

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



ADOPTED BUDGET

For the Fiscal Year
July 1, 2025 to June 30, 2026

**PRISM
Public Risk Innovation,
Solutions, and Management**

**ADOPTED BUDGET
FOR THE FISCAL YEAR JULY 1, 2025 TO JUNE 30, 2026**

EXECUTIVE COMMITTEE

Name	Entity
Karen Caoile	Contra Costa County
Scott H. De Moss	Glenn County
Aaron Holmberg	Inyo County
Heather Rose	Mendocino County
Tanya Moreno	San Joaquin County
Lance Sposito	Santa Clara County
Janell Crane	Sonoma County
Rebecca Craig	Napa County
Helaina Wilkinson	Placer County
Scott Schimke	GSRMA
Barbara Lubben	Yolo County PARMIA
Michael Pott	Chief Operating Officer & PRISM General Counsel

SENIOR MANAGEMENT

Gina Dean	Chief Executive Officer
Michael Pott	Chief Operating Officer
Juemin Zhang	Chief Actuarial Officer
Puneet Behl	Chief Financial Officer
Tom Pelster	Chief Information Officer
Heather Fregeau	Chief Claims Officer – Liability & Property
Jennifer Hamelin	Chief Claims Officer – Workers' Compensation
Rick Brush	Chief Member Services Officer

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Adopted Budget
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June 6, 2025

Members, Board of Directors
Folsom, California

Ladies and Gentlemen:

We respectfully submit the Public Risk Innovation, Solutions, and Management (also referred to as PRISM) proposed budget for fiscal year 2025/26 for your approval.

Budget Priorities

PRISM's budget continues to be driven by its mission and our core values of providing competitive, adaptable, resolute, equitable and stable products and services that address the unique risk financing needs of California's public entities. PRISM Affiliate Risk Captive (PRISM ARC), a blended component unit of PRISM, is a captive insurance company domiciled in Utah established to take certain risks of various PRISM programs.

The hard market conditions in many of our programs continues to be challenging for our members in terms of stabilizing cost increases. As a result, we are continuing to evaluate ways to reduce risk (whether that be through providing new services, accessing data to better identify trends, or evaluating legislative opportunities) to ultimately reduce and/or stabilize costs for the members. Equity in sharing those costs amongst the members is also a high priority.

Our Information Technology Department received approval at the May 2020 Executive Committee meeting to move forward with the development of a proprietary claims system using a development partner and low-code platform. The project launched in July of 2020 with the discovery phase of gathering all project requirements. Software development began in March of 2021. The phase one deployment of the new system to PRISM users occurred in November of 2023 with the general liability (GL1 and GL2) claims being the first to be migrated on to the platform. Expenditures in advance of the launch were on budget at \$4.2M. An additional \$350k was budgeted in FY24/25 and an additional \$500k has been budgeted for FY25/26 to continue development and implementation of the system to accommodate workers' compensation and property claims.

PRISM continues to increase information on its website and functionality for managing our pool (pool information management system). Development continues with the expansion of functionality to support and streamline the annual workers' compensation payroll audit, and new information intake and tracking functionality to streamline workflows, improve time to completion, and boost efficiency as well as the implementation of a data warehouse. Also a new PRISM AI Chatbot is expected to be launched soon to help members navigate the website.

The need for comprehensive and accurate data continues to be of high importance to the insurance marketplace as the renewal process becomes increasingly challenging. As reinsurance

reporting requirements continue to increase for all of the programs, Data & Analytics (D&A) is focused on providing additional information, reports, and data as needed. Work includes more interaction with our data providers, more frequent collection and submission of data, additional reports, and new supplemental exhibits to the claim summary reports and bordereaux reports.

The D&A team will continue to respond to requests from the markets, provide additional information as it becomes needed, and work with the membership (and their data providers) to improve the timeliness and quality of member loss data.

Significant Trends

While each PRISM program has unique characteristics, there are some significant trends impacting the pool overall. Significant cost drivers for PRISM are: 1) the cost of excess and reinsurance in the open market, 2) loss history which influences actuarial estimates of the cost of future losses, 3) prevailing interest rate returns on PRISM's investments, and 4) changes in the coverage base and membership (e.g. covered payroll, total insured values). PRISM expects the operating environment in the coming year to be similar to current conditions.

Market

The insurance market as a whole continues to be in a hard market cycle, meaning that there is less competition and capacity among carriers, which drives up rates for excess and reinsurance.

Losses

In several programs, losses have experienced adverse development over the past few years, especially with respect to property and liability programs. Increased property losses over the past few years were driven in large part by weather-related events, while liability losses increased due to both the frequency of claims filed and increased legal and settlement costs (i.e. the severity of losses). Overall, increases in loss history are worked into the actuarial estimates and result in increased rates.

Interest Rates

Interest rates continue to be volatile, although more stable than in recent years. As a result, changes in discount rates applied to premiums have been adjusted fairly conservatively.

Coverage Base

The hard insurance market has brought more members to PRISM programs as risk financing on the open market becomes unaffordable. These new members expand the coverage base which drives an increase in both revenue and expenses to the pool.

While future investment earnings are expected to offset some cost, all other significant cost drivers continue to increase PRISM's rates (cost per unit of coverage). These increased rates are then applied to the increased coverage base (number of units covered) resulting in an overall increase in both revenue and expenses to the pool. For FY25/26, PRISM continues to modify and adapt its program structures based on both market forces and member needs.

Cash Flows and Debt

Due to the nature of PRISM's operations, we collect a large amount of premium upfront and use it to pay for reinsurance premiums, risk programs and the payment of claims on retained risk over

a long period of time. Therefore, PRISM has a very large Treasury that is invested by professional asset managers. As a result, PRISM has no debt and no plans to acquire debt.

Acknowledgements

We would like to thank the PRISM staff for their dedication and service providing quality programs and services to PRISM members. We would also like to thank our Board of Directors and the members of all PRISM committees for their support and efforts to make PRISM one of the largest and best run risk pools in the nation.

Sincerely,



Gina Dean
Chief Executive Officer



Puneet Behl, CPA
Chief Financial Officer



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Public Risk Innovation, Solutions, and Management (PRISM)
California**

For the Fiscal Year Beginning

July 01, 2024

Christopher P. Morrill

Executive Director

Organization and Reporting Entity

The Public Risk Innovation, Solutions, and Management (PRISM) is a Joint Powers Authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of PRISM is to develop and fund insurance programs, as determined by member counties and other public entities. Such programs may include the creation of insurance funds, including primary and excess insurance funds, the pooling of self-insured claims and losses, purchase of insurance, including reinsurance, and the provision of necessary administrative services.

PRISM is under the control and direction of the Board of Directors, which consists of representatives of the member counties and other public entities. For purposes of control and daily management, PRISM annually elects an Executive Committee consisting of a President, Vice President, and nine Directors. The immediate past president and legal advisor are non-voting members of the Executive Committee. The Executive Committee has appointed a Chief Executive Officer. The Executive Committee is responsible for the oversight of the Excess Workers' Compensation, General Liability 1, MROCIP, and the Miscellaneous Programs. Six program committees have oversight of the other major programs. Additionally, PRISM Affiliate Risk Captive (PRISM ARC), a captive insurance company domiciled in Utah, began operations on July 1, 2016. PRISM ARC was established so that PRISM could transfer to PRISM ARC risks pertaining to its corridor retentions at a discount. PRISM ARC is a component unit of PRISM and is therefore consolidated into its budget and financial results.

The budget includes all programs operated by PRISM and PRISM ARC. The budget conforms to generally accepted governmental accounting standards including the unique requirements for state and local governments set forth by the Governmental Accounting Standards Board (GASB). PRISM follows a zero-based budgeting process where all the expenses must be justified for the new year. The accounting records and the budget are prepared and maintained using the accrual basis of accounting. Revenues (insurance and pooled premium) are recognized when earned, and expenses for claims are recognized when known or estimated, rather than when paid. The cost of acquiring capital assets is recognized through depreciation expense over the life of the asset. By approving the Capital Outlay Budget, governance is authorizing PRISM to make the capital asset purchase. PRISM's governing board determines which capital projects move forward based on the needs of the organization and as advised by PRISM management. All projects are consider "funded" in the year they are approved via the Capital Outlay Budget.

Basis of Accounting

PRISM is a single enterprise fund, a proprietary fund used to report an activity for which a fee is charged to external users for goods or services. The accounting records are maintained using the economic resources measurement focus and the accrual basis of accounting. PRISM's revenue and expenses are driven by members' (counties and public entities) insurance needs. Revenue and expense vary annually based on insurance market conditions, the amount of insurance coverage obtained and the member participation in programs, which varies from year to year. Sources of revenues are member payments for coverage, called Premiums for Transferred Risk, where the amount is used to purchase insurance and Contributions for Retained Risk which is risk pool funding. Other items, like Broker Fees are pass-through where we collect (revenue) and pay out (expense) in similar amounts. Within this single enterprise fund, PRISM operates twelve major insurance

programs, each as a separate self-balancing set of accounts. The budget also covers a Miscellaneous Program for other programs offered to member and non-member public entities on a pass-through basis, and budgets for general administration and the operation of PRISM's building.

Market

The insurance market operates in cycles that tend to shift every few years. When rates are high and the competition is low, we are said to be in a hard market. When rates are low and competition is aggressive, we are in a soft insurance market. The hard market is expected to continue into FY25/26 and is particularly affecting property and casualty programs. The Property Program is renewing with an overall 9.8% increase, while the GL1 and GL2 Programs are projected to renew with a 18% - 40% increase. The liability market is being driven by the continued increase in high-dollar claims resulting from higher plaintiff demands, significant jury verdicts, litigation financing, and overall inflation, all of which have also raised the value of claim settlements in recent years. These trends are affecting all public entities: counties, cities, schools and special districts, particularly in California. And as it affects the industry, it also affected PRISM. For example, per the Insurance Information Institute the total cost of liability claims in the United States increased about 11% annually from 2010-2020. Claims reserved at over \$1M more than doubled from 2018-2023. Recent Property losses in California have been driven by disastrous wild fires and severe winter storms and resulted in a decrease in market capacity for property coverage. These increases in both frequency and severity have shown up in PRISM's own loss experience. However, due to the size of our liability programs, and the economies of scale, we were able to leverage the volume we bring to the reinsurance markets to mitigate insurance increases.

Membership

There are two classes of membership, county members and public entity members. Each member has adopted the Joint Powers Agreement and has been approved by the Board of Directors.

County membership is available to California counties whose supervisors are members of the California State Association of Counties (CSAC). Currently there are 54 member counties. Each County member is entitled to appoint one representative to the Board of Directors. County members have nine positions on the Executive Committee.

Public entity membership is open to any other California public entity. Public entity members have seven voting seats (and three alternates) on the Board of Directors. Two seats on the Executive Committee are designated for public entity members. See member table in the overview chart section of the budget for trend information on member participation in PRISM programs.

Organization

PRISM maintains sixteen committees to govern its operations. Representatives from member entities are elected or appointed to serve on these committees. Six committees (PRISMHealth, Employee Benefits, General Liability 2, Medical Malpractice, Primary Workers' Compensation, and Property) govern their respective insurance programs and report to the PRISM Board of Directors for informational purposes. The Excess Workers'

Compensation and General Liability 1 Programs are directly governed by the Underwriting Committee, Executive Committee, and Board of Directors. Other committees have been established to assist in providing operational direction to PRISM including:

Claims Review - Advises Executive Committee and Board regarding claims-related matters related to the EWC and GL1 Programs.

Claims Review 2 - Advises Executive Committee and Board regarding claims-related matters related to the GL2 Program.

Finance – Provides direction on PRISM financial matters including the Annual Comprehensive Financial Report (ACFR), annual budget, and investment portfolio. The Finance Committee also serves as PRISM’s Audit Committee.

Legislative – Reviews and provides input on legislative issues that could impact PRISM’s operations.

Technology – Provides direction on technology solutions, systems and investments of PRISM.

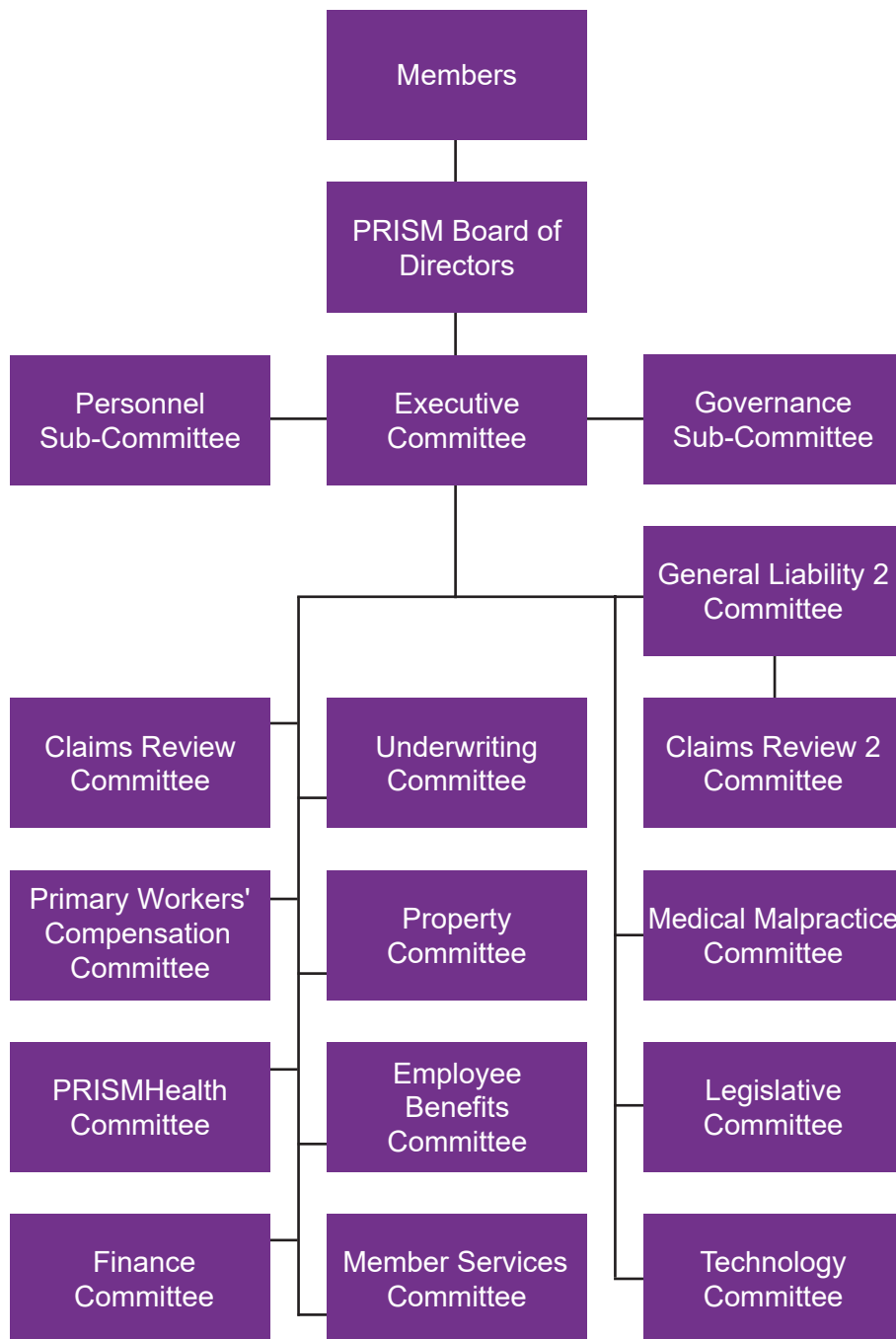
Member Services – Provides guidance to staff in creation and implementation of new programs and risk management services to be provided to the PRISM members.

Personnel Sub-Committee – Provides direction to the Executive Committee on matters relating to personnel.

Governance Sub-Committee – Aids in reviewing and making recommendations to the Executive Committee for appointments of committee members.



PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)



Mission Statement

The Board of Directors has adopted the following Mission Statement:

PRISM is a member-directed risk sharing pool of public agencies committed to providing risk coverage programs and risk management services, which drive member stability, efficiency, and best practices.

