



INDEPENDENT CITIES
RISK MANAGEMENT
AUTHORITY

www.icrma.org

ICRMA BYLAWS

Effective August 12, 2021

Change Record

| Date | Description |
|-----------|--|
| 3/1/2018 | <p>The Board approved this restatement of ICRMA’s bylaws at its March 1, 2018 meeting as follows:</p> <ul style="list-style-type: none"> • They will become effective on July 1, 2018. • Board members (voting and alternate) seated as of March 1, 2018 will be exempted from the following provision until they resign, are removed, or the seat becomes vacant. At that point, the replacement must comply with this provision. <p>ARTICLE VII – DIRECTORS B. Eligibility & Appointment 3. Eligibility – Directors must be 1) elected officials, OR 2) City Managers, OR 3) hold positions with authority equivalent to a Department Director within the Member hierarchy; OR 4) be dedicated (full time) to risk management for the Member and approved for appointment by the ICRMA Board.</p> <ul style="list-style-type: none"> • In addition to replacing the current ICRMA bylaws, approval of this document incorporates and thus supersedes the following stand-alone policies: <ul style="list-style-type: none"> ○ Administrative Committee Roles and Responsibilities adopted December 12, 2007 ○ Dispute Resolution Policy adopted April 17, 2008 ○ Mission statement adopted February 7, 2010 ○ Policy Regarding Recusal of Member City adopted August 15, 2001 |
| 8/12/2021 | <ul style="list-style-type: none"> • Article VII.B - Clarified Board Director eligibility applies only to elected officials and certain employees. • Article VIII.E.2 - Revised solicitation process for Officer positions. • Article XI.K-M - Revised settlement authority to include the Property and Auto Physical Damage programs. • Article XI.N - Clarified that claims audit requirements only apply to the Liability and Workers’ Compensation Programs. • Article XIII - Revised: 1) in Section H.2. to allow for a transfer of funds between program years when the conditions of the Net Asset Policy are met, 2) in Section I.1. to allow the Board more discretion in determining an appropriate amount to assess, and 3) in Section I.2.c to match the language in the Net Asset Policy. • Article XVII - Revised to not require special notice to the Board of proposed Bylaws changes. |

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ICRMA BYLAWS

ARTICLE I – PURPOSE

The Independent Cities Risk Management Authority (ICRMA) is a public entity established for the purpose of operating and maintaining a cooperative program of self-insurance, jointly purchased insurance coverage, and risk management; and to provide a forum for the discussion, study, development, and implementation of procedures of mutual benefit in risk sharing and risk management programs.

Its stated mission is to be the premier member-focused association of California public entities, joined together to protect member resources by managing the cost of risk, by providing its members with comprehensive risk management services and broad coverage, resulting in cost stabilization and effective risk solutions.

Further objectives may be provided for in the ICRMA Joint Powers Agreement (the **Agreement**) or **ICRMA's Governing Documents**.¹

ARTICLE II – DEFINITIONS

Unless expressly provided otherwise, terms used in these **Bylaws** are as defined in the **Agreement** and/or **Memoranda of Coverage**.

ARTICLE III – BROWN ACT

ICRMA shall act in accordance with the **Ralph M. Brown Act (Government Code §54950 et seq.,** hereinafter the "**Brown Act**").

ARTICLE IV – NOTICE

Unless otherwise specified, any notice to be given or to be served in connection with these **Bylaws** must be in writing (i.e., mail, email, or other means of written communication) and will be deemed to have been given and received when delivered personally, by mail, email, or other form of notice acceptable under the **Brown Act** using the contact information as shown on ICRMA's records.

ARTICLE V – MEMBERSHIP

A. **Eligibility** – The **Agreement** defines Member eligibility under **California law**, and each party to the **Agreement** is a Member.

B. **Application** – In order to become a Member, a governmental agency must agree to:

1. Be bound by **ICRMA's Governing Documents**,
2. Participate in ICRMA's liability program (minimum participation required), AND
3. Comply with all requirements set forth in **ICRMA's Underwriting Policies** then in effect and as subsequently modified.

The Board of Directors (the Board) approves or disapproves applications per **ICRMA's Underwriting Policies** then in effect.

C. **Obligations of Membership** – The obligations of a Member include but are not limited to those listed below. Failure to comply in any way may subject the Member to penalties, up to and including expulsion from ICRMA.

1. **Minimum Commitment** – Upon acceptance, the Member shall commit to three (3) full years of membership in ICRMA. Subsequently, the Member shall commit to at least one (1) full year per renewal. The Member may apply to participate in any coverage program. However, it must maintain participation in the liability program order to remain a member of ICRMA.
2. **Active Engagement** – **ALL** current members shall appoint a representative to the Board and attend meetings.
3. **Payments** – **ALL** current **AND** past members shall be responsible for:
 - a Contributing their share of premiums or funds to any fund or insurance program created by the Authority **AND**
 - b Paying their respective share of ICRMA expenses **UNTIL**

ALL claims or other unpaid liabilities, covering the period ICRMA's the Member's participation in the program have been

¹ As defined in the Agreement, ICRMA's Governing documents include the Agreement, ICRMA's Bylaws, the Memoranda of Coverage and any other document stipulated as a Governing Document in the Bylaws or by action of the Board of Directors.

finally resolved and the Board has determined the final amount of payments due by, or credited to, the Member for the period of its participation.

