

September 28, 1998

To: Members, Executive Committee

From: Michael Fleming
General Manager

Re: Policy Statement on Claims Audits and Actuarial Studies

The CSAC Excess Insurance Authority is up for re-accreditation this year under the California Association of Joint Powers Authorities (CAJPA) accreditation program. One of the standards is to have a written policy on having actuarial studies and claims audits completed. Although it is our practice to complete these studies and audits on an acceptable frequency, we do not have a written policy statement directing us to do so.

Recommendation #1

It is recommended that the Executive Committee adopt the following policy statement with respect to actuarial studies:

The CSAC Excess Insurance Authority shall conduct actuarial studies annually on all self-funded pools that have open-ended liabilities not protected by the purchase of aggregate stop-loss coverage. Those pools protected by stop-loss insurance shall have actuarial studies done on a frequency approved by the governing committee of that program. Such actuarial studies shall be subject to appropriation in the annual budget.

Recommendation #2

It is recommended that the Executive Committee adopt the following policy statement with respect to claims audits studies:

The CSAC Excess Insurance Authority shall conduct claims audits on its Excess W.C. and Excess Liability I & II claims monitoring operations on an every other year basis. Claims audits will be performed on Medical Malpractice claims operations on an every other year basis. Claims audits shall be performed on the PWC Program annually. All such claims audits shall be subject to appropriation in the annual budget.