if necessary and attach

Effective Date: July 1, 202<sup>45</sup>

Memorandum No: **WCMOC-202<sup>45</sup>-2<sup>56</sup>**

Issued to: All Members

Date Issued: July 1, 202<sup>45</sup>




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Authorized Representative  
PERMA, Executive Director

**ENDORSEMENT NO. U-5**  
**PUBLIC RISK INNOVATION, SOLUTIONS AND MANAGEMENT (PRISM)**  
**EXCESS WORKERS' COMPENSATION**  
**OCCURRENCE DEFINITION AMENDATORY ENDORSEMENT**

Commented [BL4]: Replace if PRISM makes changes

It is understood and agreed that the DEFINITIONS section of the Memorandum of Coverage is amended as follows:

Section VIII. **OCCURRENCE** is hereby deleted and replaced by the following:

**VIII. OCCURRENCE:**

(A) All **bodily injury** sustained or alleged by one or more **employees** involving one or more **Covered Parties**, from any one disaster, accident or event, or any series of disasters, accident, or events, and is traceable to the same single disaster, accident or event, or series of disasters, accidents or events, shall be deemed to arise from a single **occurrence**; however, any one **occurrence** shall be limited to no more than seven calendar days such that each individual employee claimant's date of injury must fall within the seven calendar day period. PRISM may choose the date when any such seven calendar day period begins, provided that it is not earlier than the date and time of the first recorded employee claimant's date of injury, and provided that no two periods overlap. Should this Memorandum expire or terminate while an **occurrence** covered hereunder is in progress, PRISM will be responsible for its portion of **loss** arising from such **occurrence** under this Memorandum through the conclusion of the seven calendar day period, even if such period extends beyond the term of this Memorandum, subject to the terms and conditions hereof, provided that no amount of **loss** for the same **occurrence** shall be claimed against any renewal or replacement of this Memorandum, and provided the EWC Program **Covered Party** has continued coverage under the subsequent policy period.

(B) **Occupational disease** and **communicable disease** sustained or alleged by each **employee** shall be deemed to arise from a separate **occurrence**, and the **occurrence** shall be deemed to take place on the last day of the last exposure, in the employment of the **Covered Party**, to conditions causing or aggravating the disease OR the date upon which the **employee** first suffered disability and either knew, or in the exercise of reasonable diligence should have known, that such disability was caused by his or her employment with the **Covered Party**, whichever comes first.

It is further agreed that nothing herein shall act to increase PRISM's limit of indemnity. This endorsement is part of the Memorandum of Coverage and takes effect on the effective date of the Memorandum of Coverage unless another effective date is shown below. All other terms and conditions remain unchanged.


**Executive Committee**
**June 12, 2025**

**Subject:** 2025-26 Property Memorandum of Coverage

**Action for**

**Consideration:** Review the proposed revisions and recommend the Board adopt the 2025-26 Property Memorandum of Coverage.

**Background:**

Staff and legal counsel reviewed the Property Memorandum of Coverage, and recommend the following revisions:

<b>MOC Section</b>	<b>Description of Change</b>
<b>Throughout Document</b>	❖ Change dates to reflect coverage period of July 1, 2025 to June 30, 2026
<b>Schedule of Covered Members and “All Risk” Member Retentions</b>	❖ Updated covered parties to reflect full legal name of member.
<b>Section I – General Provisions</b> Subsection 3. Retentions & Deductibles	❖ Added language calling for proration of deductible and retentions when an occurrence involves multiple covered members.
<b>Section I – General Provisions</b> New Subsection 4. Deposit Premium	❖ Added section stating each member shall pay its deposit premium for the coverage provided.
<b>Section II – General Provisions</b> Old Section 8/New Section 9 – Excess Insurance	❖ Removed provision granting permission for members to procure their own coverage excess of the PERMA pooled limits, for perils covered under the MOC. The PERMA Property program includes excess coverage from APIP. Allowing members to procure their own excess coverage would result in an administrative burden on PERMA and claims handling staff, and potentially coverage conflicts. This does affect a member’s ability to purchase insurance to supplement the covered by the PERMA property program.
<b>Section II – General Provisions</b> New Section 14. Member’s Duty to Mitigate	❖ Following an occurrence, adds obligation of the member to take reasonable steps to mitigate further losses. ❖ Consistent with APD MOC.
<b>Section II – General Provisions</b> New Section 15. Reporting Claims and Member Cooperation	❖ Requires members to report losses even if the loss is not anticipated to exceed the member retention. ❖ Requires members to participate in investigation and when seeking subrogation. ❖ Consistent with APD MOC.