Vision Statement

PRISM will continue to be internationally recognized as a leading risk sharing pool for its member-directed operating philosophy and commitment to member fiscal sustainability. PRISM will continue to influence and shape the future of the risk management profession.

Core Values

PRISM is dedicated to preserving a member-directed culture, defining standards for quality and performance throughout the industry, and ensuring programs and services are:

- **C**ompetitive in scope and price over the long term.
- **A**daptable and customized to meet member needs, based on high-quality standards.
- **R**esolute in delivering timely solutions that address present and emerging risks.
- **E**quitable in allocating costs and services between various members in a fair and consistent manner.
- **S**table in supporting cost-effective, fiscally prudent operations and long-term solvency, and in building long-term relationships with members and program/service partners.

Budget Process

The budget process consists of activities that develop, implement and evaluate a plan for the provision of services to fulfill our mission and purpose. The budget process:

- Incorporates a long-term perspective;
- Links fiscal planning with the strategic goals of each major program; and
- Involves and promotes effective communication with members.

Each year, each governing committee establishes specific short and long term goals for their program. These can be found in the program budget policies that are in each program section of the budget.

PRISM utilizes its committee structure to involve many participants in the development and oversight of PRISM's Budget. The Finance and Executive Committees have a major role in the budget process by providing general direction for the preparation of the budget and adopting policies and providing ongoing input. Each program committee is also involved by adopting policies and providing input for each of PRISM's programs. The Board of Directors is ultimately responsible for review and adoption of PRISM's budget, and any budget revisions.

PRISM's budget includes revenue and expense categories for premium growth due to new members or additions to coverage by existing members, and the related expenses including actuarial adjustments for existing or new coverage. PRISM has been delegated to the CEO to transfer from this category at the PRISM-wide budget level into any program budget as needed to cover these expenses and any dividend expense not included when the budget is adopted.

A budget revision is prepared by PRISM staff whenever additional spending authority is required, or there is a major change in a program budget. The budget revision is reviewed first by the Finance Committee and then by the Executive Committee who will make a recommendation to the Board of Directors at the next meeting. Budget revisions have to be approved by the Board of Directors.

2025/2026 Budget Calendar

PRISM strives to make its budgeting process transparent and open to the public. Members of the public are welcome at all governing and Committee meetings and time is set aside in each meeting for public comment. Agendas are posted publically in advance of each meeting.

January 2025

- Major budget items are presented to the Executive Committee for discussion and direction.
- Throughout the spring, governing committees review and revise the budget policies and program goals for the upcoming fiscal year.

April 2025

- Personnel and salary items are presented to the Personnel Sub-Committee.
- The Personnel Sub-Committee presents a recommendation to the Executive Committee on personnel matters.
- The Finance Committee reviews and approves or revises the General Administration and Building budgets.
- Staff revises the General Administration and Building budgets based on the Finance Committee's recommendations.
- The Finance Committee recommends approval of the General Administration and Building budgets to the Executive Committee.

May 2025

- The Executive Committee reviews and approves or revises the General Administration and Building budgets.
- The Finance Committee reviews and approves or revises the final consolidated (all programs) proposed budget.
- Staff revises the final consolidated (all programs) proposed budget based on the Finance Committee's recommendations.
- The Finance Committee recommends approval of the final consolidated proposed budget to the Executive Committee.

June 2025

- The Executive Committee reviews and approves or revises the final consolidated proposed budget.
- After any proposed changes are completed, the Executive Committee presents a recommendation to Board of Directors to approve the final consolidated (all programs) budget.
- The Board of Directors reviews and approves or revises the final budget.

As necessary, staff will prepare budget revisions, present them to the Finance and Executive Committees for review, and if recommended, to the Board of Directors.

PRISM LONG-TERM GOALS

Community, Outreach and Influence

1. PRISM will strengthen its influence as a leader in promoting the importance of sound risk management and a risk management environment, which maintains the long-term health and stability of public agencies.
2. PRISM will support members and the public agency community in building competency in risk management.
3. PRISM will continue to grow member utilization of PRISM partner programs and services.

Member Programs and Services

4. PRISM will offer a full suite of innovative, cost cutting programs and services that address members' needs, and will be vigilant in identifying and developing solutions for emerging risk.

Organizational Development and Sustainability

5. PRISM will expand its membership base to offer members even greater cost savings.
6. PRISM will improve service to members through advanced use of technology and the development of quality data and analysis.
7. PRISM will ensure there is equality in membership as described in our Core Values

PRISM senior managers hold bi-monthly meetings to review progress or impediments to achieving each milestone which in turn leads to achievement of organizational goals. Additionally, PRISM staff reports progress made on each milestone to the Board of Directors at their June and October meetings. For a copy of the complete Strategic Plan including all milestones and status detail, see: <https://www.prismrisk.gov/about-prism/prism-long-term-strategic-goals-milestones/>.

Guiding Long-Term Fiscal Policies

The following long-term fiscal policies were developed to give PRISM members a competitive advantage. These policies have guided PRISM through the ups and downs of the economic cycles and the constantly changing insurance market. These policies are designed to keep PRISM in a sound financial position and protect the resources members have invested in PRISM.

1. Provide members with the benefits from volume discounts.
2. Blend self-insurance with the purchase of insurance.
3. Provide the opportunity of premium dividends to our members.
4. Structure programs that are responsive to member needs.
5. Maintain long-term relationships.
6. Maintain financial strength

Volume Discounts

PRISM's insurance programs shall seek to obtain volume discounts from members joining together. Pooling arrangements and the purchase of insurance can both benefit from volume discounts.

Pooling

Larger retained risk pools results in:

- More predictable losses
- Higher actuarial confidence
- The ability to assume more risk
- Insulation from insurance market cycles

Insurance Purchase

Volume purchasing can result in:

- Lower insurance rates
- Better coverage agreements

Blending Self-Insurance with the Purchase of Insurance and Transfer of Risk

PRISM's insurance programs shall seek to blend the best of self- insurance or pooling with the best of insurance purchase and transfer of capped risk to PRISM ARC. The benefits of blending pooling with the purchase of insurance and transfer of risk are as follows.

Pooling

- Contributions stay with members
- The pool earns investment income
- Members have the potential for dividends

- Pooling eliminates insurance cost
- Members retain program control:
 - Members define coverage agreements
 - Members control the claims

Insurance

- Provides protection from catastrophic losses
- Protects pool funding
- Reinsurance can:
 - Offer broad coverage agreements
 - Lower acquisition costs
 - No taxes or fees

Transfer of Risk to PRISM ARC

- PRISM ARC accepts transfer of capped risk by various PRISM programs at discounted premiums.

Dividends to Members

Retaining risk through the many PRISM risk pools has allowed PRISM to return \$66.4M in dividends to members during the past ten years.

Structure programs that are responsive to members needs

PRISM has twelve major programs designed to serve our members as follows:

1. Primary Workers' Compensation (PWC)
2. Excess Workers' Compensation (EWC)
3. General Liability, Program 1 (GL1)
4. General Liability, Program 2 (GL2)
5. Property
6. Medical Malpractice
7. Master Rolling Owner Controlled Insurance Program (MROCIP)
8. PRISM Internal Guarantee Account (PIGA)
9. PRISMHealth
10. Dental
11. Paid Family Leave (PFL)
12. Vision

The structure of each of these programs has changed over the years based on market conditions and member needs. Each program structure has taken the best of pooling and purchase of insurance to create a program responsive to current member needs.

Long-term Relationships

Many PRISM programs have benefited from long-term relationships with various underwriters. Multi-year agreements have stabilized costs, improved coverage and

saved premium resources. Long-term programs have proven to be effective in both hard and soft insurance markets. In addition, PRISM seeks to maintain or increase member participation in its programs. PRISM has consistently increased member participation and currently has 54 county members and approximately 2,000 public entity members (counties, cities, school districts, fire departments, etc.) participating in its programs. See member table in the overview chart section of the budget for trend information on member participation in PRISM programs.

Maintain Financial Strength

Balanced Budget

The overall PRISM budget is a balanced budget, meaning that budgeted revenue exceeds expenditures and provides a budgeted increase to net position.

Target Equity Funding

PRISM has established target equity guidelines for the major pooled programs and the General Administration program, which assist in keeping equity (net position) at levels designed to meet future claims obligations of that particular program. Most of these ranges are based on confidence levels higher than the expected discounted claims liabilities because of the high degree of uncertainty in actuarial estimates (due to the possibility of occasional catastrophic claims) and inconsistent or inaccurate case reserving. A confidence level of 50% means half the time claim costs will come in lower, but conversely, half the time claim costs will be higher.

If a program has net position above the target equity range, a plan is put in place to lower premiums or provide dividends over time to return to the target range. If the program has net position below the target equity range, a plan is put in place to increase premiums or collect additional funds over time to return to the target range. Where the program is within its target equity range and efforts to stay within the range, is a significant measure of the program's performance. This benchmark is closely monitored, year over year, by the governing committees. The target equity ranges are shown as the last line on each program's budget, as applicable.

Capitalization and Debt Policy

The original capitalization of PRISM in October 1979 was provided by certificates of participation by the founding member counties. PRISM has paid off these certificates of participation and has incurred no debt since the extinguishment of these obligations. While PRISM's governing documents do allow for debt capitalization, PRISM has no immediate plans to use debt to finance its operations. There are no legal debt limits that apply to PRISM.

Investment Policy

PRISM blends self-insurance (or pooling) with the purchase of insurance and transfer of risk to PRISM ARC. PRISM retains the risk for the self-insured portion, and thus retains member premiums (sometimes for decades) to satisfy future claim liabilities. PRISM has an investment policy designed for safety and liquidity of invested funds while providing a

reasonable yield. PRISM ARC maintains its own investment policy which is reviewed annually and updated by PRISM ARC Board of Directors.

PRISM accounts for the cash and investments within each of the programs. Investment income is allocated to the programs based on projected earnings from the portfolio of investments and the average projected investment balances in each program. Inter-program borrowing expense is based on the established internal borrowing rate, which reflects the anticipated yield on investments.

PRISM Long-Term Operating Financial Plans

Long-term operating financial plans for PRISM are executed in the framework of the long-term fiscal policies discussed in the previous section.

Core to the future success of any risk-financing entity is the recognition that accumulation and maintenance of sufficient net position (i.e. equity) allows for flexibility when there are shifts in external cost drivers. To that end, each of PRISM's major programs have developed target equity thresholds to guide funding decisions which impact future program equity. When equity is above the target funding guidelines, the program may give money back to the members in the form of a dividend.

Expectations for External Cost Drivers

With respect to external cost drivers, for the next three years we expect the following:

1. **The insurance market will remain in a hard market cycle.** While the increase in prevailing interest rates could result in more underwriters looking to expand business, adverse loss development in liability and property claims will keep commercial underwriting standards strict and competition low.
2. **Losses for liability programs will remain elevated over historic levels; workers' compensation losses will be stable.** The average value of PRISM's top 75 liability claims in the GL1 program have increased by over 50% over the past 3 years. This is consistent with results seen by PRISM's contemporaries in California. Management expects that adverse loss development will not continue at such an extreme rate, but that the current environment likely reflects a new norm. Workers' compensation claims have been relatively stable and we expect them to remain so.
3. **Membership and coverage base will remain stable.** This is predicated by past membership growth and acknowledges that public agencies will continue to need the coverages provided by PRISM. Given that membership will remain stable, the related coverage base (e.g. covered payroll for workers' compensation) will likely grow somewhat relative to inflation.
4. **Interest rates will remain stable.** Heavy investment in fixed income securities means that there is interest rate risk when prevailing rates go up or down and a mark-to-market adjustment must be made, but such investments always pay the stated coupon rate except in cases of default. Accordingly, PRISM expects positive realized interest rate returns on its fixed income investments which are held to maturity. Future finance projections have built in a modest increase in interest rates reflective of the current investment market.

Efforts to Stabilize Cost

Loss Portfolio Transfer

In FY19/20, the GL1 Program entered into a reinsurance arrangement with MultiStrat Reinsurance (MS Re). The agreement transferred all of the GL1 Program's unpaid claims as of April 1, 2019, for claims that occurred on or after July 1, 2007 (excluding Primary General Liability legacy claims), as well as the next 5 years of go-forward claims (2019/20 – 2023/24) within the pooling layer. This agreement was extended in the 2022/23 fiscal year through June 30, 2026, with structural changes to the Experience Adjustment Calculation and Premium Rate Credit Layer.

The reinsurance arrangement is structured such that PRISM and MS Re share risk within certain corridors and above certain aggregate limits. Part of PRISM's risk arising from the LPT is reinsured by ARC. The reinsurance arrangement has enabled the GL1 Program to gradually increase the rates to re-build the Program surplus and avoid significant assessments of the members.

Transfer of Risk to Captive

Where deemed appropriate, PRISM transfers risk to its wholly-owned captive, PRISM Affiliate Risk Captive (ARC), for a discounted premium. ARC then invests those premiums in higher-risk, higher-yield investments than those available to PRISM under California code. This arrangement increases investment earnings to the organization as a whole, ultimately translating to lower premiums to the PRISM membership because significant up-front premium discounts are provided to the members.

National Expansion

ARC was organized as a not-for-profit corporation in the State of Utah on June 24, 2016. ARC has been providing insurance coverages to agencies outside of state of California since 2020. The captive is structured such that a government outside of California may purchase coverage from ARC which is then reinsured by PRISM. This effectively allows for limited participation in the General Liability 1 (GL1) Program by out of state entities, referred to as "participants".

Eleven participants purchased GL1 coverage year to date in FY24/25. Underwriting for each participant is conducted independently of the PRISM membership and is written to subsidize the GL1 Program both via the coverage premiums and administration fees. We expect to continue this national expansion to grow the pool and to diversify risk whenever good prospects for coverage are identified.

PRISM Internal Guarantee Account

To protect the various programs, PRISM added an internal guarantee fund as a major program in FY24/25: PRISM Internal Guarantee Account (PIGA). This internal fund collects premiums from participating programs and provides limited coverage in the event that aggregate coverage limits are breached, or a carrier becomes insolvent and is unable to pay losses. Conceptually, this should eliminate or reduce the need for retrospective assessments to members. In its inaugural year, five major programs and six miscellaneous programs elected to participate in the fund.

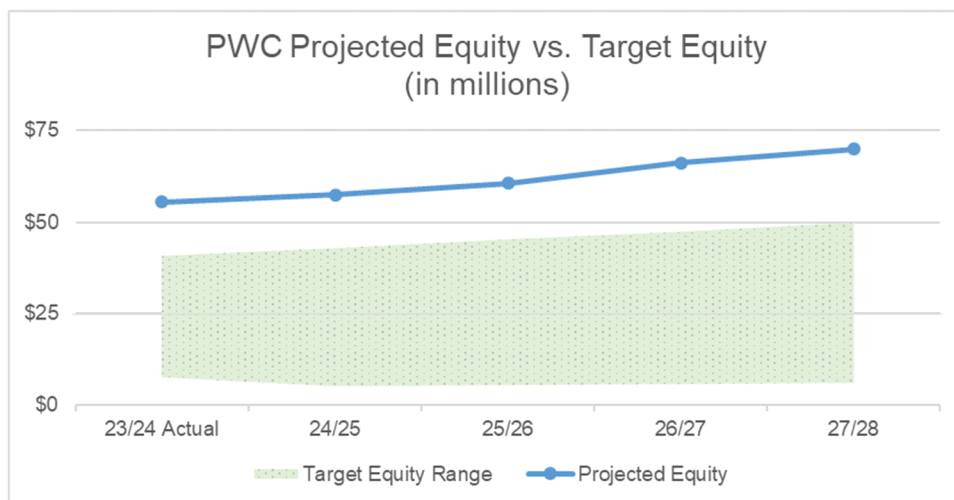
Commutation and Impact on Net Position

During FY23/24 the PRISM Executive Committee approved a settlement agreement with AmTrust, a reinsurer for the PWC, EWC, GL1, and GL2 Programs during the period from 2011-2017. The agreement ends years of disputes over coverage. It calls for AmTrust to pay PRISM \$150M to commute the reinsurance agreements, meaning the affected PRISM Programs took back the outstanding liabilities for all existing and future claims payments attributable to the AmTrust layers in those policy years. Estimates of the claims to be commuted back to PRISM was calculated to be \$285M. That exceeds the \$150M to be paid by AmTrust, resulting in a loss to the affected programs. The equity projections below and the estimated actual results for FY23/24 included in the budget include an estimate of the loss to PRISM as a whole totaling \$135M. An assessment is also estimated in FY23/24 to be collected from the members in the GL2 Program.

