



1112 I Street, Suite 300
Sacramento, California 95814-2865
T 916.231.4141 or 800.537.7790 • F 916.231.4111
Maximizing Protection. Minimizing Risk. • www.sdrma.org

January 18, 2022

Shasta Local Agency Formation Commission
Ms. Kathy Bull
Manager
999 Mission De Oro Drive
Redding, California California

Re: 2022-23 Property/Liability Early Budget Estimates

Dear Ms. Bull,

In preparation for the 2022-23 Property/Liability Program renewal on July 1, 2022, we are providing our program members with a preliminary renewal contribution estimate to help with budget planning for the 2022-23 fiscal year. We will continue to provide updates as we obtain renewal cost information from our program excess/reinsurers over the next few months. **Final contribution amounts will not be confirmed until we issue the 2022-23 renewal invoices in early June.**

Your agency's Property/Liability 2022-23 estimated contribution is **\$3,614 to \$3,841** based on the following assumptions:

- A 5% increase in operating budget from the 2021-22 program year
- Your agency's current exposures and losses currently on record with SDRMA, which include a 19.72% increase to the value of scheduled buildings and 14.17% increase to the value of scheduled contents *
- Pool reinsurance rate increases of 12.5% to 25% based on early estimates from our reinsurance brokers
- Credit Incentive Program (CIP) points for 2021-22 that your agency may have earned are not yet calculated and, therefore, not considered in this estimate

* Per board policy, SDRMA trends property values based on trending factors published by Marshall & Swift as set forth in the fourth quarter of the prior calendar year. Marshall & Swift trending factors can represent increases or decreases to property values to reflect inflation of construction, building materials and other costs associated with replacement or repair of damaged property. Trending factors apply to both buildings/structures and contents. Properties added to your policy during the current policy year or appraised within the last year will not be impacted by the trending factors until the next renewal for 2023-24.



This budget estimate is specifically provided to assist you with preliminary budgeting and is NOT a renewal indication, renewal quote, or a “not-to-exceed” contribution. The final renewal contribution amount may be in excess of this estimate depending on the changing conditions of the insurance market over the next few months. Since we do not have the 2022-23 renewal rates from the program excess/reinsurers, we recommend you budget towards the upper end of the range, plus any differences in exposure or losses which have not yet been reported to SDRMA.

Once we receive your agency’s 2022-23 Renewal Questionnaire in February, with updated exposure information, we will distribute an updated budget estimate. If you make any substantial changes to your policy over the next few months, and would like an updated contribution estimate, please contact our Finance Department at accounting@sdrma.org or 800.537.7790.

Members considering withdrawal from coverage with SDRMA for the 2022-23 program year are required to submit a **“Notice of Intent to Withdraw”** by **April 1, 2022** in accordance with SDRMA Bylaws and must have completed the initial three full program year commitment period. If you have any questions about withdrawing from our program, please contact Ellen Doughty at edoughty@sdrma.org or 800.537.7790.

On behalf of the SDRMA Board of Directors and our entire risk management team, we thank you for your continued participation in our programs.

Sincerely,
Special District Risk Management Authority

A handwritten signature in blue ink that reads "Laura S. Gill".

Laura S. Gill, ARM, ARM-P, CSDM
Chief Executive Officer