These obligations include payment of assessments, retrospective adjustments, as well as any other amounts due and payable. The Board determines all such amounts.

4. **Data – ALL** current **AND** past members shall be responsible for providing timely, accurate and factual data required by ICRMA to determine appropriate cost of coverage, evaluate claims exposure, manage programs, or otherwise facilitate operations of ICRMA. As a result, the Member may be required to disclose activities not usual and customary in their operation. The obligation to provide timely data does not cease with withdrawal, expulsion, or termination of any program.
 5. **Cooperation** – The Member shall at all times cooperate with ICRMA in regard to ICRMA’s underwriting and claims activities, which shall include the collection of loss data in accordance with **ICRMA’s Third Party Claims Administration Data Request Standards**. Cooperation with ICRMA includes but is not limited to cooperation with its Executive Director, program managers, Claims Committee, claims adjusting company, and loss control personnel.
 6. **Accountability** – All Members shall be held accountable for understanding and abiding by **ICRMA’s Governing Documents**, as well as any changes thereto.
- D. **Surcharges** – Failure by a Member to meet some obligations are immediately subject to surcharges as follows:
1. **Delinquent Payments** – Members with delinquent amounts due to ICRMA will be assessed a surcharge as follows unless other arrangements for payment have been approved by the Board:
 - a One percent (1%) of the unpaid amount due to ICRMA 30 days after the initial invoice due date.
 - b A surcharge of another one percent (1%) accrues after an additional 45 days.
 2. **Delinquent Data** – Applications that are incomplete or not timely received by ICRMA prior to the beginning of the new program year will subject the member entity to a surcharge in accord with **ICRMA’s Governing Documents**.
 3. **Implementation of Surcharges** – Interest accrues on all delinquent amounts due and payable to ICRMA at the applicable rate of 10% per year from the due date of the billing until the date finally posted by the designated financial institution.
 - a For the purpose of assessing surcharges and interest, the fee calculation shall be based on each calendar day the delinquent amount is late, notwithstanding the foregoing.
 - b No surcharge may exceed the maximum authorized by law.
 - c The Board may waive or reduce a surcharge for good cause shown by the Member, no more than once per five (5) years.
 - d Each Member shall indemnify ICRMA from expenses resulting from its failure to pay sums on or before their due date.
 4. **Appeals** – A Member may appeal any surcharge assessed here in accordance [Article XII of these bylaws](#).
- E. **Default of Member Obligations** – The **Agreement** allows for expulsion of Members following material breach per provisions to be included in these **Bylaws**. As such, this **Section** defines expulsion and other remedies for default of member obligations.
1. **Definition** – The following are "*defaults*" under the **Agreement** and these **Bylaws**:
 - a Failure by a Member to observe or perform any covenant, condition, or agreement under **ICRMA’s Governing Documents**;
 - b Consistent failure by a Member to attend meetings, respect Board decision-making authority, or otherwise circumvent ICRMA’s integrity as a joint powers agency;
 - c Consistent failure to cooperate fully in the fulfillment of the ICRMA objectives, including but not limited to:
 - i Submission of requested documents and information;
 - ii Cooperation with any insurer, claims adjuster, legal counsel or other service provider engaged or retained by ICRMA in all matters relating to ICRMA.
 - d Failure to pay **ANY** amounts, including surcharges, penalties and interest, due to ICRMA for more than 30 days;
 - e The filing of a petition applicable to the Member in any proceedings instituted under the provisions of the **Federal Bankruptcy Code** or under any similar act which may hereafter be enacted; **OR**
 - f Any condition of the Member that the Board of Directors believes is unduly detrimental to ICRMA.

2. **Remedies Available to ICRMA on Default**

- a **Scope** – ICRMA may exercise any and all remedies available pursuant to law or granted pursuant to the **Agreement** and these **Bylaws** whenever a default as defined in **this Article** occurs.
 - i No remedy contained in these **Bylaws** is intended to be exclusive.
 - ii Available remedies include, but are not limited to, imposing a penalty or assessment, cancellation of Member’s coverage, expulsion from a risk management program, and/or expulsion of the Member from ICRMA.
- b **Process**
 - i The Board will give a Member in default 30 days’ notice of its intent to deliberate on a remedy for said default.
 - ii Remedies will be effective on the date prescribed by the Board.
 - iii The Board has discretion to impose conditions for curing any default, and for reinstating the Member to its rights.
- c **Cancellation of Coverage under a Program** – Upon any default, the Board may:
 - i **Temporarily** cancel any or all rights of the defaulting Member in any program in which such Member is in default until such time as the condition causing default is corrected and/or other conditions are met (e.g., the Board may temporarily suspend coverage if a Member fails to pay its contribution); **OR**
 - ii **Permanently** cancel any or all rights of the defaulting Member in any program in which such Member is in default.
- d **Involuntary Termination or Expulsion** – The Board may expel any Member that is in default as defined in **these Bylaws**. Such expulsion will be effective on the date prescribed by the Board, but not earlier than 30 days after notice of expulsion has been personally served on or sent via certified mail to the Member.
- e **No Additional Waiver Implied** – No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof. Further, in the event any condition contained in **ICRMA’s Governing Documents** is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived, and shall not be deemed to waive any other breach hereunder.