Equity Projections by Major Program

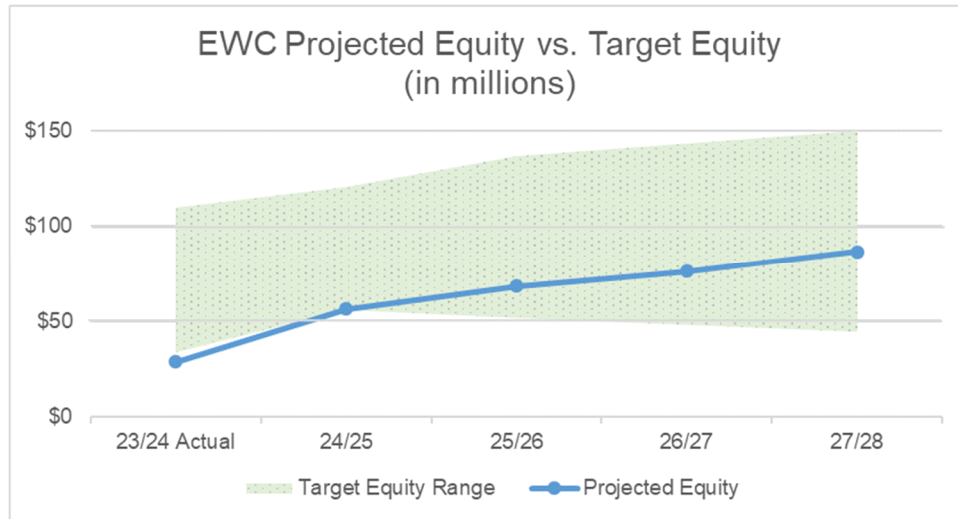
Primary Workers' Compensation (PWC)

Equity in the Program is expected to be maintained over the target range through FY24/25. Moving forward, equity growth in the program is expected as retained risk and ULAE continue to be funded at the 90% and 80% confidence levels, respectively. Actual cost of claims and ULAE are expected to be less than the funded amounts and the difference should be retained as net position. This Program does not discount its liabilities and is not anticipating significant investment returns as part of its projections.



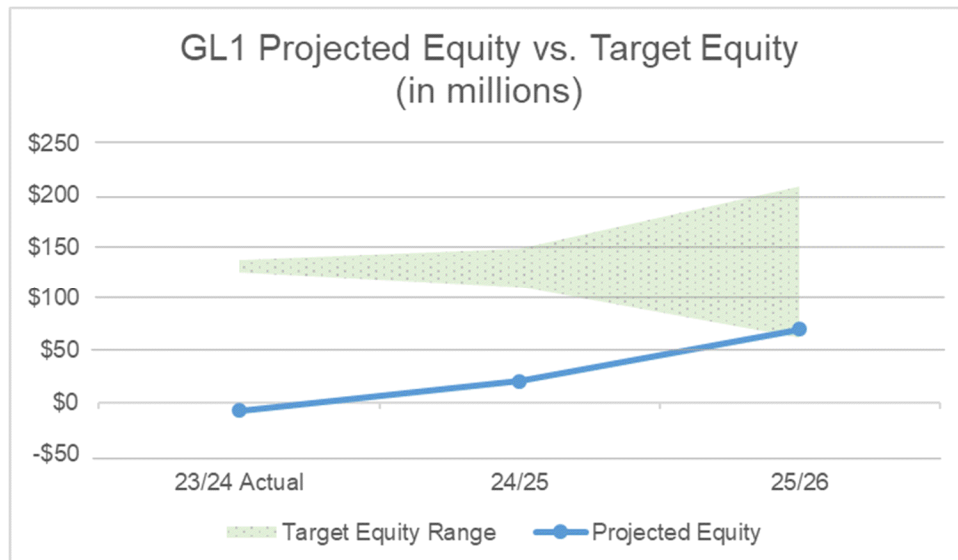
Excess Workers' Compensation (EWC)

The EWC Program realized losses - largely stemming from a one-time commutation - in FY23/24 that reduced its net position below its target range. Levying an assessment was considered and the Board of Directors elected not declare an assessment, anticipating that the net position would improve and grow to reenter its target equity range without intervention within a few years. Projections as illustrated below show the program net position reentering its target range, as expected.



General Liability 1 (GL1)

As discussed prior, the GL1 Program has entered into a reinsurance agreement with MultiStrat Reinsurance (MS Re). The reinsurance arrangement has enabled the Program to gradually increase the rates to re-build the Program surplus. Staff projects that the GL1 Program will be in a net surplus position of \$70M at the end of the FY25/26 and will continue to increase from there as new premiums are collected at higher confidence levels. The Program net position is projected to be just within its target equity range at June 30, 2026. Net position projections for subsequent years are still in process.



General Liability 2 (GL2)

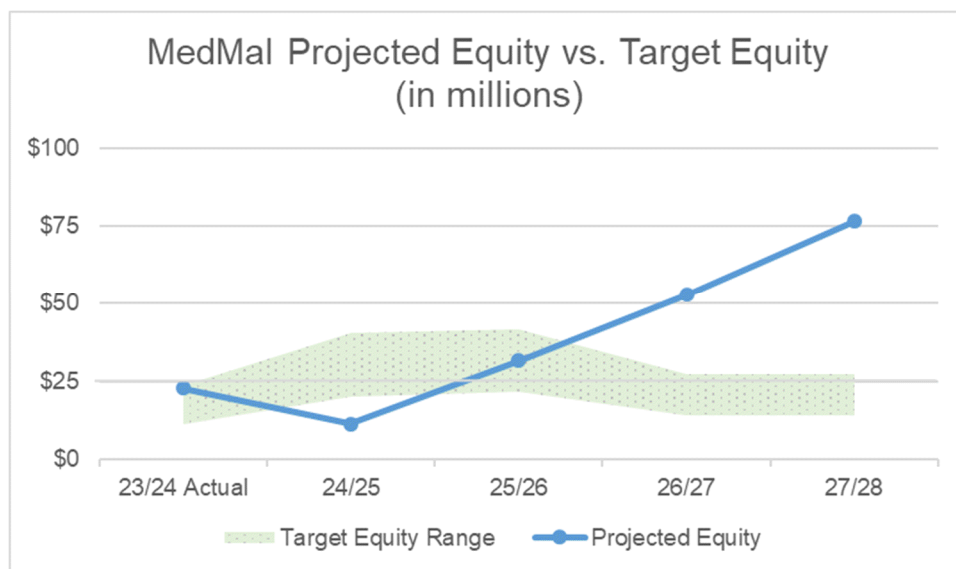
The GL2 Program does not retain any risk; all risk historically has been transferred to reinsurers. Given the fully insured status of the Program, no target equity level was established and minimal net position was retained therein – just \$3.6M at the end of FY22/23. This equity was not enough to absorb losses from the AmTrust commutation of \$24.7M in FY23/24. Accordingly, the GL2 Committee declared an assessment of \$25M in FY23/24 and an additional assessment of \$7.1M in FY24/25. These actions should bring equity positive at the end of FY24/25.

Property

The Property Program began retaining risk in the primary SIR-\$10M layer with the 22/23 policy year. The Program’s healthy net position was used the first two years (22/23 and 23/24) to subsidize member premiums. Contributions fell short of the primary layer losses, resulting in an erosion of net position of \$16.7M in FY 23/24. The net position is expected to grow from \$17.4M at June 30, 2024 to \$40.5M at June 30, 2025 and \$53.1M at June 30, 2026. The Property Program has not yet adopted an official target equity policy.

Medical Malpractice (MedMal)

The MedMal Program currently retains risk excess of member deductible to \$3.5M per occurrence. Risk above this layer are transferred with a relatively small corridor being reinsured by PRISM ARC. This program returned the unused portion of past assessments totaling \$2.2M back to members in FY24/25. Additionally, this program experienced adverse loss development in prior years and is expected to erode its net position by \$11.5M in FY 24/25. Since the equity in this Program is expected to drop below the target funding range, premium collection at a higher confidence level was approved to rebuild the equity in the future years.



Overall Outlook

In accordance with PRISM's long-term fiscal policies, the pool will:

- continue to leverage its size to secure volume discounts on insurance purchases,
- fund pooled risk above the expected confidence level,
- transfer risk to PRISM ARC when appropriate, and
- plan for a balanced budget where revenues exceed expenses and build towards maintaining program equity within target ranges.

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



CONSOLIDATED BUDGET

For the Fiscal Year
July 1, 2025 to June 30, 2026

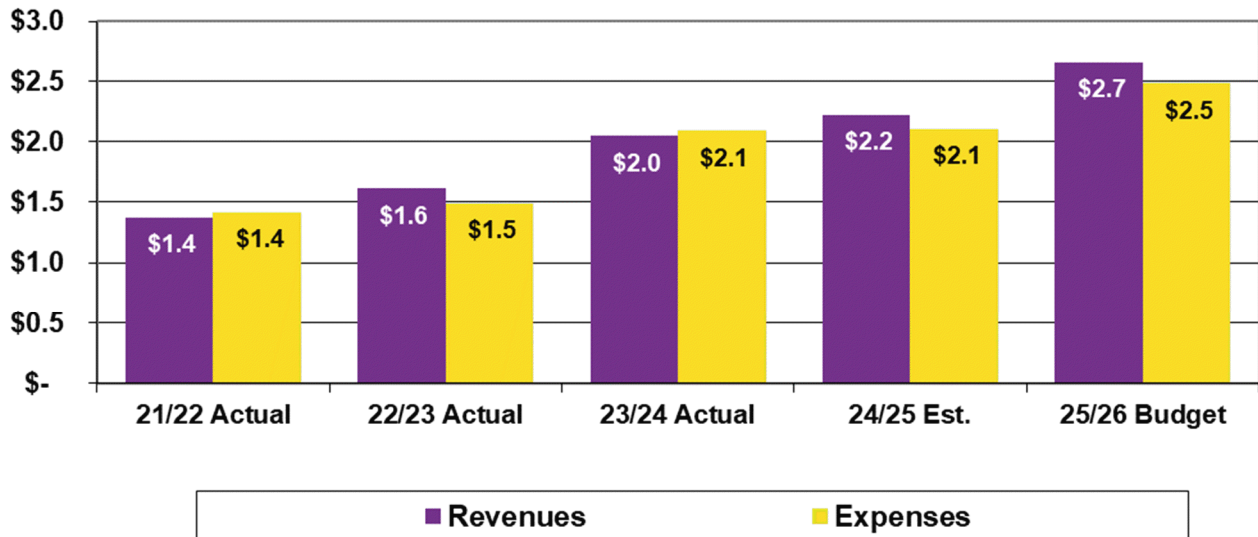
PRISM Budget

The budget has \$186.4M increase in net position before dividends, and a dividend expense of \$10.5M, producing an \$175.9M increase to net position. This is a balanced budget, meaning that budgeted revenue exceeds expenditures and provides a budgeted increase to net position. Included are the consolidated and individual program budgets. Highlights of the 2025/26 proposed budget are as follows:

- Total revenues are budgeted at \$2.65B, an increase of \$391M over budgeted 2024/25.
- Total expenses are budgeted at \$2.48B, an increase of \$338M. Expenses include returning dividends of \$10.5M to members.
- Net position is projected to increase to \$513.2M at June 30, 2026.

Revenues and expenses for the 2025/26 budget and the past four years are as follows:

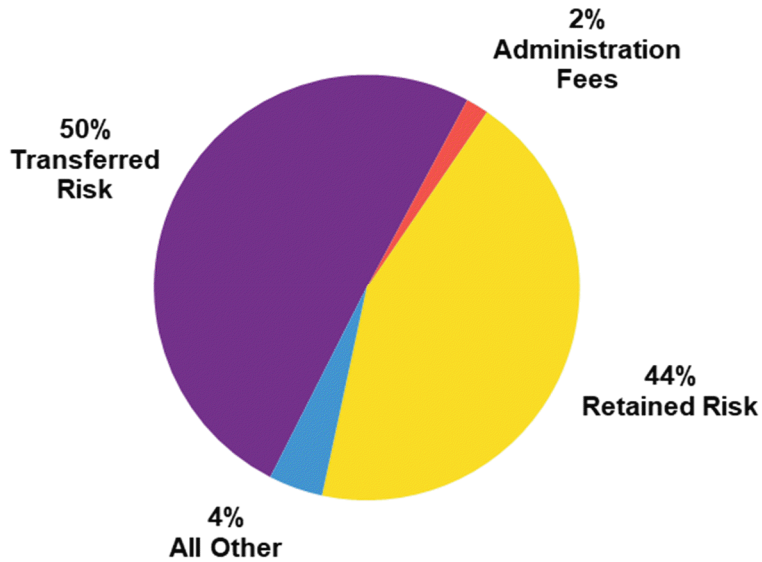
**Revenues and Expenses
Fiscal Years 2022-2026
(in Billions)**



Revenues

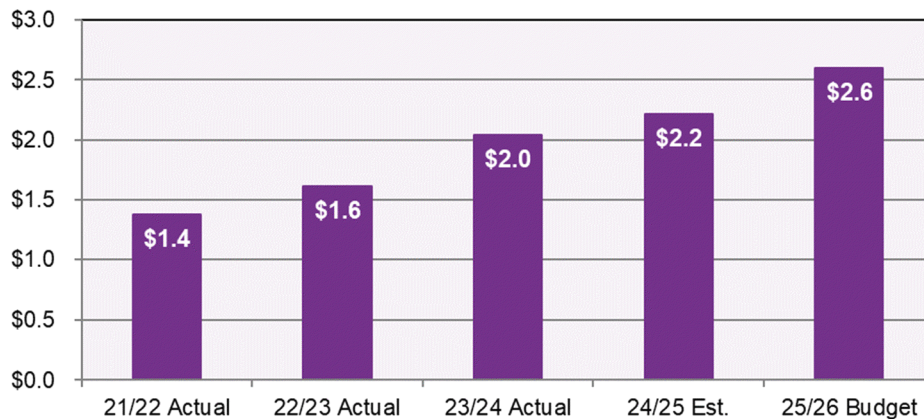
Sources of revenues are illustrated in the following chart:

Total Revenues by Category



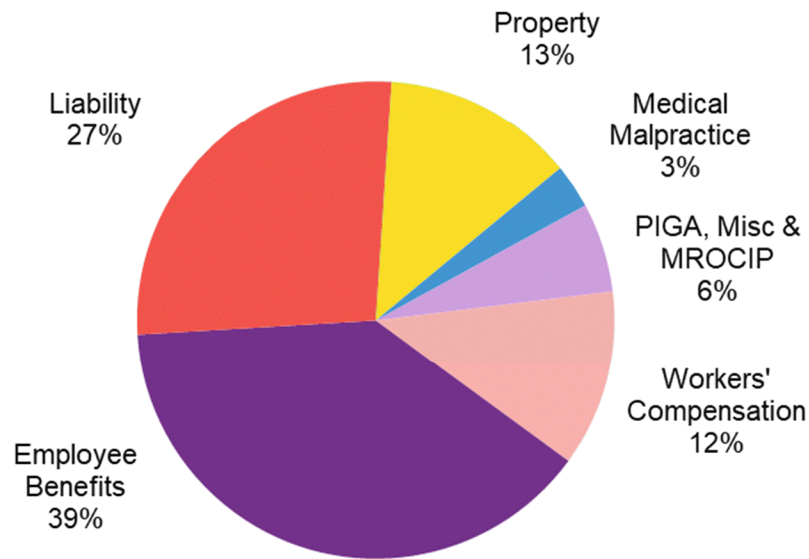
The \$2.7B in revenues represents a \$382M or 17% increase over the 2024/25 budget, and an 89% increase over the last five years. Growth in membership, new programs, and additional pool funding and higher premiums for transferred risk accounts for much of the increase in revenues and expenses year over year. The following chart illustrates the growth of PRISM revenues:

**Total Revenue Trends
(in Billions)**



The following chart shows revenues by program.

