



PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM) Policy Statement Discount For CAJPA Accreditation

Purpose. The purpose of this policy statement is to provide rating credits in PRISM's EWC and GL1 Programs for member joint powers authorities (JPAs) that have been granted accreditation status by the California Association of Joint Powers Authorities (CAJPA).

Benefits. PRISM has specifically identified JPAs as being a target market for membership in our insurance programs. It is generally believed that JPAs tend to operate sophisticated risk management programs and provide important services to member entities including loss prevention services. Not all JPAs, however are created the same, so it is important to attract and retain the best run pools. CAJPA Accreditation is a measure of how well a pool is being managed and is evidence of the JPA Board's commitment to high standards. By providing an incentive to accredited pools to join and/or remain in PRISM's program(s), PRISM will be maintaining a rating structure that will attract the better risks. An evaluation of the management of the JPA is not otherwise considered as part of the application and rating process. This policy also provides support for the pooling industry by creating an incentive for JPAs to obtain accreditation when they might not otherwise recognize the benefits of going through the accreditation process.

CAJPA Standards. The CAJPA Accreditation program has been operating since 1989. The process includes a detailed review by independent consultants applying a detailed set of standards that have been accepted by the industry as "best practices". The consultant prepares a detailed report that is reviewed by the CAJPA Accreditation committee. Compliance with the standards results in a status of "Full Accreditation" or "Accreditation With Excellence" for a three year period. The purpose of the program is to promote professional management and fiscally sound practices, provide industry standards, assure governing boards of management's compliance with accepted standards, and maintain a self-regulating process that is ultimately less expensive and more meaningful than State or Federal regulation. PRISM has been continuously Accredited With Excellence since 1989. The Accreditation Standards span 22 pages including nine broad categories of review including:

- Governing Documents and Administrative Contracts
- Government Rules
- Insurance and Coverages
- Accounting and Finance
- Investment of Funds
- Funding and Actuarial Standards
- Risk Control
- Claims Management

- Operations and Administrative Management

Policy. This policy shall provide rating credits on the pool premium in the GL1 and EWC programs. As of the adoption of this policy, there are significant annual surplus contributions being collected such that the credits granted do not have a measurable impact on the overall funding. This policy shall be reviewed annually and may be suspended or modified for any reason including but not limited to a change in program funding such that the credits granted would impact the overall program funding. The essential elements of the rating credit policy are as follows:

- JPAs shall be eligible for the underwriting credit if their CAJPA Accreditation is in force at the time of entry into a program or if accreditation is in force as of May 15th of any year for members renewing in a program.
- Annual credit of 3% of pooled premium shall be allowed, subject to \$7,500 maximum for qualifying pools that are "Accredited With Excellence".
- Annual credit of 1.5% of pooled premium shall be allowed, subject to \$5,000 maximum for qualifying pools that have "Full Accreditation".
- The applicable credit shall be granted out of pooled surplus at the end of the allocation process so that the amount of the credits will not be reallocated to other members. The credit will be received notwithstanding any minimum premium which may apply.