**Executive Committee****June 12, 2025**

MOC Section	Description of Change
<b>Section II – General Provisions</b> New Section 16. Action against PERMA	❖ Establishing the conditions that must be met before a member can take action against PERMA. ❖ Language consistent with APD MOC.
<b>Section II – General Provisions</b> Old Section 15/New Section 19	❖ Clarifies the order in which recoveries will be applied.

The proposed memorandum of coverage is attached in redline format.

**Fiscal Impact:** None

**Attachment:** 2025-26 Property Memorandum of Coverage - redline

**Prepared By:** Jim Elledge, Deputy Executive Director

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# **PUBLIC ENTITY RISK MANAGEMENT AUTHORITY**



## **MEMORANDUM OF PROPERTY COVERAGE**

**FOR THE PERIOD  
JULY 1, 20245 TO JUNE 30, 20256**

**EFFECTIVE: JULY 1, 20245**

## PUBLIC ENTITY RISK MANAGEMENT AUTHORITY (PERMA) MEMORANDUM OF PROPERTY COVERAGE

### DECLARATIONS

A. Coverage Provider

Public Entity Risk Management Authority ("PERMA") as now or may be hereafter constituted.

B. Members

As per the "Schedule of Covered Members"

C. PERMA Mailing Address

72-811 Highway 111, #1014, Palm Desert, CA 92260

D. Coverage Period

July 1, 202~~4~~<sup>5</sup> to July 1, 202~~5~~<sup>6</sup>, beginning and ending at 12:01 AM standard time.

E. Territory

This Memorandum of Coverage applies while the property is within the United States, Canada, or Puerto Rico, and in due course of transit including airborne or waterborne between points and places therein, except that coverage does not apply to (1) waterborne shipments via the Panama Canal, (2) waterborne or airborne shipments to and from Alaska, to and from Hawaii, and to and from Puerto Rico. Coverage on export shipments not insured under ocean marine policies does not extend beyond the time when the property is loaded on board overseas vessel or aircraft; coverage on import shipments not insured under ocean marine policies does not attach until after discharge from overseas vessel or aircraft.

F. Limits of Liability

In no event shall liability for loss under this Memorandum of Coverage arising out of one "occurrence" (see Alliant Property Insurance Programs (APIP) Policy) from all contributing coverages exceed \$100,000.

G. Self-Insured Retention

From each adjusted loss or claim for damage granted under this Memorandum of Coverage and occurring from any one loss, disaster or casualty, the following applicable amount(s) shall be deducted: per individual member's deductibles on file, per occurrence, as specified on **Schedule of Covered Members**, below.

## SCHEDULE OF COVERED MEMBERS AND “ALL RISK” MEMBER RETENTIONS

The following are included as Members:

	<b>Member</b>	<b>“All Risk” Member Retention</b>
1	<a href="#">City of Banning</a>	\$10,000
2	<a href="#">City of Barstow</a>	\$10,000
3	<a href="#">City of Blythe</a>	\$10,000
4	<a href="#">City of Canyon Lake</a>	\$10,000
5	<a href="#">City of Coachella</a>	\$10,000
6	<a href="#">City of Colton</a>	\$10,000
7	<a href="#">City of Desert Hot Springs</a>	\$10,000
8	<a href="#">City of Eastvale</a>	\$10,000
9	<a href="#">City of Hesperia</a>	\$10,000
10	<a href="#">City of Holtville</a>	\$10,000
11	<a href="#">Imperial County Transportation Commission (ICTC)</a>	\$10,000
12	<a href="#">Imperial Valley Emergency Communications Authority (IVECA)</a>	\$10,000
13	<a href="#">City of Jurupa Valley</a>	\$10,000
14	<a href="#">City of La Mesa</a>	\$10,000
15	March <a href="#">Joint Powers Authority (JPA)</a>	\$10,000
16	<a href="#">City of Moreno Valley</a>	\$10,000
17	<a href="#">City of Murrieta</a>	\$10,000
18	<a href="#">City of Norco</a>	\$10,000
19	<a href="#">City of Perris</a>	\$10,000
20	<a href="#">Mount San Jacinto Winter Park Authority, dba Palm Springs Aerial Tramway</a>	\$50,000
21	<a href="#">Palo Verde Valley Transit Authority (PVVTA)</a>	\$10,000
22	<a href="#">City of Rancho Mirage</a>	\$10,000
23	<a href="#">Southern California Intergovernmental Training and Development Center dba Government Training Agency</a> <del>RTG</del>	\$10,000
24	<a href="#">City of San Jacinto</a>	\$10,000
25	Sunline Transit <a href="#">Agency</a>	\$10,000
26	<a href="#">Victor Valley Transit Authority (VVTA)</a>	\$10,000
27	<a href="#">City of Westmorland</a>	\$10,000

## SECTION I GENERAL CONDITIONS

### 1. Coverage Agreement

PERMA, a joint powers authority comprised of California public agencies, in return for the payment of premiums as they become due, in reliance upon the statements in the declarations made a part hereof and subject to all the terms and conditions of this Memorandum of Coverage, the Joint Powers Agreement and Bylaws, agrees to provide first party, pooled self-insurance coverage to the member agencies against all risk of direct physical loss or damage to the property covered from external cause except as excluded herein.

This Memorandum of Coverage does not provide insurance, but instead provides for pooled self-insurance pursuant to California Government Code section 990.8. This Memorandum is a negotiated agreement among the members of the Authority and none of the parties to the Memorandum is entitled to rely on any contract interpretation principles that require interpretation of ambiguous language against the drafter of such agreement. This Memorandum shall be applied according to the principles of contract law, giving full effect to the intent of the members of the Authority, acting through the Board of Directors in adopting this Memorandum.

Coverage is provided according to terms, conditions, definitions and exclusions contained in the version of the APIP USA Master Policy Wording also referred to as Public Entity Property Insurance Program ("APIP") applicable to the Coverage Period, which is incorporated by reference (hereinafter referred to as "the APIP form"). Should any term in this Memorandum of Coverage conflict with the APIP form, the language in this Memorandum of Coverage will prevail. The APIP form is updated periodically, and the form number changes with each revision.

Coverage includes Sections II, III, IV, V, VI, VII, VIII and IX of the APIP form, subject to the conditions, definitions and exclusions in the APIP form.

Specific Perils and Coverages with a lower deductible in the APIP form than the individual member's deductible herein shall be covered by APIP, and this Memorandum will not apply to such losses. Specific Perils and Coverages with a higher deductible than \$100,000 in the APIP form shall not be covered by this Memorandum.

### 2. Limits of Liability

This Memorandum of Coverage may contain sublimits applicable to specific locations, or specific coverages or specific causes of loss. Such limits shall be the total payable as a result of a single occurrence (or an annual aggregate of certain occurrences where so specified) and neither the Memorandum of Coverage limit nor any sublimits shall be increased by the application of one or more APIP sublimits.