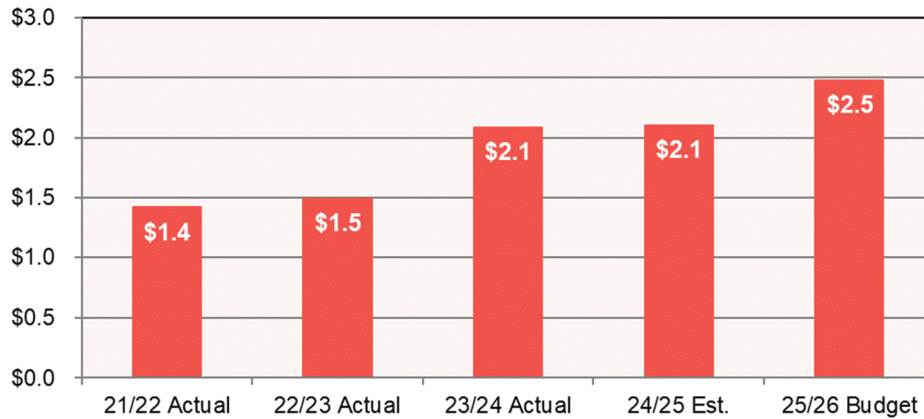
2025/26 Budgeted Revenues by Program



Expenses

PRISM expenses for fiscal year 2025/26 are budgeted to be \$2.5B and have increased \$371M or 18% over last year’s budget. The following chart illustrates the increase of PRISM expenses:

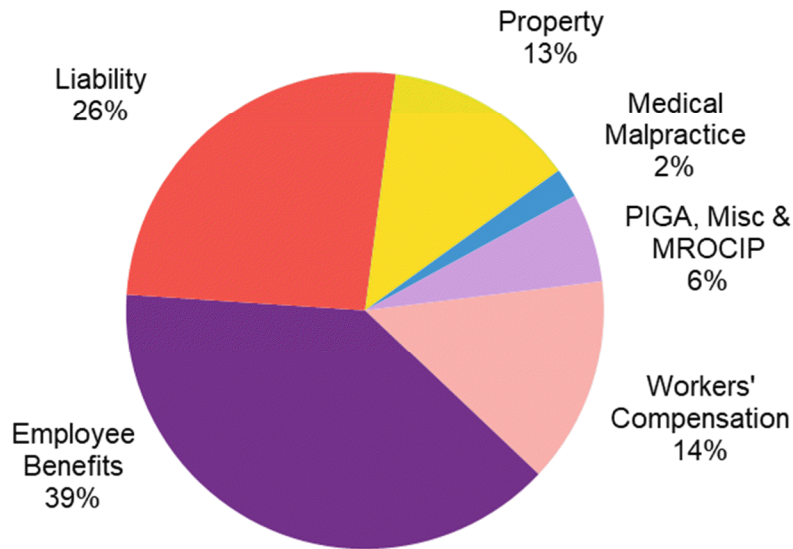
**Total Expense Trends
(in Billions)**



Budgeted expenses support all PRISM programs. These programs include primary and excess workers’ compensation programs, two general liability programs, a property program, a medical malpractice program, four employee benefits programs (PRISMHealth, Dental, Paid Family Leave, and Vision), an internal guarantee fund and some ancillary programs.

The distribution of expenses by program is illustrated in the following chart:

2025/26 Budgeted Expenses by Program

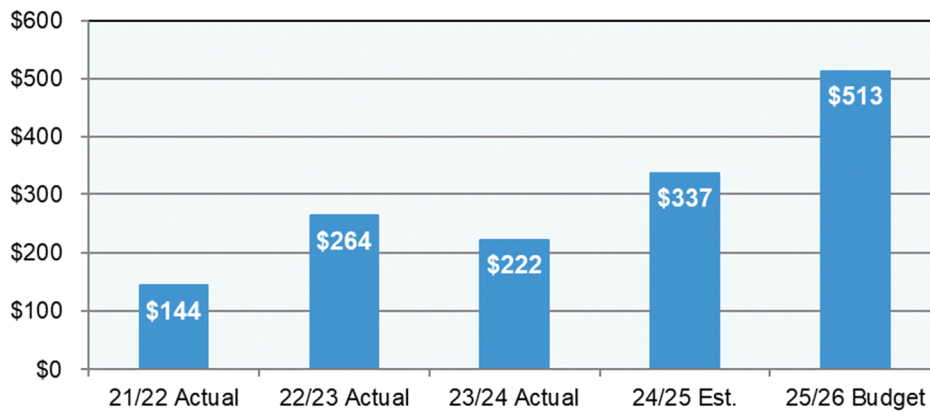


Net Position

Net position is calculated by adding total Assets and Deferred Outflow of Resources, and then subtracting Liabilities and Deferred Inflow of Resources. Net Position represents investment in capital assets as well as unrestricted fund balance available for future operations or distribution. The projected Net Position at June 30, 2026 is \$513M. The budget includes a return of net position in the form of dividends of \$10.5M.

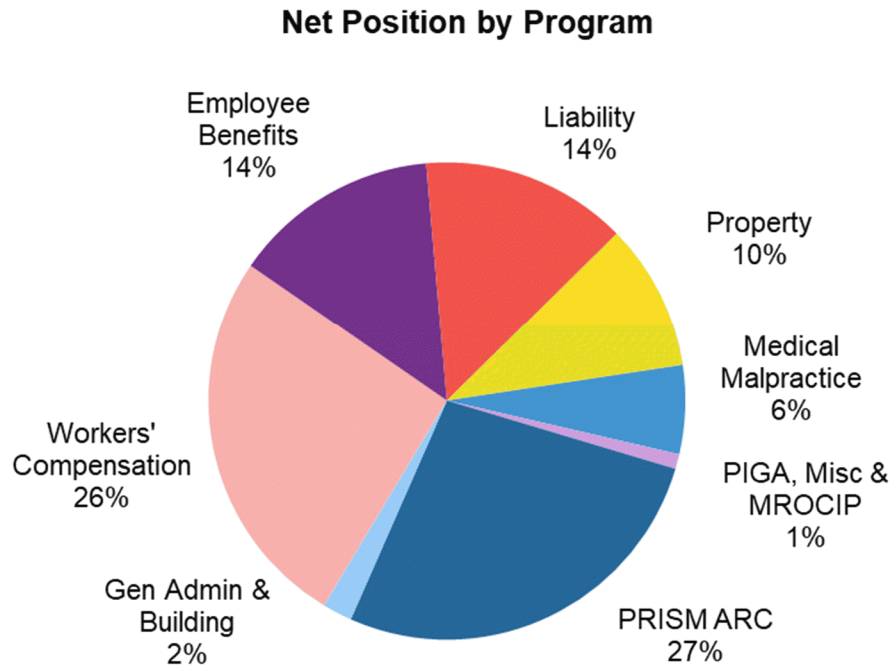
The five-year comparison of the Net Position balance is illustrated in the following chart:

**Total Net Position Trends
(in Millions)**



The causes of year over year changes in Net Position vary by program. Significant program-specific changes in Net Position are discussed in the individual program budgets.

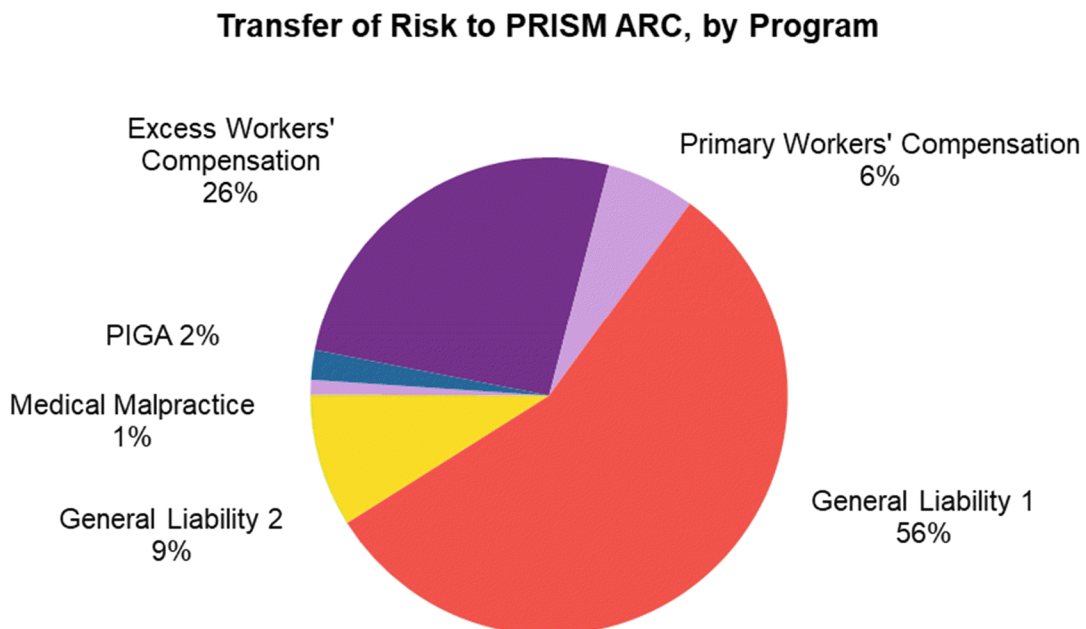
The distribution of 2025/26 budgeted Net Position by program is illustrated in the following chart:



Transfer of Risk to Captive (PRISM ARC)

PRISM ARC is a captive insurance company domiciled in Utah. PRISM transfers its program corridor retentions, which is capped risk, to PRISM ARC at a discounted rate.

The distribution of 2025/26 transfer of risk to PRISM ARC by program is illustrated in the following chart:



Capital Budget

The Capital Outlay Budget presents our continued investments in proprietary claims system development cost, property, equipment, and software. The related depreciation and amortization of capital assets represents less than 1% of PRISM's combined budget. The proprietary claims system currently houses PRISM's claims for the General Liability 1, General Liability 2, and Excess Workers' Compensation Programs. Eventually most major programs will be housed in the system. The new system has been designed specifically to meet the needs of PRISM from an excess perspective. Additionally, the system is being designed with direct member use and the expansion of PRISM nationally in mind. This allows the system to be more adaptable and accommodate the needs of PRISM with regard to reinsurer reporting and member needs. Overall the new system will save PRISM between \$300-\$500K annually.

Member Participation

PRISM provides insurance programs and risk management services for its county and public entity members. Member participation is counted in terms of units. If a member participates in one program, it is considered one unit. If a member participates in three different programs, it is considered three units. The table indicates both the number of members participating as well as the number of units, i.e., total programs in which the members participate. Maintaining and increasing membership at both the program and entity wide level is an overall goal, and a measure of the strength and vitality of PRISM. Of note is that some of our public entity members are Joint Powers Authorities (JPA) that cover many members

	Fiscal Year-End				
	2022	2023	2024	2025	Budgeted 2026
Member Units					
Primary Workers' Comp	37	37	36	36	36
Excess Workers' Comp	180	182	182	180	180
General Liability 1	125	134	133	141	141
General Liability 2	18	25	27	29	29
Property	104	118	115	120	120
Medical Malpractice	52	51	51	52	52
Master Owner Controlled Ins.	17	6	7	7	7
PRISMHealth	44	45	48	49	52
Dental	170	174	178	186	191
Paid Family Leave*	*	*	*	8	11
Vision**	**	**	**	**	116
Total Member Units	747	772	777	808	935
Member Counties	55	55	55	54	54
Member Public Entities	305	308	315	315	315
Total Members	360	363	370	369	369

*Paid Family Leave is a major program effective 1/1/2025.

**Vision is a major program effective 7/1/2025.

PRISM's 54 member counties represent 93% of the 58 counties in the state. While the public entity membership currently consists of 315 organizations, including cities, school districts, special districts, and other JPAs, the actual number of public entities accessing the coverage and services of PRISM is approximately 2,000.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Line Item Summary for All Programs
July 1, 2025 to June 30, 2026**

	ACFR Actual 2023/24	Estimated 2024/25	Budget 2024/25	Percent of Total Revenue or Total Expense	Budget 2025/26	Percent of Total Revenue or Total Expense	Budget Increase (Decrease) CY Compared to PY Budget	Percentage Change
REVENUES:								
Premiums for Transferred Risk	\$ 1,366,143,513	\$ 1,491,452,542	\$ 1,554,134,028	69%	\$ 1,267,001,528	48%	\$ (287,132,500)	-18%
Dividend Income	674,276	0	0	0%	0	0%	0	100%
Broker Fees	18,012,437	20,605,144	23,910,415	1%	28,097,471	1%	4,187,056	18%
Contributions for Retained Risk	443,994,772	553,777,399	534,456,344	24%	1,150,343,559	43%	615,887,215	115%
Member Growth	0	0	50,000,000	2%	50,000,000	2%	0	0%
Investment Income	69,451,431	77,544,596	30,942,000	1%	42,450,000	2%	11,508,000	37%
Financing Charges	396,294	577,146	307,000	0%	435,000	0%	128,000	42%
Administration Fees	35,364,071	37,984,653	37,875,936	2%	43,140,597	2%	5,264,661	14%
Member Services	30,582,877	30,874,550	28,922,750	1%	31,009,572	1%	2,086,822	7%
Tenant Income	468,676	454,006	478,035	0%	585,606	0%	107,571	23%
Other Income	80,300,003	7,701,049	175,000	0%	39,482,783	1%	39,307,783	22462%
TOTAL REVENUES	2,045,388,350	2,220,971,085	2,261,201,508	100%	2,652,546,116	100%	391,344,608	17%
EXPENSES:								
Member Dividends	13,197,766	14,720,435	8,518,000	0%	10,509,000	0%	1,991,000	23%
Insurance Purchased	1,345,418,393	1,480,755,730	1,554,134,028	73%	1,267,246,335	51%	(286,887,693)	-18%
Broker Fees	19,757,494	22,362,702	25,629,616	1%	28,097,171	1%	2,467,555	10%
Provision for Claims	631,222,551	506,899,946	415,608,931	19%	1,029,773,971	42%	614,165,040	148%
Unallocated Loss Adjustment Expense	(3,343,388)	3,753,000	3,753,000	0%	4,193,000	0%	440,000	12%
Member Growth Premium/Provision for Claims	0	0	50,000,000	2%	50,000,000	2%	0	0%
Program Services	46,650,972	46,861,073	48,190,601	2%	50,628,155	2%	2,437,554	5%
Member Services	2,598,954	2,565,640	2,507,600	0%	2,370,400	0%	(137,200)	-5%
General Administration Expense	22,262,684	25,662,636	27,111,878	1%	31,016,874	1%	3,904,996	14%
Building Operation Expense	397,240	570,883	706,000	0%	820,100	0%	114,100	16%
Depreciation	2,101,938	1,104,702	1,583,662	0%	1,509,577	0%	(74,085)	-5%
Other Program Expenses	7,340,672	0	0	0%	0	0%	0	100%
Delegated to Committees	0	0	520,000	0%	520,000	0%	0	0%
TOTAL EXPENSES	2,087,605,276	2,105,256,747	2,138,263,316	100%	2,476,684,583	100%	338,421,267	16%
Net Increase or (Decrease)	(42,216,926)	115,714,338	122,938,192		175,861,533		52,923,341	
NET POSITION - JULY 1	263,827,419	221,610,493	208,611,754		337,324,831			
NET POSITION - JUNE 30	221,610,493	337,324,831	331,549,946		513,186,364			