3. **Agreement to Pay Attorney’s Fees and Expenses** – In the event either ICRMA or a Member is in default and the other party employs attorneys or incurs expenses for the collection of moneys, the enforcement of performance, or observance of any obligation under the **Agreement** on the part of the defaulting party, the losing party shall pay to the other party the reasonable fees of such attorneys and such other expenses so incurred by the other party.

F. **Voluntary Withdrawal** – Member withdrawal from any or all programs must be in accord with **ICRMA’s Governing Documents**.

1. **Limitations**

- a No withdrawal may become effective **EXCEPT** at the close of a program year.
- b A Member providing *untimely notice* shall be responsible for the full cost of the subsequent year’s contribution.
- c A Member may **NOT** withdraw prior to the end of its initial three (3) year commitment period and shall be obligated, in all cases, for payment of its **ENTIRE** annual contribution for those three (3) years.

2. **Notice of Intent to Withdraw**

- a In order to be effective, notice of intent to withdraw from ICRMA or to terminate participation in a specific program must be from the City Manager or other duly authorized official of the Member **AND** must be accompanied by the Council resolution or meeting minutes of the Member authorizing such action.
- b In order to be timely for a given program year beginning July 1, notice must be received by ICRMA no later than July 1 of the preceding year. Notice received after that date shall be considered **UNTIMELY** and thus **INEFFECTIVE**.
- c The Member may revoke such notice by subsequently notifying ICRMA of its revocation by December 1 of the preceding year. Such revocation must be supported by the Council resolution or meeting minutes of the Member authorizing such action. However, that support may arrive following communication to ICRMA of the Member’s revocation.

3. **Reapplication** – A Member, which has voluntarily withdrawn from ICRMA or a specific program, may reapply for membership.

G. **Following Withdrawal or Expulsion**

1. **NEITHER WITHDRAWAL NOR EXPULSION FROM ICRMA OR ANY OF ITS PROGRAMS RELIEVES ANY MEMBER OF ANY RIGHTS, OBLIGATIONS, LIABILITIES, OR DUTIES DURING THOSE PROGRAM YEARS, IN WHICH THE ENTITY PARTICIPATED.**

2. Neither the withdrawal nor the expulsion of any Member from any program shall require the repayment or return to that Member of all or any part of any contributions, payments, advances, or distributions except in conformance with the provisions set forth herein and in **ICRMA's Governing Documents**.

ARTICLE VI – BOARD OF DIRECTORS

- A. **Authority** – ICRMA is governed by its Board of Directors (the Board). The Board has the responsibility and authority to perform all relevant functions, and make all decisions affecting ICRMA's programs, consistent with the powers of ICRMA and not in conflict with the **Agreement** or other **ICRMA Governing Documents**.

Actions properly approved or taken by the Board shall be binding on all Members regardless of the vote of any individual Director or her/his presence when the action was taken.

The Board may delegate its responsibilities **EXCEPT** for:

1. Those requiring a vote by the Board as specified in the **Agreement** and **ICRMA's Governing Documents**, **OR**
2. Those listed here:
 - a Accept a new Member into ICRMA;
 - b Alter a Member's retained limit;
 - c Adopt a budget;
 - d Amend its **Governing Documents**, including these **Bylaws**;
 - e Approve contracts for ICRMA administrative services and legal counsel;
 - f Approve dividends to and/or assessments of Members;
 - g Establish, amend, or terminate a program;
 - h Settle matters in excess of the Claims Committee authority;
 - i Approve indebtedness;
 - j Expel, terminate or suspend the rights of a Member; and
 - k Approve dissolution of ICRMA.

- B. **Composition** – The ICRMA Board is comprised of one (1) Director appointed by each Member agency.

- C. **Quorum** – Quorum for the transaction of business is defined in the **Agreement**.

- D. **Decision-Making** – All matters within the purview of the Board may be decided by a simple majority (over 50%) vote of the Board present, **EXCEPT** for the following matters specified as requiring a two-thirds majority vote of the full Board:

1. Approve indebtedness;
2. Expel, terminate or suspend the rights of a Member; and
3. Approve dissolution of ICRMA.

- E. **Meetings**

1. **Regular Meetings** – The Board holds regular meetings each year at the time and place of its choosing.
2. **Special Meetings** – The President **OR** a majority (over 50%) of the Board may call a special meeting.
3. **Conference Telephone** – Directors may participate in a meeting by teleconference in compliance with the **Brown Act**.

ARTICLE VII – DIRECTORS

- A. **Terminology** – In these **Bylaws** the term "Director", unmodified, refers to the Voting Director as well as any appointed alternates.

- B. **Eligibility & Appointment**

1. **Voting Director** – Each Member agency is required to appoint one (1) Voting Director to the Board.
2. **Alternates** – A Member may appoint no more than two (2) alternates in order to ensure attendance at Board meetings.
3. **Eligibility** – Directors must be 1) elected officials of the Member, **OR** 2) City Managers performing services exclusively for the Member, **OR** 3) Employees of the Member holding positions with authority equivalent to a Department Director within the Member hierarchy; **OR** 4) Employees of the Member dedicated (full time) to risk management for the Member and approved for appointment by the ICRMA Board.