### 3. Retentions & Deductibles

The Member is obligated to pay the member deductible arising from a loss. PERMA's retention shall be reduced by the member deductible. Member retentions for "All Risk" coverage are noted in the Schedule of Covered Members. Deductibles for Specific Perils and Coverages are detailed in the APIP policy. If two or more retention amounts provided in the Schedule of Covered Members apply for a single occurrence, the total to be deducted



shall not exceed the largest per occurrence retention amount applicable. The deductible and retention amounts set forth apply per occurrence unless indicated otherwise and shall be allocated between the Members pro rata based upon their Retention amounts.

#### 4. Deposit Contribution

Each Member shall pay a deposit contribution for each coverage period.

#### 4.5. Losses Excluded

This Memorandum of Coverage does not cover loss or damage excluded under the terms of the APIP form.

This Memorandum of Coverage does not cover loss or damage due to flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not.

#### 5.6. Assignment

Assignment of interest under this Memorandum of Coverage shall not bind PERMA until its consent is endorsed hereon.

#### 6.7. Loss Clause

Except with respect to any aggregate limits of liability in this Memorandum of Coverage, any loss hereunder shall not reduce the limit.

#### 7.8. Other Insurance

PERMA shall not be liable for loss if, at the time of loss there is any other insurance that would attach if this coverage had not been in effect, except that this coverage shall apply only as excess and in no event as contributing coverage, and then only after all other insurance has been exhausted.

#### 8.9. Excess Insurance

Permission is granted to the member agency to have excess insurance over the limit(s) of liability set forth in this Memorandum of Coverage without prejudice to this Memorandum of Coverage and the existence of such insurance, if any, shall not reduce any liability under this Memorandum of Coverage.

#### 9.10. Underlying Insurance

Permission is granted to the member agency to purchase insurance on all or any part of the deductible and against all or any of the perils covered by this Memorandum of Coverage. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Memorandum of Coverage. If the limits of such underlying insurance exceed the deductible amount that would apply in the event of loss under this Memorandum of Coverage, then that portion which exceeds such a deductible amount shall be considered "other insurance."

#### 10.11. Inspection and Examination

PERMA shall be permitted, but not obligated, to inspect the member's property and operations. Neither the right to make inspections, nor the making thereof, nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the member or others, to determine or warrant that such property or operations are safe.

PERMA shall be permitted to inspect the premises and to examine and audit the member's books and records at any time during the coverage period and an extension thereof and within three years after the final termination of the Memorandum of Coverage to verify the amount of recoveries of accounts receivable, valuable papers and records on which PERMA has made any settlement or any other subject matter related to this coverage.

#### ~~11.12.~~ Protection of Property

In case of actual or imminent danger of loss or damage, the member shall take all necessary steps to preserve and protect property from any further damage. Expense necessarily incurred for such preservation or protection shall be added to the total physical loss or damage otherwise recoverable under the Policy and be subject to the deductible and without increase in the limit provisions.

#### ~~12.13.~~ Notice of Loss

The member shall notify PERMA in writing of any loss, damage, or occurrence as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred. Within eighty (80) days from the date of discovery of such loss, damage or occurrence, the member shall file a detailed sworn proof of loss with PERMA.

#### 14. Member's Duty to Mitigate

Following a loss, as a condition to any and all obligations of PERMA hereunder, the member is obligated to take all reasonable steps to mitigate any loss. In the event the Member fails to take reasonable steps in mitigation, PERMA may deny coverage for that portion of the loss which could have been avoided through timely application of reasonable steps in mitigation.

#### 15. Reporting Claims and Member Cooperation

The Member shall report all losses, consistent with the requirements of this Memorandum, even if the loss is not anticipated to exceed the Member Retention.

The Member shall cooperate with PERMA or its designee and assist with any investigation; cooperate and assist in enforcing any right of contribution or subrogation in which PERMA may have an interest by virtue of a payment made pursuant to this Memorandum; and use due diligence and take all necessary actions reasonably practicable to avoid or diminish any loss of or damage to the [property](#) herein covered.