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2025 to June 30, 2026**

COMBINING BUDGET 2025/26	PRIMARY WORKERS' COMP.	EXCESS WORKERS' COMP.	GENERAL LIABILITY 1	GENERAL LIABILITY 2	PROPERTY	MEDICAL MALPRACTICE	MR OCIP	PIGA	SUBTOTAL
REVENUES:									
Premiums for Transferred Risk	\$ 42,068,076	\$ 225,993,416	\$ 337,400,497	\$ 274,320,263	\$ 200,770,376	\$ 20,034,758	\$ 10,000,000	\$ 6,566,373	\$ 1,117,153,759
Dividend Income	0	0	0	0	0	0	0	0	0
Broker Fees	1,022,704	4,716,875	6,193,689	2,061,790	0	20,497	0	0	14,015,555
Contributions for Retained Risk	25,527,252	5,548,817	48,398,668	0	120,400,000	41,247,184	0	0	241,121,921
Member Growth	0	0	0	0	0	0	0	0	0
Investment Income	3,000,000	8,000,000	750,000	250,000	1,800,000	1,800,000	0	0	15,600,000
Financing Charges	250,000	100,000	0	75,000	10,000	0	0	0	435,000
Administration Fees	7,718,445	12,014,629	8,736,579	6,036,561	2,346,736	1,861,900	140,000	0	38,854,850
Member Services	0	0	0	0	0	0	0	0	0
Tenant Income	0	0	0	0	0	0	0	0	0
Other Income	0	0	430,000	970,000	7,734,783	0	0	0	9,134,783
TOTAL REVENUES	79,586,477	256,373,737	401,909,433	283,713,614	333,061,895	64,964,339	10,140,000	6,566,373	1,436,315,868
EXPENSES:									
Member Dividends	8,500,000	0	0	0	0	0	0	0	8,500,000
Insurance Purchased	42,312,883	225,993,416	337,400,497	274,320,263	200,770,376	20,034,758	10,000,000	6,566,373	1,117,398,566
Broker Fees	1,022,704	4,716,875	6,193,689	2,061,790	0	20,497	0	0	14,015,555
Provision for Claims	11,637,953	1,461,000	0	0	113,365,000	22,918,000	0	0	149,381,953
Unallocated Loss Adjustment Expense	1,340,000	1,049,000	904,000	707,000	80,000	113,000	0	0	4,193,000
Program Services	8,593,001	1,912,432	1,321,000	1,194,000	4,235,000	810,790	0	0	18,066,223
Member Services	0	0	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0
Other Program Expenses	0	0	0	0	600,000	0	5,000	0	605,000
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	0	0	0
Delegated to Committees	50,000	50,000	50,000	50,000	25,000	25,000	0	0	250,000
TOTAL EXPENSES	73,456,541	235,182,723	345,869,186	278,333,053	319,075,376	43,922,045	10,005,000	6,566,373	1,312,410,297
TRANSFERS:									
Transfers in (out) to:									
Interfund Transfers	0	0	0	0	0	0	0	0	0
General Administration	(4,823,153)	(8,409,020)	(6,094,640)	(3,864,320)	(1,200,540)	(782,850)	(81,440)	0	(25,255,963)
Claims System	(1,069,653)	(502,906)	(308,585)	(217,378)	(31,543)	(69,039)	0	0	(2,199,104)
Investment Fees	(49,815)	(117,417)	(3,870)	(3,863)	(76,502)	(37,381)	(12)	0	(288,860)
Building Rent	0	0	0	0	0	0	0	0	0
TOTAL TRANSFERS	(5,942,621)	(9,029,343)	(6,407,095)	(4,085,561)	(1,308,585)	(889,270)	(81,452)	0	(27,743,927)
Net Increase or (Decrease)	187,315	12,161,671	49,633,152	1,295,000	12,677,934	20,153,024	53,548	0	96,161,644
NET POSITION - JULY 1, 2025	57,541,857	56,290,184	20,411,229	1,659,903	40,470,188	11,418,319	390,007	0	188,181,687
NET POSITION - JUNE 30, 2026	57,729,172	68,451,855	70,044,381	2,954,903	53,148,122	31,571,343	443,555	0	284,343,331

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2025 to June 30, 2026**

COMBINING BUDGET 2025/26	SUBTOTAL	PRISMHEALTH	DENTAL	PAID FAMILY LEAVE	VISION	MISC. PROGRAMS	TOTAL ALL INSURANCE PROGRAMS
REVENUES:							
Premiums for Transferred Risk	\$ 1,117,153,759	\$ 332,780,771	\$ 0	\$ 0	\$ 0	\$ 136,073,456	\$ 1,586,007,986
Dividend Income	0	0	0	0	0	0	0
Broker Fees	14,015,555	10,862,000	2,881,156	11,500	327,260	0	28,097,471
Contributions for Retained Risk	241,121,921	534,471,000	48,966,000	2,680,000	4,098,180	0	831,337,101
Member Growth	0	0	0	0	0	0	50,000,000
Investment Income	15,600,000	500,000	400,000	5,000	0	150,000	16,655,000
Financing Charges	435,000	0	0	0	0	0	435,000
Administration Fees	38,854,850	2,654,071	130,000	260,100	307,400	934,176	43,140,597
Member Services	0	30,644,472	0	0	0	0	30,644,472
Tenant Income	0	0	0	0	0	0	0
Other Income	9,134,783	30,000,000	0	0	0	0	39,134,783
TOTAL REVENUES	1,436,315,868	941,912,314	52,377,156	2,956,600	4,732,840	137,157,632	2,625,452,410
EXPENSES:							
Member Dividends	8,500,000	9,000	2,000,000	0	0	0	10,509,000
Insurance Purchased	1,117,398,566	332,780,771	0	0	0	136,073,456	1,586,252,793
Broker Fees	14,015,555	10,862,000	2,881,156	11,200	327,260	0	28,097,171
Provision for Claims	149,381,953	521,971,000	48,966,000	2,510,100	3,965,712	0	726,794,765
Unallocated Loss Adjustment Expense	4,193,000	0	0	0	0	0	4,193,000
Program Services	18,066,223	30,944,472	32,500	0	380,460	137,000	49,560,655
Member Services	0	0	0	0	0	0	0
General Administration Expense	0	0	0	0	0	0	0
Building Operation Expense	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0
Other Program Expenses	605,000	0	0	0	0	0	605,000
Member Growth Prem/Prov for Claims	0	0	0	0	0	0	50,000,000
Delegated to Committees	250,000	25,000	0	0	0	0	275,000
TOTAL EXPENSES	1,312,410,297	896,592,243	53,879,656	2,521,300	4,673,432	136,210,456	2,456,287,384
TRANSFERS:							
Transfers in (out) to:							
Interfund Transfers	0	0	11,044	0	(11,044)	0	0
General Administration	(25,255,963)	(651,500)	(362,530)	(50,000)	(50,000)	(900,000)	(27,269,993)
Claims System	(2,199,104)	0	0	0	0	0	(2,199,104)
Investment Fees	(288,860)	(3,638)	(4,758)	0	0	(2,744)	(300,000)
Building Rent	0	0	0	0	0	0	0
TOTAL TRANSFERS	(27,743,927)	(655,138)	(356,244)	(50,000)	(61,044)	(902,744)	(29,769,097)
Net Increase or (Decrease)	96,161,644	44,664,933	(1,858,744)	385,300	(1,636)	44,432	139,395,929
NET POSITION - JULY 1, 2025	188,181,687	18,235,107	10,335,494	394,276	0	6,676,341	223,822,905
NET POSITION - JUNE 30, 2026	284,343,331	62,900,040	8,476,750	779,576	(1,636)	6,720,773	363,218,834

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
Combining Budget for All Programs
July 1, 2025 to June 30, 2026

COMBINING BUDGET 2025/26	TOTAL ALL INSURANCE PROGRAMS	GENERAL ADMIN	IRON POINT BUILDING	AFFILIATE RISK CAPTIVE (ARC)	ELIMINATION	CONSOLIDATED BUDGET
REVENUES:						
Premiums for Transferred Risk	\$ 1,586,007,986	\$ 0	\$ 0	\$ 10,000,000	\$ (329,006,458)	\$ 1,267,001,528
Dividend Income	0	0	0	0	0	0
Broker Fees	28,097,471	0	0	0	0	28,097,471
Contributions for Retained Risk	831,337,101	0	0	319,006,458	0	1,150,343,559
Member Growth	50,000,000	0	0	0	0	50,000,000
Investment Income	16,655,000	1,600,000	0	25,000,000	(805,000)	42,450,000
Financing Charges	435,000	0	0	0	0	435,000
Administration Fees	43,140,597	0	0	0	0	43,140,597
Member Services	30,644,472	365,100	0	0	0	31,009,572
Tenant Income	0	0	585,606	0	0	585,606
Other Income	39,134,783	348,000	0	0	0	39,482,783
TOTAL REVENUES	2,625,452,410	2,313,100	585,606	354,006,458	(329,811,458)	2,652,546,116
EXPENSES:						
Member Dividends	10,509,000	0	0	0	0	10,509,000
Insurance Purchased	1,586,252,793	0	0	10,000,000	(329,006,458)	1,267,246,335
Broker Fees	28,097,171	0	0	0	0	28,097,171
Provision for Claims	726,794,765	0	0	302,979,206	0	1,029,773,971
Unallocated Loss Adjustment Expense	4,193,000	0	0	0	0	4,193,000
Program Services	49,560,655	0	0	1,067,500	0	50,628,155
Member Services	0	2,370,400	0	0	0	2,370,400
General Administration Expense	0	31,016,874	0	0	0	31,016,874
Building Operation Expense	0	0	820,100	0	0	820,100
Depreciation	0	1,185,000	324,577	0	0	1,509,577
Other Program Expenses	605,000	0	200,000	0	(805,000)	0
Member Growth Prem/Prov for Claims	50,000,000	0	0	0	0	50,000,000
Delegated to Committees	275,000	200,000	20,000	25,000	0	520,000
TOTAL EXPENSES	2,456,287,384	34,772,274	1,364,677	314,071,706	(329,811,458)	2,476,684,583
TRANSFERS:						
Transfers in (out) to:						
Interfund Transfers	0	0	0	0	0	0
General Administration	(27,269,993)	27,419,993	0	(150,000)	0	0
Claims System	(2,199,104)	2,199,104	0	0	0	0
Investment Fees	(300,000)	300,000	0	0	0	0
Building Rent	0	(551,923)	551,923	0	0	0
TOTAL TRANSFERS	(29,769,097)	29,367,174	551,923	(150,000)	0	0
Net Increase or (Decrease)	139,395,929	(3,092,000)	(227,148)	39,784,752	0	175,861,533
NET POSITION - JULY 1, 2025	223,822,905	13,448,094	2,133,230	102,920,602	(5,000,000)	337,324,831
NET POSITION - JUNE 30, 2026	363,218,834	10,356,094	1,906,082	142,705,354	(5,000,000)	513,186,364

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA



PROGRAM BUDGETS

For the Fiscal Year
July 1, 2025 to June 30, 2026

Primary Workers' Compensation

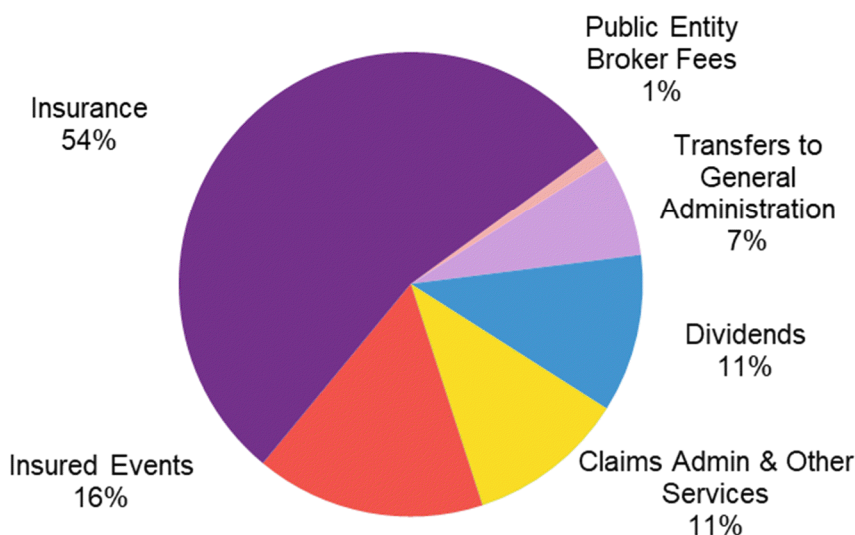
The objective of the Primary Workers' Compensation (PWC) Program is to provide members with an option to eliminate the Excess Workers' Compensation (EWC) self-insured retention and purchase first dollar coverage. The Program pools the first \$10k of loss expense, and then has excess coverage in place to cover the next \$115k of loss. Above \$125k, members participate in the EWC Program. Since this is a first dollar program, the PWC Program also includes the cost of claims administration

Program Revenue Summary:

Number of Members	36
Covered Payroll	\$3.1 Billion
Pool Premium	\$12.4 Million
Insurance	\$23.8 Million
Premium to ARC	\$18.2 Million
Public Entity Broker Fees	\$1 Million
ULAE Premiums	\$13.2 Million
Administration and Fees	\$8 Million
Projected Investment Income	\$3 Million

A summary of the PWC Program budget is as follows:

Primary Workers' Compensation Program Expenses Summary



The proposed budget would result in an ending net position of \$57.7M at June 30, 2026. The target equity range approved by the Board of Directors is from \$5.5M to \$45.2M.



Adopted: June 27, 2010
 Last Amended: May 1, 2024
 Last Reviewed: May 14, 2025

Primary Workers' Compensation (PWC) **Program Budget Policy**

Program Goals for the PWC include the following:

Short Term Goals

- Continue to evaluate new service offerings.
- Continue with the development of marketing and educational materials for members.
- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Continue looking for ways to increase engagement with PWC members to include evaluating the benefits of providing an annual PWC workshop.
- Enhance the new committee member onboarding experience.
- Evaluate the cost-benefit of rotating meetings in northern and southern California.
- Continue to review program policies and make revisions where appropriate.
- Continue to evaluate transfer of risk opportunities in the PRISM ARC captive.
- Evaluate the level of control / authority PRISM asserts on the following areas: Claims, Audits, and Underwriting.
- Develop PRISM's claims system for PWC TPAs' claims administration.

Medium Term Goals

- Preserve a structure that minimizes/eliminates assessment risk.
- Reach resolution on claims in dispute with CIGA on claims they have denied asserting "other insurance" is available.
- Retain 100% of current members and show strategic growth regarding payroll and number of members.
- Continue work on Strategic Goals as updated.

Long Term Goals

- Each member receives annual claims analysis report with benchmark data (frequency, severity, deviation from norm).
- TPAs have consistency in claims handling practices.
- The PWC risk tolerance is low to very low. We will protect pool assets through appropriate risk transfer with a bias toward risk transfer rather than pooling in order to provide members with a guaranteed cost program when possible.

Budget Policies for the PWC Program include the following:



Adopted: June 27, 2010
 Last Amended: May 1, 2024
 Last Reviewed: May 14, 2025

Revenues

- Premiums for retained risk are calculated based on each member's actuarially determined estimate of the discounted ultimate cost of claims. The actuarial confidence level and discount rate is determined annually by the PWC Committee.
- Premiums for transferred risk are calculated based on each member's estimated payroll and experience rate, as determined by the Program's actuary. A two-year smoothing technique is used to minimize rate changes.
- At the end of each year, members are required to update payroll estimates with actual payroll totals. Adjusting for actual payroll is commonly referred to as the payroll audit. Premium changes resulting from the prior year's payroll audit are recognized in the current year as additional or return premiums due to or from each member.
- Unallocated Loss Adjust Expense (ULAE) premium is based on an estimate from the Program's actuaries of the cost of external TPA Fees and Self Insurance Plans fees for the life of the claim, at the confidence level determined annually by the PWC Committee.
- Broker fees are charged to all public entity members. The amount charged is based on our broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100,000 of premiums, plus 5% of premiums from \$100,000 to \$1,000,000, and 3% of premiums excess of \$1,000,000.
- The Risk Management Subsidy Program was created to offset the direct costs members incur from securing external risk management products and services. Unless a member opts out, the Risk Management Subsidy is \$1,000 each year.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate approved in the Inter-Fund Borrowing Policy and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will reduce the current budget year's Administration fees charged to the members, unless otherwise determined by the Committee. Program costs are defined below.
- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.
-

Expenses

- The PWC Committee annually considers returning available net position to members in the form of member dividends. The PWC Committee generally



Adopted: June 27, 2010
 Last Amended: May 1, 2024
 Last Reviewed: May 14, 2025

evaluates the amount of net position available for dividends as the balance in excess of the 90% confidence level.