- C. **Form of Initial or Changed Appointment**

1. ICRMA must receive notice of an appointment **BEFORE** it can become effective.
2. All appointments shall be made via Member Council resolution.
3. All appointments must be of a specifically named individual or specific position (e.g., City Manager).

4. Appointments by position must provide specific contact information with the initial resolution.
5. The Board may approve or reject appointment of a specific individual and request that the Member select another.

D. Director Authority

1. **General** – Each Director is individually expected to:
 - a Meet all legal obligations of Board service,
 - b Perform all duties set forth in **ICRMA’s Governing Documents**, and
 - c Serve with keen attention to ICRMA’s purpose and high professional standards
2. **Voting Rights**
 - a ICRMA allows no proxies. Thus, Voting Directors and alternates exercise independent judgment in all ICRMA matters including but not limited to voting, making motions, or otherwise acting in a governance capacity at a Board meeting.
 - b In no instance may a Member have more than one vote on any item before the Board or have more than one appointee vote, make motions, or otherwise act in a governance capacity during a single meeting. Therefore, when the Voting Director is in attendance, only she/he votes, makes motions, or otherwise acts in a governance capacity at a Board meeting. An alternate may do these things in the Voting Director’s absence.
 - c A Member shall notify ICRMA of an anticipated Voting Director absence as soon as practicable, at which point the Member will declare which alternate will exercise its voting rights for a given meeting.
3. **Recusal** – Whenever a member city is involved in litigation with ICRMA, the representative of that member city may not participate in, nor be present during, any discussion related to that litigation between ICRMA counsel and the ICRMA Board or any of its committees, nor may any legally privileged communication between ICRMA’s counsel and the Board or the Committee be distributed to the representative of the member city.

E. Conflicts of Interest – ICRMA’s **Conflict of Interest Policy** incorporates by reference **California Code of Regulations, §18730**, and any amendments thereto.

F. Resignation, Removal & Vacancy

1. **Resignation** – A Director may resign at any time by giving notice of resignation to the ICRMA Executive Director. Such resignation is immediate unless otherwise specified. Acceptance of such resignation is not necessary to make it effective.
2. **Removal**
 - a **By the Board** – The Board may request removal of any Director for cause. Cause for removal of a Director includes, but is not limited to, two (2) or more consecutive absences, failure to adhere to approved code of conduct, repeated failure to fulfill the duties set forth these bylaws or other board-approved policy statements, repeated failure to address conflicts of interest, or other actions that jeopardize ICRMA or the Board’s governance function.
 - b **By the Member** – The appointing Member may remove its Director(s) with or without cause.
 - c **Automatic** – Termination of office or employment with the appointing Member automatically terminates a Director’s appointment to the Board.
3. **Vacancy** – The respective Member shall promptly fill any Board vacancy regardless of its cause.

ARTICLE VIII – OFFICERS

- A. **Number** – ICRMA has four (4) Officers – President, Vice President, Treasurer, and Secretary – as set forth in these **Bylaws**.
- B. **Duties** – All Officers are expected to maintain regular meeting attendance and to ensure that ICRMA affairs are carried out consistent with its mission, **Bylaws**, and **Governing Documents**. In addition, individual offices have specific duties as follow:
 1. **President** – The President has such powers and duties as the Board may designate from time to time and:
 - a Chairs ICRMA Board meetings;
 - b Unless otherwise specified, appoints the members of ICRMA committees;
 - c Executes documents on behalf of ICRMA as authorized by the Board, or delegates this to the Executive Director;
 - d Serves as the primary liaison between ICRMA and any other organization;
 - e Serves on all committees; and
 - f Appoints the Investment Delegate in accordance with **Government Code §53607** and **ICRMA’s Investment Policy**.

2. **Vice President** – The Vice President serves as required in the President’s absence with all the attendant powers and duties. The Vice President also serves on all committees. The Vice President has such other powers and performs such other duties as the Board may designate.
 3. **Secretary** – The Secretary is responsible for ICRMA minutes, notices and records as well as such other duties as the Board may assign.
 4. **Treasurer** – The Treasurer:
 - a Ensures ICRMA funds, accounts, and property, are maintained in accordance with the **California Government Code**;
 - b Supervises the maintenance of such records to ensure they are in accordance with accepted accounting practices and procedures prescribed by the **Government Accounting Standards Board (GASB)**;
 - c Provides for inspection of all financial records;
 - d Serves as Investment Delegate in accordance with **Government Code §53607** and **ICRMA’s Investment Policy**;
 - e Oversees, monitors and reports on investment action; and
 - f Oversees and monitors the financial audit.
- C. **Eligibility for Office** – Any Director may serve as President, Vice President, Treasurer or Secretary, provided that NO Member has more than one representative in office at any time.
- D. **Terms of Office** – Officers serve two- (2)-year terms commencing with the start of the fiscal year unless otherwise specified. During said terms, officers serve until resignation or removal in accordance with **Article VII.F of these Bylaws**, whichever is earliest.
- E. **Elections**
1. **Frequency & Timing** – The Board holds annual elections in order to stagger officer terms. Elections generally occur at the last regular Board meeting of the fiscal year according to Board-approved procedure.
 2. **Nominations** – The ICRMA Executive Director or their designee, or the Nominating Committee as needed or if deemed appropriate, solicits for and receives nominations and presents candidates for office to the Board at the last regular Board meeting of the fiscal year. Nominations may also be made at the time of the meeting, provided the candidate(s) meet the requirements set forth in these **Bylaws** or other **ICRMA Governing Documents**.
 3. **Determining the Outcome** – Candidates receiving a majority of votes in each office succeed to those offices. If no nominee receives a majority vote, the nominee with the least votes will be deleted as a nominee and a new vote taken. This elimination process continues until one nominee receives a majority vote. If two or more nominees are tied with the least votes, then another vote will be taken immediately. If that does not eliminate a nominee, then the President eliminates one of the nominees with the least number of votes by way of a random process of his/her choosing (e.g., a coin flip).
- F. **Vacancy**
1. The President may select a Director to fill an officer vacancy. An officer so selected holds office until the next meeting of the Board, when the Board will vote on the appointment.
 2. In the event the office of President becomes vacant, the Vice President assumes all duties and appoints a Vice President. Both officers hold office until the next meeting of the Board, when the Board will vote on the appointment.