#### 16. Action against PERMA

No action shall lie against PERMA unless, as a condition precedent thereto, the member shall have fully complied with all the terms of the Memorandum and exhausted all remedies offered in this Memorandum and PERMA's governing documents.

#### ~~13.17.~~ Abandonment

There can be no abandonment of any property to PERMA.

#### ~~14.18.~~ Conformance

The terms of this Memorandum of Coverage that conflict with the applicable statutes of the state wherein this Memorandum of Coverage applies, are hereby amended to conform to such statutes.

#### ~~15-19~~. Subrogation

In the event of any payment under this Memorandum of Coverage, PERMA shall be subrogated to all the member's rights of recovery therefor against any person or organization, and the member shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. In the event of a partial recovery, the PERMA layer will recover first, the Member Retention thereafter. The member shall do nothing after loss to prejudice such rights.

#### ~~16-20~~. APIP

Coverage is not provided by PERMA above the level of \$100,000 per occurrence for any loss, and any such coverage above \$100,000 is subject to the terms and conditions of the excess policy provided by APIP. To the extent that any loss exceeds \$100,000, if the loss is subject to a sublimit in the APIP form, that sublimit will apply to the loss even if the sublimit is not referred to in this Memorandum.


**Executive Committee**
**June 12, 2025**

**Subject:** 2025-26 Auto Physical Damage Memorandum of Coverage

**Action for**

**Consideration:** Review the proposed revisions and recommend the Board adopt the 2025-26 Auto Physical Damage Memorandum of Coverage.

**Background:**

Staff and legal counsel reviewed the Auto Physical Damage Memorandum of Coverage, and recommend the following revisions:

<b>MOC Section</b>	<b>Description of Change</b>
<b>Throughout Document</b>	❖ Change dates to reflect coverage period of July 1, 2025 to June 30, 2026
<b>Schedule of Covered Members and Member Retentions</b>	❖ Updated all covered parties to reflect members' full legal name.
<b>Section I – Definitions</b>	❖ Add section defining key terms.
<b>Section II – General Provisions</b> Old Section 9 – Excess Insurance	❖ Removed provision granting permission for members to procure their own coverage excess of the PERMA pooled limits. The PERMA APD program includes excess coverage from Hanover. Allowing members to procure their own excess coverage would result in an administrative burden on PERMA and claims handling staff, and potentially coverage conflicts.
<b>Section II – General Provisions</b> Old Section 11/New Section 10 – Inspection and Vehicle Schedule Updates	❖ Increased trigger for the five-day reporting requirement of newly acquired vehicles from \$1M to \$2.2M to match Hanover policy.

The proposed memorandum of coverage is attached in redline format.

**Fiscal Impact:** None

**Attachment:** 2025-26 Auto Physical Damage Memorandum of Coverage - redline

**Prepared By:** Jim Elledge, Deput Executive Director



# MEMORANDUM OF COVERAGE POOLED AUTO PHYSICAL DAMAGE PROGRAM

FOR THE PERIOD  
JULY 1, ~~2024~~2025 TO JUNE 30, ~~2025~~2026

EFFECTIVE: JULY 1, ~~2024~~2025

**PUBLIC ENTITY RISK MANAGEMENT AUTHORITY (PERMA)  
MEMORANDUM OF COVERAGE  
AUTO PHYSICAL DAMAGE**

**DECLARATIONS**

- A. Coverage Provider  
Public Entity Risk Management Authority ("PERMA") as now or may be hereafter constituted.
- B. Members  
As per the "Schedule of Covered Members"
- C. PERMA Mailing Address  
72-811 Highway 111, #1014, Palm Desert, CA 92260
- D. Coverage Period  
July 1, 202~~5~~<sup>4</sup> to July 1, 202~~5~~<sup>6</sup>, beginning and ending at 12:01 AM standard time.
- E. Vehicles Covered  
Vehicle Schedule on file at the date of loss and as submitted to the carrier.
- F. Limits of Coverage  
\$25,000 (inclusive of the Member Retention) and subject to all limits and sub-limits