- PWC insurance premiums include the cost of insurance for claims transferred to an insurance company. Coverage limits are determined annually by the PWC Committee. Claim costs in excess of \$125,000 are covered by the EWC Program.
- The provision for claims current and the provision for claims prior years, is the actuarial adjustment to claim liabilities.
- The Provision for ULAE accrues the cost not directly associated with specific claims but related to claims administration and settlement for the remaining life of the claims, and is charged as part of the Admin Fee. The provision includes both the actuarial amount related to the external TPA fees and Self Insurance Plans Fee and the internal (PRISM) program administration costs.
- The Claims Administration line item provides for the fees to the approved PWC claims administrators (Third Party Administrators). TPA contracts are reviewed and considered for renewal by the PWC Committee.
- Member claims audits are scheduled for each TPA every two years, or as determined by the PWC Committee.
- Other program expenses include legal, ISO fees, , managed care oversight services, and any other expenses approved by the PWC Committee.
- Banking services and fees are used to maintain separate claim bank accounts for each TPA.
- The California State Office of Self-Insurance Plans assessment fees are levied by the Department of Industrial Relations to pay for the self-insured employer assessments for:
 - Workers' Compensation Administration Revolving Fund
 - Uninsured Employers Benefits Trust Fund
 - Subsequent Injuries Benefits Trust Fund
 - Workers' Compensation Fraud Account
 - Occupational Safety and Health Fund
 - Labor Enforcement and Compliance Fund
- The claims system expense includes the cost to operate our claims system.
- An expense budget of \$50,000 has been delegated to the PWC Committee for any unforeseen budget expenses. The PWC Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the general administration program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.



Adopted: June 27, 2010
Last Amended: May 1, 2024
Last Reviewed: May 14, 2025

- Based on member election, a risk management subsidy of \$1,000, per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account balance.
- The claims system transfer is based on program usage.
- Investment Fees are charged on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRIMARY WORKERS' COMPENSATION PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 34,716,543	\$ 39,016,049	\$ 39,016,049	\$ 39,397,250	\$ 42,068,076	\$ 2,670,826	7%	Includes corridor deductible in the \$10 - \$125k layer reinsured by PRISM ARC; includes Placement Broker Fee
Payroll Adjustment, Excess Insurance	1,956,236	511,584	511,584	0	0	0	0%	
Contributions for Retained Risk	10,398,553	12,116,874	12,116,874	12,113,405	12,358,252	244,847	2%	Billed at 90% confidence level undiscounted.
Payroll Adjustment, Pool Premiums	612,970	289,336	289,336	0	0	0	0%	
ULAE Premium	8,414,500	11,763,627	11,763,627	11,759,800	13,169,000	1,409,200	12%	Billed at 80% CL; discounted at 1.5%
Public Entity Broker Fees	816,548	931,364	931,364	935,938	1,022,704	86,766	9%	
Administration Fees	8,512,630	7,909,714	7,909,714	7,905,528	7,718,445	(187,083)	-2%	Includes Schools Loss Control Fee
Investment Income	4,446,578	3,101,939	5,834,043	2,576,000	3,000,000	424,000	16%	
Member Finance Fees	180,256	288,030	288,030	100,000	250,000	150,000	150%	
Other Income	5,617,668	0	0	0	0	0	0%	Proceeds from Commutations
TOTAL REVENUES	75,672,482	75,928,517	78,660,621	74,787,921	79,586,477	4,798,556	6%	
EXPENSES:								
Member Dividends	6,500,000	0	9,500,000	6,500,000	8,500,000	2,000,000	31%	
Retained and Transferred Risk								
Insurance Premium Expense	34,716,543	39,230,771	39,230,771	39,397,250	42,312,883	2,915,633	7%	Includes PIGA and Placement Broker Fee
Primary W.C. Reinsurance Prem. PR Audit	1,956,236	511,584	511,584	0	0	0	0%	
Public Entity Broker Fees	816,548	931,364	931,364	935,938	1,022,704	86,766	9%	
Provision for Claims, Current Year	8,859,000	10,408,074	10,408,074	10,408,074	11,637,953	1,229,879	12%	Provision for claims at expected
Provision for Claims, Prior Years	10,562,721	478,397	717,596	0	0	0	0%	Provision for prior year claims
Provision for ULAE	(4,879,388)	0	1,328,000	1,328,000	1,340,000	12,000	1%	Actuarial adjustment to the liability for future claims administration
CA State W.C. Assessments	2,073,542	1,707,279	1,707,279	2,650,000	2,159,702	(490,298)	-19%	DIR fees based on indemnity payments. In 25/26, increase expected in DIR base & TD rates and indemnity payments
Total Retained and Transferred Risk	54,105,202	53,267,469	54,834,668	54,719,262	58,473,242	3,753,980	7%	
Program Administration								
Claims Administration	5,326,750	2,798,929	5,911,790	5,911,790	6,084,495	172,705	3%	TPA fees to administer claims for the life of the claim. Contract renewal 5% base incr, plus volume incr.
ISO Index Fees	61,139	37,349	74,698	90,000	72,804	(17,196)	-19%	Claims indexing service
Member Claims Audits	67,640	28,875	57,750	89,250	77,000	(12,250)	-14%	TPA's locations audited on biannual basis; less files this year
Legal Fees	14,403	0	25,000	50,000	20,000	(30,000)	-60%	Legal advice and litigation
Banking Services and Fees	18,840	10,944	21,888	30,000	30,000	0	0%	
Managed Care Program Monitoring	120,000	60,000	120,000	120,000	126,000	6,000	5%	Incl bill review fee monitoring and negotiating
PWC Workshop / Symposium	0	0	10,000	10,000	23,000	13,000	130%	
Total Program Administration	5,608,772	2,936,097	6,221,126	6,301,040	6,433,299	132,259	2%	
Discretionary Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of PWC Committee
TOTAL EXPENSES	66,213,974	56,203,566	70,555,794	67,570,302	73,456,541	5,886,239	9%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRIMARY WORKERS' COMPENSATION PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	(4,803,599)	(5,013,750)	(5,013,750)	(5,013,750)	(4,823,153)	(190,597)	-4%	
PRISM Claims System Costs	(1,595,958)	(1,027,580)	(1,027,580)	(1,027,580)	(1,069,653)	42,073	4%	
Investment Fees	(26,996)	(25,340)	(50,680)	(41,008)	(49,815)	8,807	21%	External investment management fees
TOTAL TRANSFERS	(6,426,553)	(6,066,670)	(6,092,010)	(6,082,338)	(5,942,621)	(139,717)	-2%	
Net Increase or (Decrease)	3,031,955	13,658,281	2,012,817	1,135,281	187,315	(947,966)	-84%	
NET POSITION - JULY 1	52,497,085	55,529,040	55,529,040	47,913,647	57,541,857			
NET POSITION - JUNE 30	55,529,040	69,187,321	57,541,857	49,048,928	57,729,172			
Target Equity								
Low Range	7,622,898	5,241,867	5,241,867	19,180,000	5,503,960			
High Range	40,974,766	43,086,652	43,086,652	51,010,000	45,240,985			

Excess Workers' Compensation

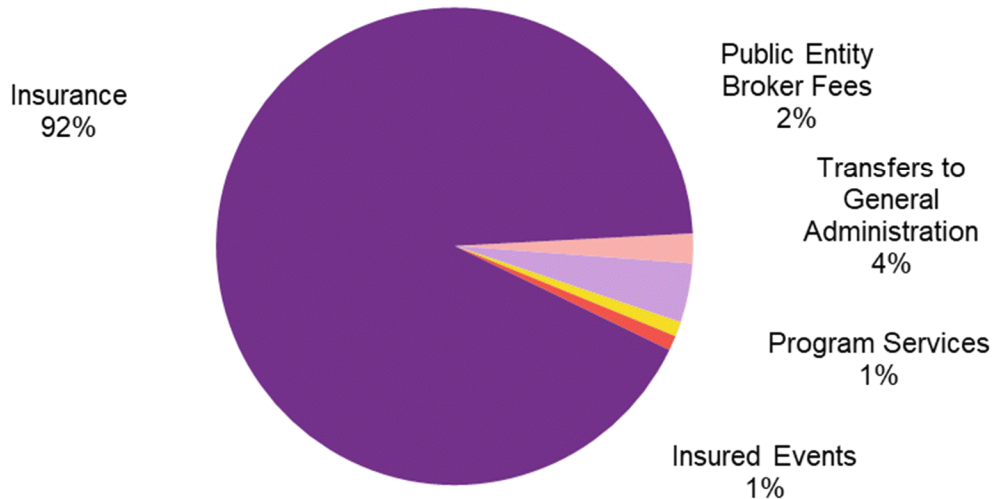
The objective of the Excess Workers' Compensation (EWC) program is to provide members an affordable Excess Workers' Compensation Program. The EWC Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

Number of Members	180
Covered Payroll	\$41.9 Billion
Pool Premium	\$5.5 Million
Insurance	\$142.5 Million
Premium to ARC	\$83.5 Million
Public Entity Broker Fees	\$4.7 Million
Administration and Fees	\$12.1 Million
Projected Investment Income	\$8 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the EWC Program budget is as follows:

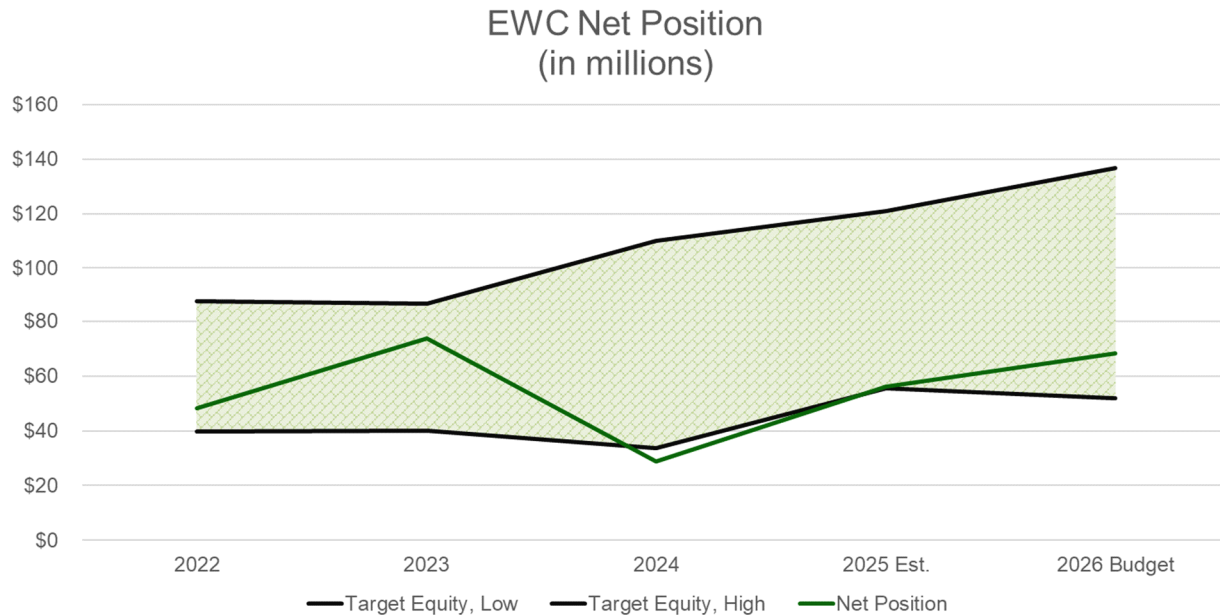
Excess Workers' Compensation Program Expenses Summary



As discussed in the PRISM Long-Term Operating Financial Plans section of the report, EWC Program realized losses in FY23/24 - largely stemming from a one-time commutation - that reduced its net position below its target range. Levying an assessment was considered and the Board of Directors elected not to declare an

assessment, anticipating that the net position would improve and grow to reenter its target equity range without intervention within a few years. The EWC program currently transfers most risk to outside carriers, with a few, relatively small, corridors retained by the pool. Projections show the program net position reentering its target range by June 30, 2025.

The EWC program net position and target equity range, in millions, are shown in the graph below for the five years ending June 30, 2026.





Excess Workers' Compensation (EWC) **Program Budget Policy**

Program Goals for the EWC Program include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Continue to evaluate and develop service offerings to the members to assist and support their risk management efforts in mitigating/preventing loss. Set rates for the upcoming year at a level designed to keep the Program's Net Position within the target funding range.
- Evaluate ways to mitigate the Program's long-term exposure to uncollectible reinsurance.
- Use multi-year underwriting matrices, where possible, to help stabilize renewal pricing from underwriters.
- Continue to monitor the long-term discount assumption and make conservative adjustments, as needed.
- Implement the adoption of monthly reporting of loss data in order to have up to date data for the renewal process and carrier discussions.
- Continue work on the data & analytics platform to allow for benchmarking of claims data, with additional members being brought onboard and new functionality being provided in 2024/25.
- Continued focus on settling claims, including those with high-exposure, via Compromise and Release.
- Utilize data scientist to create automated claim summaries to aid PRISM claims staff, and develop models to identify claims trends and mitigation points.
- Continue to consider risk transfer opportunities to the PRISM Captive.
- Implement more program control in claims, audit, and underwriting, to reduce the cost of claims and, ultimately, member premium contributions.

Long Term Goals

- Maintain funding levels in accordance with the Target Funding Guidelines.
- Maintain an equitable distribution of costs amongst the members through a premium allocation process, with appropriate consideration for exposure and loss experience within the pool layer and excess layers.
- Maintain stable pricing year-over-year striving not-to-exceed a 10% variance.
- The EWC risk tolerance is between neutral and high. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable, in order to mitigate the Program's exposure to uncollectible reinsurance, and when considering concentration of risk.



Adopted: June 2, 2011
 Last Amended: June 6, 2025

- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).
- Continue legislative efforts and collaboration to mitigate the expansion of workers' compensation benefits that results in increased costs to the Program and membership.

Budget Policies for the EWC Program include the following, established by the Board of Directors:

Revenues

- Premiums for retained risk and transferred risk are calculated based on participating member's self-insured retention, payroll and loss data. Based on actuarial information and market conditions, the Underwriting and Executive Committees advise on program funding mechanisms including how much risk to self-fund and at what discount rate and confidence level, and how much risk to transfer. Funding includes consideration of the Target Equity Guidelines adopted by the Board. Final funding decisions and premium allocation methodologies are approved by the Board of Directors.
- At the end of each year, members are required to update payroll estimates with actual payroll totals. Adjusting for actual payroll is commonly referred to as the payroll audit. The effect of the payroll audit will increase or decrease premium revenues for transferred and retained risk recognized in the previous year. Premium changes resulting from the prior year's payroll audit are recognized in the current year as additional premiums due to, or from, each member.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and 3% of premiums excess of \$1M. Broker fees or commissions may also be charged to members for reinsurance placements and are considered part of the cost and premium for transferred risk.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this Program.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance fees are charged based on the internal borrowing rate and the term of the financing.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years'



Adopted: June 2, 2011
Last Amended: June 6, 2025

administration expense will reduce the current budget year's Administration fees charged to the members. Program costs are defined below.

- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.