ARTICLE IX – COMMITTEES

- A. **Formation**
1. The Board may establish committees as deemed necessary to the work of ICRMA.
 2. The President may appoint *ad hoc* committees at any time.
- B. **Claims Committee**
1. **Authority**
 - a The Claims Committee has the responsibility and authority to perform all functions delegated to it by the Board and make all decisions affecting ICRMA Programs, provided that such functions and decisions are consistent with the powers of ICRMA and are not in conflict with **ICRMA’s Governing Documents**.
 - b Specifically, the Committee is responsible for reviewing all aspects of each program, including, but not limited to:
 - i Claims handling, review and settlement as provided herein;

- ii **Memoranda of Coverage;**
- iii Litigation Management Procedures;
- iv Proposals for Claims Adjusters, Claims Auditors, and Legal Defense Services;
- v Negotiating and approving contracts within its scope, \$50,000 or less, and within the approved budget; and
- vi Items referred by the Board.

c **Limitations**

- i The Committee forwards recommendations to the Board for approval.
- ii Any claim above the Committee's authority must be brought to the Board for approval.

2. **Disputes Regarding Management of a Claim** – Any claims settlement or arbitration decision made by the Claims Committee may be appealed. Such appeal shall be in accordance with the **Memoranda of Coverage**.
3. **Composition & Appointment**
 - a The Claims Committee consists of twenty (20) to forty (40) percent of the Board up to a maximum of seven (7) members.
 - b The Claims Committee recommends Directors to its available seats, making efforts to include:
 - i A balanced mix of Members from each program, and
 - ii At least one (1) individual working in each of the following: Risk Management, Finance, Legal, Human Resources, and Administration.
 - c The Board approves Committee appointments ensuring that no Member holds more than one representative appointee to the Committee at any given time.
 - d The Claims Committee members serve three- (3) year terms.
 - e Anyone on the Claims Committee who was appointed by a Member that has announced its intent to withdraw from ICRMA loses her/his eligibility to serve on the committee following the December 1 deadline to rescind said notice.
4. **Attendance** – Claims Committee meeting attendance is essential to ICRMA business. A Claims Committee member missing two (2) meetings in a fiscal year shall be subject to Board review concerning forfeiture of his/her seat on the Committee.
5. **Vacancies** – The President may fill Committee vacancies by appointment. A committee member so selected serves until the next meeting of the Board, when the Board will vote on the appointment.
6. **Meetings**
 - a **Chair** – The Claims Committee elects a Chair and Vice Chair from among its number. In the absence of or inability of the Chair to act, the Vice Chair acts as Chair. If either the Chair or Vice Chair ceases to be eligible to serve on the Committee, the Claims Committee will fill the resulting vacancy at its next meeting.
 - b **Frequency** – The Claims Committee meets as required but not less than four (4) times a year.
 - c **Quorum** – A majority of the appointees to the Claims Committee shall be quorum for the transaction of business.
 - d **Proxy** – No proxies are allowed for Claims Committee business.
- C. **Nominating Committee** – The President periodically appoints three (3) to five (5) Directors to serve as Nominating Committee for the purpose of officer elections.

ARTICLE X – ADMINISTRATION

- A. **Executive Director** – The Board appoints ICRMA's Executive Director (referred to as "*General Manager*" in some **ICRMA Governing Documents**). The Executive Director is responsible for the daily administration, management, and operation of ICRMA and its programs subject to the direction and control of the Board and as clarified in **ICRMA's Governing Documents**, relevant job descriptions and/or contracts. The Executive Director may, but need not be, an employee of ICRMA, a consultant, or a corporation contracted to serve.
- B. **Legal Counsel** – The Board approves legal counsel to advise on matters relating to the operation of ICRMA. ICRMA has the right to pay such legal counsel reasonable compensation for said services.

- C. **Authority to Contract** – The Board may authorize the Executive Director, any officer, and/or agent, to enter into any contract or execute any instrument in the name and on behalf of ICRMA. Such authorization may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent, or employee has any power or authority to bind ICRMA by any contract or to pledge its credit or to render it liable for any purpose or to any amount.
- D. **Director & Officers Insurance** – ICRMA may purchase insurance indemnifying the Directors, Officers, and Administrative staff for personal liabilities arising out of wrongful acts in the discharge of their duties to ICRMA or may elect to self-insure such risk.
- E. **Claims Against ICRMA** – Claims against ICRMA shall be presented to the mailing address of ICRMA.