## SCHEDULE OF COVERED MEMBERS AND MEMBER RETENTIONS

The following are included as Members:

	<b>Member</b>	<b>Member Retention</b>
1	<a href="#">City of Banning</a>	\$5,000
2	<a href="#">City of Barstow</a>	\$5,000
3	<a href="#">City of Blythe</a>	\$5,000
4	<a href="#">City of Canyon Lake</a>	\$5,000
5	<a href="#">City of Coachella</a>	\$5,000
6	<a href="#">City of Colton</a>	\$5,000
7	<a href="#">City of Desert Hot Springs</a>	\$5,000
8	<a href="#">City of Eastvale</a>	\$5,000
9	<a href="#">City of Hesperia</a>	\$5,000
10	Hesperia Recreation and Park District	\$5,000
11	<a href="#">City of Holtville</a>	\$5,000
12	<a href="#">Imperial County Transportation Commission (ICTC)</a>	\$5,000
13	<a href="#">City of Jurupa Valley</a>	\$5,000
14	<a href="#">City of La Mesa</a>	\$5,000
15	March <a href="#">Joint Powers Authority JPA</a>	\$5,000
16	<a href="#">City of Moreno Valley</a>	\$5,000
17	<a href="#">City of Murrieta</a>	\$5,000
18	<a href="#">City of Perris</a>	\$5,000
19	<a href="#">Mount San Jacinto Winter Park Authority, dba Palm Springs Aerial Tramway</a>	\$5,000
20	<a href="#">Palo Verde Valley Transit Authority (PVVTA)</a>	\$5,000
21	<a href="#">City of Rancho Mirage</a>	\$5,000
22	<a href="#">City of San Jacinto</a>	\$5,000
23	Sunline Transit <a href="#">Agency</a>	\$10,000
24	<a href="#">Victor Valley Transit Authority (VVTa)</a>	\$5,000
25	<a href="#">City of Westmorland</a>	\$5,000

## **SECTION I** **DEFINITIONS**

The following definitions apply to this Program Document:

1. **Administrator** shall mean the person responsible for the daily administration, management, and operation of PERMA programs as defined in the Bylaws.
2. **Board** shall mean the Board of Directors of PERMA.
3. **Deposit Premium** shall mean that amount to be paid by each **Participant** for each **program year** as determined by the **Board**.
4. **Executive Committee** shall mean the **Executive Committee** of PERMA.
5. **Joint Powers Agreement** shall mean the agreement made by and among the public entities (**Member Entities**) of the PERMA **Joint Powers Agreement**, hereafter referred to as **Agreement**.
6. **Limit of Coverage** shall mean the amount of coverage stated in the Declarations or certificate of coverage, or sublimits as stated therein or in the Memorandum of Coverage (MOC) for each **Participant** or **covered party** per **occurrence**, subject to any lower sublimit stated in the auto physical damage policy.
7. **Member Retention** shall mean the amount stated on the applicable declarations or certificate of coverage, which will be paid by the **Participant** before PERMA is obligated to make any payment from the pooled funds.
8. **Participant** shall mean a **Member Entity**, which shall mean a signatory to the **Agreement** establishing PERMA, who has elected to participate in the auto physical damage program.
9. **Program Year** shall mean that period of time commencing at 12:01 a.m. on July 1 and ending at 12:00 a.m. on the following July 1.
10. **Self-Insured Retention (SIR)** shall mean PERMA's **limit of coverage** above **Participant's Member Retention** and up to the attachment point for excess coverage.
11. **Third Party Administrator (TPA)** shall mean the program claims administrator.



## SECTION II GENERAL CONDITIONS

### 1. Coverage Agreement

PERMA, a joint powers authority comprised of California public agencies, in return for the payment of deposit premiums as they become due, in reliance upon the statements in the declarations made a part hereof and subject to all the terms and conditions of this Memorandum of Coverage, the Joint Powers Agreement and Bylaws, agrees to provide first party, pooled self-insurance auto property damage coverage to the member agencies except as excluded herein.