Expenses

- Upon recommendation of the Underwriting and Executive Committees, the Board may annually consider returning available net position to members in the form of member dividends.
- Premium for transferred risk is the expense for insurance purchased based on the risk financing decisions made.
- The provision for claims, current year, and provision for claims prior years' are the actuarial adjustments to claim liabilities.
- The provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim, and is charged as part of the admin fee.
- Member claims audits are scheduled for each member or Third Party Administrator (TPA) every two years, or as determined by the Claims Review Committee, unless the member has opted out of the claims audit program.
- A claims audit for PRISM's Claims Department is scheduled every two years.
- Each member is entitled to a subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include program actuarial and consulting costs, legal advice services, labor law and employment practices services, ISO fees, Critical Incident Counseling Services, and any other expenses approved by the various committees.
- There is a \$50,000 contingency budget line item for unforeseen expenses, which is available for use with a two-thirds vote of the Executive Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Board will determine how to fund for these services.
- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs, based on a three-year average of staff time.
- The administrative costs of the Program are typically set in conjunction with the March Board of Directors meeting as a way to aid members in budgeting by



Adopted: June 2, 2011
Last Amended: June 6, 2025

reducing variability in their premiums. Any variance within 10% of the set amount and the final administrative costs are adjusted from the Program's Net Position. If the variance falls outside of the 10% range, the total budgeted number is brought back to the Board of Directors in June for further action.

- Based on member election, a risk management subsidy of \$1k per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account balance.
- The PRISM Claims System transfer is based on program usage.
- Investment Fees are charged to the programs based on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
EXCESS WORKERS' COMPENSATION PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 180,230,786	\$ 194,339,469	\$ 194,339,469	\$ 200,140,881	\$ 225,993,416	\$ 25,852,535	13%	Includes corridors transferred to PRISM ARC, PIGA and Placement Broker Fee
Payroll Audit, Excess Premiums	9,908,247	8,426,452	8,426,452	0	0	0	0%	
Contribution for Retained Risk	9,344,131	13,102,175	13,102,175	11,068,527	5,548,817	(5,519,710)	-50%	Billed at 80% confidence level, 4.00% discount factor for 25/26
Payroll Adjustments, Retained Risk	366,680	320,602	320,602	0	0	0	0%	
Administration Fees	10,990,601	10,942,129	10,942,129	10,922,424	12,014,629	1,092,205	10%	Includes Schools Loss Control Fee; admin set in March
Public Entity Broker Fees	3,904,694	4,297,549	4,297,549	4,350,276	4,716,875	366,599	8%	
Investment Income	8,895,337	7,336,374	13,620,589	7,687,000	8,000,000	313,000	4%	
Member Finance Fees	98,493	118,572	118,572	100,000	100,000	0	0%	
Other Income	71,468,509	3,003,500	3,003,500	0	0	0	0%	Proceeds from Commutation in FY23/24
TOTAL REVENUES	295,207,478	241,886,822	248,171,037	234,269,108	256,373,737	22,104,629	9%	
EXPENSES:								
Retained and Transferred Risk								
Excess Workers' Comp. Premiums	180,230,786	194,339,469	194,339,469	200,140,881	225,993,416	25,852,535	13%	Includes PIGA and Placement Broker Fee
Payroll Adjustments	9,908,247	8,426,452	8,426,452	0	0	0	0%	
Public Entity Broker Fees	3,904,694	4,297,549	4,297,549	4,350,276	4,716,875	366,599	8%	
Provision for Claims, Current Year	3,229,905	1,563,748	1,563,748	3,000,000	1,461,000	(1,539,000)	-51%	
Provision for Claims, Prior Years	133,805,283	1,916,461	1,916,461	0	0	0	0%	FY23/24 expense driven by losses commuted
Provision for ULAE	126,000	0	747,000	747,000	1,049,000	302,000	40%	Cost to run off the claims
Total Retained and Transferred Risk	331,204,915	210,543,679	211,290,679	208,238,157	233,220,291	24,982,134	12%	
Program Administration								
Legal Fees	69,524	577	15,000	60,000	30,000	(30,000)	-50%	Includes fees for litigation with reinsurers, reduced due to resolution w/ Amtrust
ISO Index Fees	323,236	167,472	313,700	395,000	405,620	10,620	3%	Claims indexing service
Member Claims Audits	771,595	271,410	659,900	1,018,011	1,100,000	81,989	8%	More member and interim audits scheduled for 25/26
PRISM Claims Audits	0	0	0	0	19,812	19,812	0%	Audit due in 2025/26
Crisis Management Services	0	0	12,500	50,000	50,000	0	0%	
Member Actuarial Studies	188,315	82,000	167,000	223,000	244,000	21,000	9%	
Other Program Expense	0	0	0	0	63,000	63,000	0%	FY25/26 EWC Symposium
Total Program Administration	1,352,670	521,459	1,168,100	1,746,011	1,912,432	166,421	10%	
Discretionary Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with a two-thirds vote of Executive Committee
TOTAL EXPENSES	332,557,585	211,065,138	212,458,779	210,034,168	235,182,723	25,148,555	12%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
EXCESS WORKERS' COMPENSATION PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	(7,166,082)	(7,625,078)	(7,625,078)	(7,625,078)	(8,409,020)	783,942	10%	
PRISM Claims System Costs	(498,225)	(482,123)	(482,123)	(482,123)	(502,906)	20,783	4%	
Investment Fees	(54,305)	(59,218)	(118,436)	(122,380)	(117,417)	(4,963)	-4%	External investment management fees
TOTAL TRANSFERS	(7,718,612)	(8,166,419)	(8,225,637)	(8,229,581)	(9,029,343)	799,762	10%	
Net Increase or (Decrease)	(45,068,719)	22,655,265	27,486,621	16,005,359	12,161,671	(3,843,688)	-24%	FY23/24 loss driven by Commutation
NET POSITION - JULY 1	73,872,282	28,803,563	28,803,563	(1,675,243)	56,290,184			
NET POSITION - JUNE 30	28,803,563	51,458,828	56,290,184	14,330,116	68,451,855			
Target Equity								
Low Range	33,577,000	55,700,000	55,700,000	30,200,000	51,800,000			
High Range	109,857,000	121,000,000	121,000,000	111,000,000	136,700,000			

General Liability 1

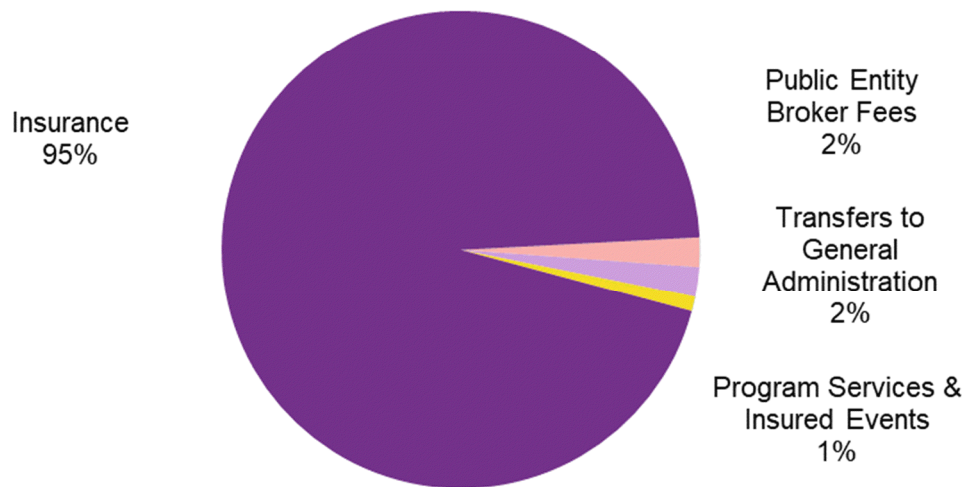
The objective of the General Liability 1 (GL1) Program is to provide members with a long-term, stable and financially strong alternative to traditional insurance. The GL1 Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

Number of Members	141
Covered Payroll	\$9.9 Billion
Pool Premium	\$48.4 Million
Insurance	\$158.7 Million
Premium to ARC	\$178.7 Million
Public Entity Broker Fees	\$6.2 Million
Administration and Fees	\$9.2 Million
Projected Investment Income	\$750 Thousand
Loss Prevention Subsidy	\$1,000 per member

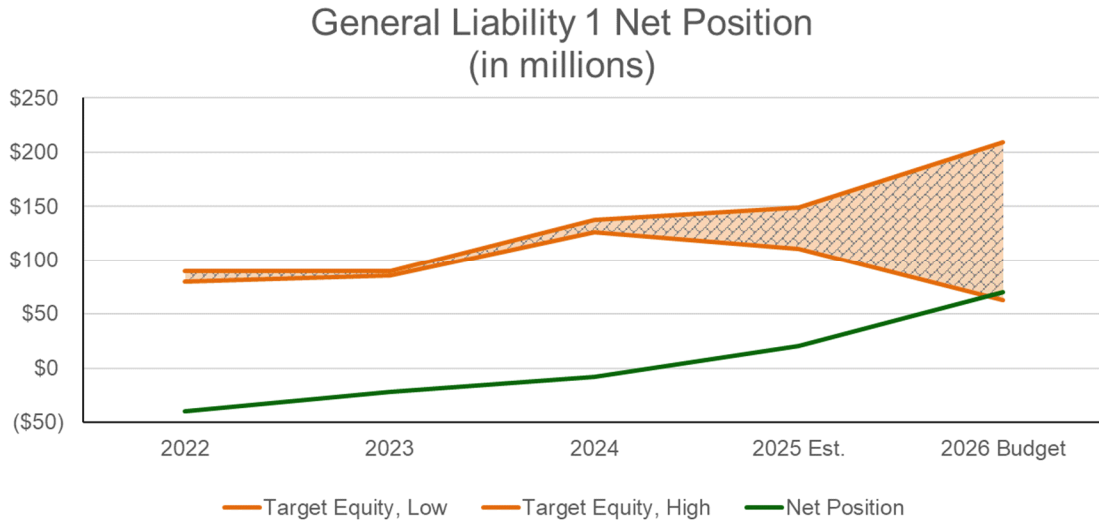
A summary of the GLI Program budget is as follows:

General Liability 1 Program Expenses Summary



Fiscal year 2025/26 contributions for retained risk are expected to exceed claims costs for the policy year as estimated at the expected confidence level. Actual claims development will vary from actuarial estimates and may be favorable or adverse.

The GL1 Program proposed budget would result in an ending net position of \$70M at June 30, 2026. This is a significant improvement over prior years and will be just within the program’s target equity range. The GL1 program net position and target equity range, in millions, are shown in the graph below for the five years ending June 30, 2026.





Adopted: June 2, 2011
Amended: June 6, 2025

General Liability 1 (GL1) Program Budget Policy

Program Goals for GL1 include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Continue to evaluate and develop service offerings to the members to assist and support their risk management efforts in mitigating/preventing loss.
- Set rates for the upcoming year at an 85% confidence level to increase the net position so that the pool's funding is within the target funding range in three to five years.
- Continue accomplishing action items as outlined on the GL1 Program Strategic Plan approved by the Executive Committee and coordinate the efforts of the Claims Review Committee, Risk Control, and D&A Departments, as needed.
- Continue to increase the use of standardized PRISM GL codes for general liability loss data to allow for better claims analysis and trend identification. Evaluate options to increase the usage of PRISM GL codes among the GL1 membership.
- Implement the adoption of monthly data reporting among the GL1 Program membership.
- Continue work on the data & analytics platform to allow for benchmarking of claims data, with additional members being brought onboard and new functionality being provided in 2024/25.
- Use multi-year underwriting matrices, where possible, to help stabilize renewal pricing from underwriters.
- Continue to monitor the long-term discount assumption, and make conservative adjustments, as needed.
- Continue to evaluate transfer of risk opportunities in the PRISM captive.
- Market the Program nationwide to improve the diversity of the Program exposure.
- Evaluate alternative insurance options, including insurance linked securities, to mitigate rate increases during the hard market.
- Assist members in evaluating increased SIR levels to assist with budget stability and premium savings.
- Analyze GL1 loss data and evaluate creating different rating groups within the GL1 allocation.
- Determine the optimal level of control/authority PRISM should have to assert more program control in claims, audit, and underwriting, to reduce the costs of claims and, ultimately, member premium contributions.



Adopted: June 2, 2011
Amended: June 6, 2025

Long Term Goals

- Maintain funding levels in accordance with the Target Funding Guidelines.
- Maintain an equitable distribution of costs amongst the members through a premium allocation process with appropriate consideration for exposure and loss experience within the pool layer and excess layers.
- Maintain stable pricing year-over-year, striving not to exceed a 15% variance.
- The GL1 risk tolerance is low to neutral. We will protect pool assets through appropriate risk transfer with a bias toward more risk transfer in a soft market and less risk transfer in a hard market. There is a bias toward risk transfer when losses are less predictable and a bias toward risk retention when losses are more predictable and less volatile.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters, actuaries, claims administrators, etc.).
- Work with lobbyist and other public entities on advancing tort reform ideas.

Budget Policies for the GL1 Program include the following established by the Board of Directors:

Revenues

- Premiums for retained risk and transferred risk are calculated based on participating member's self-insured retention, exposure, and loss data. Based on actuarial information and market conditions, the Underwriting and Executive Committees advise on program funding mechanisms including how much risk to self-fund, and at what discount rate and confidence level, and how much risk to transfer. Funding includes consideration of the Target Equity Policy adopted by the Board. Final funding decisions and premium allocation methodologies are approved by the Board of Directors.
- Premium in the GL1 Program is not subject to adjustment based on actual payroll.
- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k to \$1M, and 3% of premiums excess of \$1M. Broker fees or commissions may also be charged to members for reinsurance placements and are considered part of the cost and premium for transferred risk.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this program.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Members may elect to pay their premium on a monthly or quarterly basis. Finance



Adopted: June 2, 2011
Amended: June 6, 2025

fees are charged based on the internal borrowing rate and the term of the financing.

- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will flow to the Program's Net Position. Program costs are defined below.
- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.

Expenses

- Upon recommendation of the Underwriting and Executive Committees, the Board may annually consider returning available net position to members in the form of member dividends.
- Premium for transferred risk is the expense for insurance purchased based on the risk financing decisions made.
- The provisions for claims, current year, and provision for claims prior years' are the actuarial adjustments to claim liabilities.
- The provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim and is charged as part of the admin fee.
- Member claims audits are scheduled for each member or Third Party Administrator (TPA), every two years, or as determined by the Claims Review Committee, unless the member opts out of the claims audit program.
- A claims audit for the PRISM's Claims Department is scheduled every two years.
- Each member is entitled to subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include program actuarial and consulting costs, legal expenses, ISO fees and any other expenses approved by the various committees.
- There is a \$50,000 contingency budget line item for unforeseen expenses, which is available for use with a two-thirds vote of the Executive Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Board will determine how to fund for these services.
- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the General Administration Program are used to pay for the



Adopted: June 2, 2011
Amended: June 6, 2025

PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.