ARTICLE XI – COVERAGE PROGRAMS

- A. **Purpose** – ICRMA establishes programs of risk sharing, insurance, and risk management services in such areas as the Board may determine, including but not limited to property, workers' compensation, liability and benefits. The purpose in establishing each ICRMA Program is to create a method for providing coverage for legal exposures incurred by the Member and ICRMA, as provided in the related **Memoranda of Coverage**.
- B. **Authority** – ICRMA's Programs have been organized under authority granted by, and shall be conducted in accordance with the laws of, the **State of California** and the standards set forth by the **California Association of Joint Powers Authorities (CAJPA)** in its accreditation standards.
- C. **Bylaws** – These **Bylaws** are applicable to all ICRMA programs as operationalized through **ICRMA's Governing Documents**.

The **Agreement** further requires Board approval of program **Bylaws** in order for each program to become operational with the full authority of ICRMA and the powers specifically delegated to it by the Board. The specific requirement of program **Bylaws** is met with passage of each program's authorizing **ICRMA Resolution** and approval of its **Memoranda of Coverage** or relevant policies.
- D. **Coverage Terms** – Each ICRMA coverage program provides coverage under the terms and conditions set forth in its **Memoranda of Coverage** and/or related policy documents. The amount of coverage to be pooled and/or purchased is at the discretion of the Board. Although Programs are provided to the Members under those terms and conditions which prevail when the Member joins, ICRMA's Board retains the right to alter the terms and conditions of the program in response to the needs and abilities of program participants, as well as in response to availability of coverage from outside sources.
- E. **Participation** – Any Member may apply to participate in an ICRMA program by complying with all requirements set forth in **ICRMA's Governing Documents** then in effect and as subsequently modified. The Board may approve or disapprove the application consistent with **ICRMA's Governing Documents** then in effect and as subsequently modified.

If accepted, the Member shall commit to three (3) full years of participation in the program. Subsequently, the Member shall commit to at least one (1) full year of participation per renewal.
- F. **Conflicting Representation** – After being notified in writing that one Member of ICRMA has filed a formal claim, which could be reasonably construed to seek damages covered by a **Memoranda of Coverage**, against another Member, in accordance with provisions of the **California Government Code**, **ICRMA will no longer act, on behalf of either Member** with respect to such claim, without written consent from **ALL** members involved, insofar as the case giving rise to the claim is concerned. Any action that ICRMA may choose to take is without waiver of any provision or exclusion of any **Memorandum of Coverage**.
- G. **Retained Limits** – The Member shall pay the amount of each loss, including expenses, which is less than its retained limit.
 1. ICRMA establishes the limit of coverage for each coverage program annually. The underlying coverage of the program provides Members retained limits per occurrence, or other limits modified by resolution.
 2. If as Member wants to change its retained limit for the beginning of the following program year, it must request the change in writing no later than January 15 of the prior program year.
 3. The Board may require a Member to have a retained limit different from the expiring program year, at the inception of a program year and upon written notice sent no later than January 15 of the prior program year.
- H. **Excess Coverage** – The Board shall ensure that each program year is provided with excess coverage for the participants of each program. It is the intent and purpose of ICRMA to continue to provide such coverage to the participants, provided that such coverage can be obtained, and the coverage is not unreasonably priced. This coverage may be obtained from an insurance company, by participating in another pool established under the **Government Code** as a joint powers authority, or offered through

another program pooling procedure. If the coverage is purchased from an insurance company, such insurance company shall have an **A.M. Best Rating Classification of A- or better** and an **A.M. Best Financial Rating of VII or better** or their equivalents.

1. ICRMA pays the premiums for such coverage from the proceeds received as annual contributions from its Members.
 2. The Board may alter excess coverage based on insurance market conditions, available alternatives, costs, and other factors.
 3. The Board places excess coverage with the competing objectives of security and minimizing cost to each program as a whole.
- I. **Claims Procedures** – The Board adopts claims policies and procedures including reporting procedures, forms, and other vital information that are provided to all program participants. All program participants are accountable for understanding and abiding by **ICRMA's Governing Documents** then in effect and as subsequently modified.
- J. **Claims Committee** – The authority and function of the Claims Committee are as described in [Article IX of these Bylaws](#).
- K. **Liability and Workers' Compensation Settlement Authority**
1. Each **Member** has authority to settle any claim arising out of any one occurrence, as defined in the **Memoranda of Coverage**, which does not exceed the amount remaining of the Member's Retained Limit, **including** attorney fees and other costs. The Claims Committee reviews these claims from time to time and may offer its recommendation to the Member's Third Party Administrator (TPA) and the Member regarding settlement.
 2. Authority to settle any claim, as defined in the **Memoranda of Coverage**, in excess of the Retained Limit of the Member involved, is as follows:
 - a The **Executive Director** has authority up to \$50,000 in excess of the Retained Limit;
 - b The **Claims Committee** has authority up to \$750,000 in excess of the Retained Limit; and
 - c The **Board**, unless otherwise delegated, retains unto itself the authority to approve settlement of any other claim.
- L. **Property Settlement Authority**
1. Each **Member** has authority to settle any claim arising out of any one occurrence, as defined in the **Memoranda of Coverage**, which does not exceed 100% of the amount remaining of the Member Deductible.
 2. Authority to settle any claim, as defined in the **Memoranda of Coverage**, in excess of the Member Deductible, is as follows:
 - a The Third Party Administrator (TPA) has authority up to \$50,000 in excess of the Member Deductible; and
 - b The **Executive Director** has authority in excess of the TPA's authority and up to the Self-Insured Retention.
- M. **Auto Physical Damage Settlement Authority**
1. Each **Member** has authority to settle any claims arising out of any one occurrence, as defined in the **Memoranda of Coverage**, which does not exceed 100% of the amount remaining of the Member Deductible.
 2. Authority to settle any claim, as defined in the **Memoranda of Coverage**, in excess of the Member Deductible, is as follows:
 - a The Third party Administrator (TPA) has authority up to the Self-Insured Retention.
- N. **Liability and Workers' Compensation Claims Audit**
1. The adequacy of claims adjusting for both ICRMA and Members shall be examined at least once every two (2) years.
 2. The examination shall be by an independent auditor who specializes in claims auditing.
 3. The costs of such claims audit shall be paid by ICRMA.
 4. The claims audit report shall address the issues of both adequacy of claims procedures and accuracy of claims data. The report shall be filed with ICRMA and sent to each Member.