This Memorandum of Coverage does not provide insurance, but instead provides for pooled self-insurance pursuant to California Government Code section 990.8. This Memorandum is a negotiated agreement among the members of PERMA and none of the parties to the Memorandum is entitled to rely on any contract interpretation principles that require interpretation of ambiguous language against the drafter of such agreement. This Memorandum shall be applied according to the principles of contract law, giving full effect to the intent of the PERMA members, acting through the Board of Directors in adopting this Memorandum.

PERMA will reimburse the Member for losses to a scheduled vehicle that is covered by the terms and conditions of the excess coverage, less any applicable member retention, up to the amount of the self-insured retention. This Memorandum of Coverage incorporates the terms, provisions, and conditions of the excess coverage. The layers of coverage applicable to this Memorandum are set forth in the Declarations.

### 2. Limits of Liability

This Memorandum of Coverage may contain sublimits applicable to specific vehicles, or specific coverages, or specific causes of loss. Such limits shall be the total payable as a result of a single occurrence (or an annual aggregate of certain occurrences where so specified) and neither the Memorandum of Coverage limit nor any sublimits shall be increased by the application of one or more sublimits.

### 3. Retentions

The Member is obligated to pay the member retention arising from a loss. PERMA's limit of liability shall be reduced by the Member Retention. Member retentions are noted in the Schedule of Covered Members. If two or more retention amounts provided in the Schedule of Covered Members apply for a single occurrence, the total to be deducted shall not exceed the largest per occurrence retention amount applicable. The retention amounts set forth apply per occurrence unless indicated otherwise and shall be ~~prorated~~ allocated between the Members pro rata based upon their Retention amounts.

### 4. Deposit Premium

Each Member shall pay ~~its a~~ deposit premium contribution for each coverage period, which is the amount to be paid by each member for the coverage provided.

### 5. Losses Excluded

This Memorandum of Coverage does not cover loss or damage excluded under the terms of the excess coverage policy.

## 6. Assignment

A member may not transfer or assign its rights, duties or interest under this Memorandum of Coverage without PERMA's written consent, given by way of written Endorsement.

## 7. Loss Clause

Except with respect to any aggregate limits of liability in this Memorandum of Coverage, any loss hereunder shall not reduce the limit.

## 8. Other Insurance

PERMA shall not be liable for loss if, at the time of loss there is any other insurance that would attach if this coverage had not been in effect, except that this coverage shall apply only as excess and in no event as contributing coverage, and then only after all other insurance has been exhausted.

## ~~9. Excess Insurance~~

~~Permission is granted to the member agency to have excess insurance over the limit(s) of liability set forth in this Memorandum of Coverage without prejudice to this Memorandum of Coverage and the existence of such insurance, if any, shall not reduce any liability under this Memorandum of Coverage.~~

## ~~10.9.~~ Underlying Insurance

Permission is granted to the member agency to purchase insurance on all or any part of the deductible and against all or any of the perils covered by this Memorandum of Coverage. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Memorandum of Coverage. If the limits of such underlying insurance exceed the deductible amount that would apply in the event of loss under this Memorandum of Coverage, then that portion which exceeds such a deductible amount shall be considered "other insurance."

## ~~11.10.~~ Inspection and Vehicle Schedule Updates

PERMA or its duly authorized representatives shall be permitted at reasonable times during the continuation of this Memorandum to inspect the covered vehicles owned or leased by the Member and to examine the Members' Schedule of Vehicles and books or records as they relate to coverage afforded or requested to be afforded by this Memorandum.

For each coverage period, Members are required to report, and the broker shall maintain, accurate records of Members' covered vehicles and related values. Members shall regularly review and update their schedule of vehicles to ensure the schedule is complete and that values trend with changes in the value of the vehicles over time should they require repair or replacement, if severely damaged or destroyed.

