



WHAT'S THE SECRET IN THE SECRET SAUCE?



REC OPE
FOR SUCCESS

SEPTEMBER 12-15, 2017
SOUTH LAKE TAHOE, CA



Major Advantages of JPAs vs. Traditional Insurance

- Rates based upon actual claims experience of members
- Lower operating expense ratios: usually 15-20 %
 - Compared to 30-40% for insurance companies
- Investment income retained by the Group
- Improved risk control services tailored to members' needs
- Better claims management services
- No CIGA assessment (2% of premium)
- Profits retained and return of excess contributions controlled by Members



Disadvantages JPAs vs. Traditional Insurance

- Ultimate cost is not guaranteed
- Subject to assessments if contributions & interest income insufficient to cover costs
- Members jointly & severally liable
- Not an insurance company! Requires active participation
- Governing Board with fiduciary responsibilities



Opportunities for Credibility and Excellence

CAJPA Accreditation

“Accreditation with excellence” Awarded every three years, this honor requires that pooling programs meet stringent operational standards.



Annual Claims

Audits – annual review of liability and workers’ compensation claims handling and oversight.

Annual Financial

Audits – annual review of fiscal soundness by program.



Outsourcing Considerations



Outsourcing Considerations



ACCESS

- ▶ State-of-the-art technology
- ▶ Expertise of a broader organization
- ▶ Wide range of relationships with industry experts



Outsourcing Considerations



EASE

- ▶ Recruiting, hiring, training, evaluating and developing and firing employees can be timely, costly and overwhelm resources
- ▶ Desired skills can be difficult to find in certain geographic markets
- ▶ Service providers may offer a ready-made alternative



Outsourcing Considerations



CONTINUITY

- ▶ Service provider team may reduce impact on ongoing operations when key individuals leave
- ▶ Service provider team may assist with succession planning and knowledge transfer



Outsourcing Considerations



- ▶ Pools may want to perform some services in-house and engage service providers for others
- ▶ Service provider agreements can be customized for each pool, ranging from one or two services to a full turnkey operation



Insourcing Considerations



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Insourcing Considerations



**YOUR
GALLEY**

- ▶ Best technology, is a great cook
- ▶ Expertise with a specific type of meal
- ▶ Single, common menu
- ▶ You have to major in this



Insourcing Considerations



**YOUR
SPICE
RACK**

- ▶ Kitchen and wait staff who have a clear understanding of “Why” they are doing what they are doing (Not for profit)
- ▶ Develop and define the utensils you need
- ▶ You pick your providers



Insourcing Considerations



**YOU'RE THE
CHEF**

- ▶ No one to blame if it tastes bad
- ▶ No one to take the credit if it's delicious
- ▶ You own it all



Insourcing Considerations



YOUR
RECIPE

- ▶ You get to shop at your favorite store
- ▶ You get to pick your own ingredients
- ▶ Season to taste