ARTICLE XII – DISPUTE RESOLUTION

- A. **Defined** – A **"dispute"** means complaint or disagreement relating to implementation of ICRMA Governing Documents, policies and procedures that cannot be resolved in the usual course of business despite the best efforts of both parties. This may include but is not limited to, the terms and conditions of membership, obligations of Members and ICRMA, interpretation or application of policies and procedures, and the performance of staff and ICRMA consultants.
- B. **Scope** – The purpose of this Article is to provide Members with a process to address conflicts or disagreements pertaining to membership issues, other than claim handling and coverage issues, in a neutral and expeditious manner by establishing standard procedures for their resolution. All claims and coverage related disputes should be addressed per the **Memoranda of Coverage**.

C. Procedure

1. Formal Request for Resolution

- a **Submission** – Members shall submit disputes to the ICRMA Executive Director in writing, clearly describing the dispute and related facts as well as efforts made to resolve the issue before going to the Board.
- b **Processing** – The Executive Director 1) acknowledges receipt, 2) refers the matter to the Board for consideration within ten (10) days of receipt of the written dispute, and 3) places the matter on the agenda for discussion at the next regularly scheduled meeting of the Board. If said meeting is more than sixty (60) days from the date the dispute was raised, a special meeting of the Board will be scheduled to discuss the dispute.
- c **Resolution of Dispute**
 - i The Board will render a written decision to the Member within ten (10) days of the meeting.
 - ii A dispute may be resolved at any stage of the proceedings, and that resolution will be final and binding.
 - iii Likewise, the Member may withdraw a dispute at any stage in the procedure.
- d **Penalties Stayed** – Relevant surcharges, penalties and/or interest will not accrue during a dispute.

2. **Presidential Request for Resolution** – If the President perceives or has information that indicates a dispute pertaining to a membership issue exists; the President may initiate a dispute resolution procedure without written notice as required in a Formal Request for Resolution.

3. **Time Limits** – Time limits shall be strictly enforced. However, any time limits established in this policy, may be waived or extended by mutual agreement of both the Member and ICRMA, and confirmed in writing.

ARTICLE XIII – FINANCIAL MATTERS

- A. **Fiscal year** – ICRMA's fiscal year is the period from July 1 of each year through June 30 of the subsequent year.
- B. **Budget** – The Board adopts an annual budget by July 1 of each year, with receipt of a draft budget forty-five (45) days prior thereto. The Board has the authority to extend the deadline if it is unable to adopt a budget by July 1.
- C. **Audit** – The Board shall cause an annual audit of the financial accounts and records of ICRMA to be made by a qualified, independent individual or firm. The minimum requirements of the audit are those prescribed by **California law**.
- D. **Board Compensation & Expenses** – Directors may not receive compensation for their services. However, ICRMA will reimburse any Director or Officer, who does not otherwise receive compensation, for actual expenses incurred, and reasonable out of pocket expenses of the Director or Officer in the performance of his/her duty on behalf of ICRMA.
- E. **General Administration of Funds** – ICRMA offers participation in a risk sharing pool, covering losses of participants in accordance with the **Agreement** and the applicable **Memorandum of Coverage**.
 1. The assets of the pooled program shall be maintained at all times as the assets of the participants collectively.
 2. The assets may be disbursed only pursuant to the provisions of these **Bylaws**.
 3. Members shall **NOT** have an individual right to exercise control over said assets except as provided in the **Agreement**.
 4. ICRMA is responsible for the strict accountability of all funds and reports of all receipts and disbursements.
 5. ICRMA shall comply with all relevant law, including **California Government Code §6505**.
- F. **Program Accounting** – The accounting method for each risk management program will be in accordance with the provisions of the **Bylaws** governing that program and **Government Accounting Standards Board** principles.
 1. Funds received for each program shall be accounted for separately on a full-accrual basis.
 2. Each program year shall be accounted for separately, unless the Board approves a multi-year program funding option. Specifically, the income and expenses of each program year shall be accounted for separately from any other program year's income or expenses.
 3. A program year shall not be closed until such time that the Board authorizes closure, being convinced that known claims for the year are all closed and the probability of further claims being discovered is minimal. Any closed years **MAY** be reopened at any time if deemed necessary and approved by the Board.
 4. An independent actuary shall test the condition of each self-insured risk management program of ICRMA on an annual basis.