A Member's new or recently acquired/leased vehicles shall be covered for losses provided they qualify for coverage under the terms of the excess policy. Vehicles with a value of \$~~24~~,000,000 or more must be scheduled within five (5) days of acquisition.

## ~~12.11.~~ Protection of Property

The member shall pay the reasonable costs for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. Expense necessarily incurred for such preservation or protection shall be added to the total physical loss or damage otherwise recoverable under the Hanover Insurance Company Policy and be subject to the deductible and without increase in the limit provisions.

~~13.~~12. Notice of Loss

Consistent with the claims reporting requirement stated in Hanover Insurance Company's Commercial Inland Marine Policy, Members have an affirmative duty to "immediately" report losses to PERMA. Losses reported to PERMA within thirty (30) working days will be considered timely for purposes of the self-insured retention set forth in this Memorandum of Coverage.

~~14.~~13. Member's Duty to Mitigate

Following a loss, as a condition to any and all obligations of PERMA hereunder, the member is obligated to take all reasonable steps to mitigate any loss. In the event the Member fails to take reasonable steps in mitigation, PERMA may deny coverage for that portion of the loss which could have been avoided through timely application of reasonable steps in mitigation.

~~15.~~14. Reporting Claims and Member Cooperation

The Member shall report all losses, consistent with the requirements of this Memorandum, even if the loss is not anticipated to exceed the Member Retention.

The Member shall cooperate with PERMA or its designee and assist with any investigation; cooperate and assist in enforcing any right of contribution or subrogation in which PERMA may have an interest by virtue of a payment made pursuant to this Memorandum; and use due diligence and take all necessary actions reasonably practicable to avoid or diminish any loss of or damage to the vehicle herein covered.

~~16.~~15. Recoveries

PERMA shall have the right to salvage, or to any recovery made by the Member or right of recovery that the Member may have against any other person or entity. PERMA either directly or through its designated agents shall have the option to decide whether to pursue those rights at the expense of PERMA, or whether to allow the Member to pursue those rights at the Member's expense. If PERMA pursues subrogation of a loss, the funds from any recovery shall be allocated in accordance with the provisions of the excess coverage.

Should the Member salvage any part of the vehicle, it shall inform PERMA of any monies recovered and such monies shall either be forwarded to PERMA, or the total claim amount shall be reduced by the salvage amount received by the Member. Failure to disclose salvage recovery by the Member shall be grounds for denial of the claim by PERMA.

~~17.~~16. Action against PERMA

No action shall lie against PERMA unless, as a condition precedent thereto, the member shall have fully complied with all the terms of the Memorandum and exhausted all remedies offered in this Memorandum and PERMA's governing documents.

~~18.~~17. Abandonment

There can be no abandonment of any vehicles to PERMA.

~~19.~~18. Subrogation

In the event of any payment under this Memorandum of Coverage, PERMA shall be subrogated to all the member's rights of recovery therefor (including the Member Retention) against any person or organization, and the member shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. In the event of a partial recovery, the PERMA layer will recover first, the Member Retention thereafter. The member shall do nothing after loss to prejudice such rights.

20.19. Insurance Carrier

Coverage is not provided by PERMA above the level of \$25,000 per occurrence for any loss, and any such coverage above \$25,000 is subject to the terms and conditions of the policy provided by the insurance carrier. To the extent that any loss exceeds \$25,000, if the loss is subject to a sublimit in the insurance policy, that sublimit will apply to the loss even if the sublimit is not referred to in this Memorandum.

21.20. Conformance

The terms of this Memorandum of Coverage that conflict with the applicable statutes of the state wherein this Memorandum of Coverage applies, are hereby amended to conform to such statutes.

22. Annual Adjustment

In the event the carrier audits the policy after binding, individual members will be invoiced for vehicles added during the policy term.