The condition of each open program year within each such program shall be tested to determine its actuarial soundness.

- G. **Annual Member Contribution** – The Board shall approve the annual contribution amount for each Member entity as part of the approved annual budget. The Executive Director recommends rates for each program in conjunction with ICRMA’s actuary or other financial advisors, if deemed necessary. Each Member will be evaluated annually and their contribution amount shall be calculated according to an approved allocation formula or other guidelines approved by the Board. Billing will occur annually with due dates specified and failure to pay consequences as provided in the Bylaws or other ICRMA Governing Documents.
- H. **Dividends**
1. **Definition** – A dividend is a distribution or allocation of ICRMA funds to members for a given program year when that program year is determined by the Board to be eligible for a dividend distribution according to **ICRMA’s Net Asset Policy** as articulated in **ICRMA’s Governing Documents**.
 2. **Limitations**
 - a The Board may declare dividends **ONLY** when the conditions of **ICRMA’s Net Asset Policy** are met.
 - b No such distribution or allocation may be considered to be a dividend unless expressly declared as such by the Board.
 - c ICRMA may transfer funds between program years when the conditions of **ICRMA’s Net Asset Policy** are met.
 - d Dividends are never required. Any declaration of a dividend will be at the discretion of the Board.
 - e Dividends will be distributed in an equitable manner. Past members shall receive any distribution of dividends based on the same methodology as applied to the current members.
- I. **Assessments**
1. **Definition** – If the Board determines that a program lacks sufficient funds as described in **ICRMA’s Net Asset Policy** as articulated in **ICRMA’s Governing Documents** for a given program year or for the program as a whole, the Board may assess an amount deemed necessary and approved by the Board as sufficient to protect the net assets of the program.
 2. **Limitations**
 - a The Board may levy assessments when the conditions of **ICRMA’s Net Asset Policy** are met.
 - b Assessments of participating Members, former or present, will be at the discretion of the Board.
 - c Each Member’s share of the assessment shall be allocated based upon the method by which the annual contributions were collected for the risk-sharing layer of each program year being assessed.
- J. **Deposit and Investment of Funds** – The Treasurer may deposit and invest ICRMA funds, subject to the same requirements and restrictions that apply to the deposit and investment of the general funds of a City incorporated in the **State of California** and in accordance with **ICRMA’s Investment Policy** adopted by the Board annually.

ARTICLE XIV – TERMINATION & DISTRIBUTION

- A. **Termination** – The Board’s authority to terminate a program or dissolve ICRMA is as described in **Article VI.A of these Bylaws**.
- B. **Distribution of Assets** – Upon termination of ICRMA, the assets and liabilities of ICRMA shall be distributed and apportioned among the Members that have been members in its programs, including those Members that previously withdrew or were expelled pursuant to these **Bylaws**, their predecessors or any other **ICRMA Governing Documents** in accordance with and proportionate to their contributions and assessments paid. The Board determines such distribution after the last pending claim or loss, covered by the program has been finally resolved and there is a reasonable expectation that no new claims will be filed. Any additional funds received after the above distributions are made shall be returned in proportion to the contributions made.
- C. **Durability in Wind-down** – The **Agreement**, these **Bylaws**, and ICRMA continue to exist after termination for the purpose of disposing of all claims, distribution of assets, and all other functions necessary to conclude the obligations and affairs of ICRMA.

ARTICLE XV – TORT LIABILITY

California Government Code §895.2 imposes certain tort liability jointly upon entities solely by reason of such entities being parties to an agreement as defined in **§895 of said Code**. Therefore, the members hereto, as between themselves, pursuant to the authorization contained in **California Government Code §895.4 and 895.6**, each assumes the full liability imposed upon it for any of its officers, agents, or employees by law for injuries caused by a negligent or wrongful act or omission occurring in the performance of this agreement, to the same extent that such liability would be imposed in the absence of **§895.2 of said Code**. To achieve this purpose, each Member indemnifies and holds all other members harmless for any loss, cost, or expense that may be imposed upon such other Member solely by virtue of **California Government Code §895.2**.

ARTICLE XVI – EFFECTIVE DATE & SUPERSESSION

These **Bylaws** are effective immediately upon the date of approval unless specified otherwise for the purpose of avoiding conflicts among documents. Upon adoption they supersede prior **Bylaws** and/or amendments thereto. Adoption of these **Bylaws** shall not affect the **Agreement**. In the event that a provision in these **Bylaws** conflicts with the **Agreement** and/or **Memoranda of Coverage** the latter shall rule but only to the extent and duration of the conflict.

ARTICLE XVII – AMENDMENTS

The Board may amend or repeal these **Bylaws** as provided in [Article VI.A of these Bylaws](#). Voting Directors will be given notice of intended amendment or repeal in advance of taking such action.