- The administrative costs of the Program are typically set in conjunction with the March Board of Directors meeting as a way to aid members in budgeting by reducing variability in their premiums. Any variance within 10% of the set amount and the final administrative costs are adjusted from the program's Net Position. If the variance falls outside of the 10% range, the total budgeted number is brought back to the Board of Directors in June for further action.
- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account.
- The PRISM Claim system transfer is based on program usage.
- Investment Fees are charged to the program based on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 1 PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 224,843,786	\$ 268,339,995	\$ 268,339,995	\$ 250,413,879	\$ 337,400,497	\$ 86,986,618	35%	Incl. Corridor deductible reinsured by PRISM ARC, PIGA and Placement Broker Fee
Contributions for Retained Risk	3,203,288	37,975,085	37,975,085	64,894,404	48,398,668	(16,495,736)	-25%	Billed at 85% confidence level, 2.5% discount factor; incl. LPT Broker Fees
Public Entity Broker Fees	4,471,720	6,242,832	6,242,832	4,767,725	6,193,689	1,425,964	30%	OOS only shown in actual/est. actual columns.
Investment Income	569	569,140	569,184	0	750,000	750,000	0%	Investment earnings projected in 25/26 on positive cash
Administration Fees	6,866,470	8,236,901	8,236,901	7,842,459	8,736,579	894,120	11%	Includes Schools loss control fee; set in March
Member Finance Fees	1,353	59,534	59,534	0	0	0	0%	
Other Income	2,959,165	612	612	0	430,000	430,000	0%	Proceeds from Commutation in FY23/24 Commission rebate in FY25/26
TOTAL REVENUES	242,346,351	321,424,099	321,424,143	327,918,467	401,909,433	73,990,966	23%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	207,082,307	268,339,995	268,339,995	250,413,879	337,400,497	86,986,618	35%	Incl. PIGA and Placement Broker Fees
Public Entity Broker Fees	6,216,777	8,000,690	8,000,690	6,486,926	6,193,689	(293,237)	-5%	Incl. LPT Broker Fees. OOS only shown in actual/est. actual columns.
Provision for Claims, Current Year	2,407,842	3,215,000	3,215,000	4,376,079	0	(4,376,079)	-100%	No retained risk expense for 25/26; OOS only shown in actual/est. actual columns.
Provision for Claims, Prior Years	4,023,374	5,718,978	5,718,978	0	0	0	0%	
Provision for ULAE	719,000	0	816,000	816,000	904,000	88,000	11%	Including DBD
Total Retained and Transferred Risk	220,449,300	285,274,663	286,090,663	262,092,884	344,498,186	82,405,302	31%	
Program Administration								
Financing Expenses	2,278,708	204,286	502,000	2,200,000	0	(2,200,000)	-100%	Interest paid to other programs due to negative cash; positive balance expected in 25/26
ISO Fees	9,800	2,197	4,100	8,000	15,000	7,000	88%	
Member Claims Audits	171,482	10,140	55,900	180,000	240,000	60,000	33%	
PRISM Claims Audit	0	0	0	0	25,000	25,000	0%	Due in 2025/26
Legal Expenses	378,482	84,643	219,200	835,000	830,000	(5,000)	-1%	
Crisis Management Services	2,150	3,001	26,000	100,000	50,000	(50,000)	-50%	
Bank Fees	7,133	3,877	6,254	6,000	9,000	3,000	50%	Allocated to DBD members only
Member Actuarial Studies	129,315	64,000	126,969	152,000	152,000	0	0%	
Total Program Administration	2,977,070	372,144	940,423	3,481,000	1,321,000	(2,160,000)	-62%	
Discretionary Delegated to Governing Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of the Executive Committee
TOTAL EXPENSES	223,426,370	285,646,807	287,031,086	265,623,884	345,869,186	80,245,302	30%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 1 PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Administration	(4,847,135)	(5,441,279)	(5,441,279)	(5,441,279)	(6,094,640)	653,361	12%	
Claims System Costs	(186,015)	(295,286)	(295,286)	(295,286)	(308,585)	13,299	5%	
Investment Fees	(13,516)	(4,182)	(8,364)	0	(3,870)	3,870	0%	External investment management fees
TOTAL TRANSFERS	(5,046,666)	(5,740,747)	(5,744,929)	(5,736,565)	(6,407,095)	670,530	12%	
Net Increase or (Decrease)	13,873,315	30,036,545	28,648,128	56,558,018	49,633,152	(6,924,866)	-12%	
NET POSITION - JULY 1	(22,110,214)	(8,236,899)	(8,236,899)	(9,208,912)	20,411,229			
NET POSITION - JUNE 30	(8,236,899)	21,799,646	20,411,229	47,349,106	70,044,381			
Net Position Designated for:								
Unrestricted Net Position	(32,105,663)	(2,121,384)	(3,509,801)	19,252,762	45,447,351			
Premium Rate Credit, accrued but not received at period end	23,868,764	23,921,030	23,921,030	28,096,344	24,597,030			
Total Net Position	(8,236,899)	21,799,646	20,411,229	47,349,106	70,044,381			
Target Equity								
Low Range	126,100,000	110,800,000	110,800,000	110,800,000	62,528,000			
High Range	137,900,000	149,100,000	149,100,000	149,100,000	209,000,000			

General Liability 2

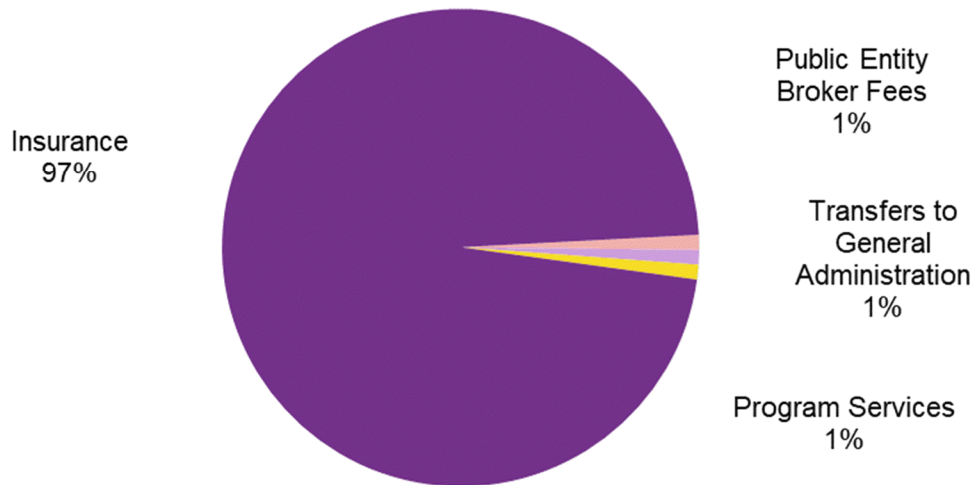
The objective of the General Liability 2 (GL2) Program is to provide members who can afford a high self-insured retention an affordable excess liability program with limited pool exposure, and insured coverage when available.

Program Revenue Summary:

Number of Members	29
Insurance	\$244.3 Million
Premium to ARC	\$30 Million
Public Entity Broker Fees	\$2.1 Million
Administration and Fees	\$7.1 Million
Projected Investment Income	\$250 Thousand

A summary of the General Liability 2 Program budget is as follows:

General Liability 2 Program Expenses Summary



The GL2 Program does not retain any risk; all risk historically has been transferred to reinsurers. Given the fully insured status of the Program, no target equity level was established and minimal net position was retained therein – just \$3.6M at the end of 2022/23. This equity was not enough to absorb losses from the AmTrust commutation of \$24.7M in 2023/24. Accordingly, the GL2 Committee declared an assessment of \$25M in 2023/24 and an additional assessment of \$7.1M in 2024/25. These actions should bring equity positive at June 30, 2025. The proposed budget would result in an ending net position of \$3M at June 30, 2026.



Adopted: June 3, 2010
Last Revised: April 3, 2025

General Liability 2 (GL2) Program Budget Policy

Program Goals for the GL2 Program include the following:

Short Term Goals

- Increase service offerings to the members.
- Eliminate aggregate coverage limits where possible.
- Use multi-year underwriting matrices, wherever possible, to help ensure stable renewal pricing from underwriters.
- Evaluate different risk financing strategies in challenging renewal times; such as evaluating pooling/risk sharing, evaluate SIR changes, and assess different corridor retentions, IMCDs, and layering strategies.
- Annually consider amendments to the MOC to address areas in which clarification is helpful in an effort to avoid coverage questions in the future.
- Continue to evaluate transfer of risk opportunities to the PRISM Captive.

Long Term Goals

- Maintain an equitable, market-based premium allocation with appropriate consideration given to exposure and loss experience. A market based allocation is designed to avoid adverse selection by the members.
- Maintain stable pricing year-over-year, striving to not exceed a 10% variance overall, or 15% variance by member.
- Maintain multi-year relationships, where possible, with business partners (brokers, underwriters).
- Expand program to new members, which may include pools or individual members from other states.

Budget Policies for the GL2 Program include the following:

Revenues

- Based on market conditions, coverage for the Program is provided by insurance, or a combination of insurance and an aggregate pool or Mega Fund, individual member corridor deductibles (IMCDs) when appropriate, which provides coverage between the member's SIR and the insured layer.
- The allocation of premiums between participating members is approved annually by the GL2 Committee.
- In 2024, the Program agreed to commute its policies with a reinsurer – AmTrust. As there are still open claims in those years, the GL2 Committee will review the financial position on an annual basis as of December 31st, and determine whether there are unfunded liabilities that need to be funded and, if so, how to fund them.



Adopted: June 3, 2010
Last Revised: April 3, 2025

- Broker fees are charged to all public entity members. The amount charged is based on the broker contract and is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense could flow to the program's net position, on committee's discretion. Program costs are defined below.
- The Risk Management Subsidy Program was created to offset the direct costs members incur from securing external risk management products and services. Unless a member opts out, the Risk Management Subsidy is \$1,000 each year.

Expenses

- GL2 premiums for transferred risk include the cost of insurance for claims in excess of each member's SIRs and the GL2 Pool or Mega Fund. Policy limits are determined annually by the GL2 Committee. Members can obtain optional excess insurance through the Miscellaneous Programs that extend coverage limits.
- The provision for claims provides for claims costs within any corridor deductible or Mega Fund layer.
- The provision for Unallocated Loss Adjustment Expenses (ULAE) accrues the costs not directly associated with specific claims, but related to claims administration and settlement processes for the remaining life of the claims. ULAE includes salaries and other internal costs of the PRISM's claims department.
- The legal services line item provides for coverage opinions and other services provided to the GL2 Committee.
- Claims audits will be done every two years and paid for through the premium allocation.
- A claims audit for the PRISM's Claims Department is scheduled every two years.
- Each member is entitled to a subsidy of \$2,000 towards the cost of member actuarial studies.
- Other program expenses include consulting costs, ISO fees and any other expenses approved by the GL2 Committee.
- An expense budget of \$50,000 has been delegated to the GL2 Committee for any unforeseen budget expenses. The GL2 Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The program has adopted a policy to provide Crisis Incident Management Services. Annually, the GL2 Committee will determine how to fund for these services.



Adopted: June 3, 2010
Last Revised: April 3, 2025

- Deficits in GL2 program net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via intercompany borrowing. Interest is paid on intercompany borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the programs net position.

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.
- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account balance.
- The Claims System transfer was established based on program usage.
- Investment Fees are charged on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
GENERAL LIABILITY 2 PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 182,406,891	\$ 209,509,299	\$ 209,509,299	\$ 234,818,086	\$ 274,320,263	\$ 39,502,177	17%	Includes Placement Broker Fee
Contributions for Retained Risk (Assessment)	25,000,000	0	7,100,000	0	0	0	0%	Assessments from AmTrust Commutation
Public Entity Broker Fees	1,453,852	1,592,402	1,592,402	1,795,326	2,061,790	266,464	15%	
Investment Income	0	456,559	538,804	270,000	250,000	(20,000)	-7%	
Member Finance Fees	97,387	85,434	85,434	100,000	75,000	(25,000)	-25%	
General Administration Fees	4,213,841	5,384,538	5,384,538	5,412,118	6,036,561	624,443	12%	Time study % increased from 13.6% to 14.7% of staff time
Other Income	0	0	0	0	970,000	970,000	0%	FY25/26 Commission Rebate
TOTAL REVENUES	213,171,971	217,028,232	224,210,477	242,395,530	283,713,614	41,318,084	17%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	182,348,072	209,504,583	209,504,583	234,818,086	274,320,263	39,502,177	17%	Includes Placement Broker Fee
Provision for Claims - Prior Year	31,041,834	64,048	64,048	0	0	0	0%	Claims from AmTrust Commutation
Public Entity Broker Fees	1,453,852	1,592,402	1,592,402	1,795,326	2,061,790	266,464	15%	
Provision for ULAE	569,000	0	659,000	659,000	707,000	48,000	7%	
Total Retained and Transferred Risk	215,412,758	211,161,033	211,820,033	237,272,412	277,089,053	39,816,641	17%	
Program Administration								
ISO Fees	16,185	14,402	26,200	20,000	30,000	10,000	50%	
Member Actuarial Studies	36,000	18,000	32,500	42,000	54,000	12,000	29%	
Legal Services	1,200,910	288,383	710,600	975,000	1,020,000	45,000	5%	
Member Claims Audit	101,875	15,000	95,375	60,000	40,000	(20,000)	-33%	
Crisis Management Services	0	0	25,000	100,000	50,000	(50,000)	-50%	
Financing Expense	1,737,724	0	5,000	0	0	0	0%	
Other Program Expense	1,723,961	0	0	0	0	0	0%	FY23/24 Amtrust and QBE write-off of bad debt
Total Program Administration	4,816,655	335,785	894,675	1,197,000	1,194,000	(3,000)	0%	
Discretionary Delegated to GL2 Committee	0	0	0	50,000	50,000	0	0%	Available with two-thirds vote of GL2 Committee
TOTAL EXPENSES	220,229,413	211,496,818	212,714,708	238,519,412	278,333,053	39,813,641	17%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(2,788,904)	(3,293,917)	(3,293,917)	(3,293,917)	(3,864,320)	570,403	17%	
Claims System Costs	(111,282)	(207,903)	(207,903)	(207,903)	(217,378)	9,475	5%	
Investment Fees	(10,315)	(2,846)	(5,692)	(4,298)	(3,863)	(435)	-10%	External investment management fees
TOTAL TRANSFERS	(2,910,501)	(3,504,666)	(3,507,512)	(3,506,118)	(4,085,561)	579,443	17%	
Net Increase or (Decrease)	(9,967,943)	2,026,748	7,988,257	370,000	1,295,000	2,083,886	563%	
NET POSITION - JULY 1	3,639,589	(6,328,354)	(6,328,354)	6,142,916	1,659,903			
NET POSITION - JUNE 30	(6,328,354)	(4,301,606)	1,659,903	6,512,916	2,954,903			

Property

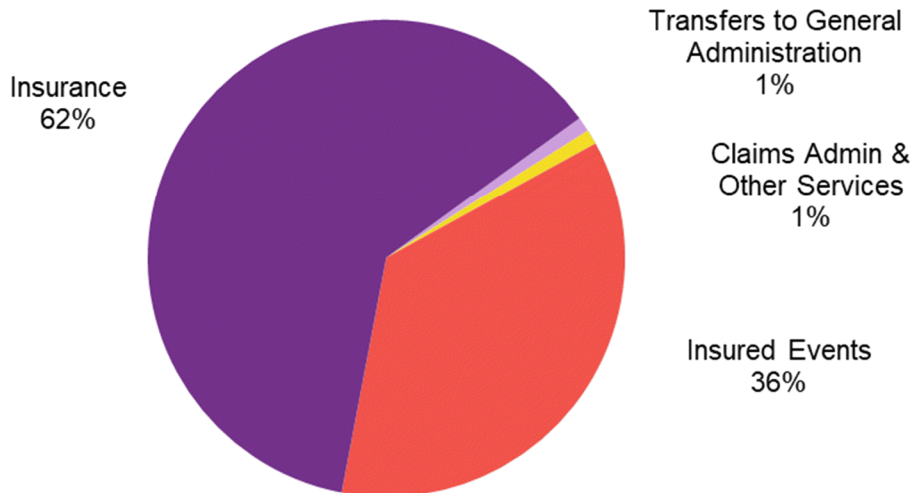
The objective of the Property Program is to provide a broad range of all-risk property coverage to members, including flood and earthquake. Members’ property is divided into groups known as “towers”. The program self-insures the primary layer of \$10M per occurrence, per tower with a \$120M annual aggregate. Insurance is purchased for layers above the primary layer, with some exceptions.

Program Revenue Summary:

Number of Members		120
Member Deductibles	\$25,000 to \$250,000	
Insured Values		\$113.1 Billion
Pool Premium		\$116.9 Million
Insurance		\$200.8 Million
Claims Administration		\$3.5 Million
Administration and Fees		\$1.8 Million
Projected Investment Income		\$2.3 Million
Other Income		\$7.7 Million

A summary of the Property Program budget is as follows:

Property Program Expenses Summary



The Property program began retaining risk in the primary SIR-\$10M layer with the 2022/23 policy year. The Program’s healthy net position was used the first two years (2022/23 and 2023/24) to subsidize member premiums. Contributions fell short of the primary layer losses, resulting in an erosion of net position from \$52.4M at the end of 2021/22 to \$17.4M at the end of 2023/24. Collections were increased to cover losses and stabilize net position starting in 2024/25. Net position is projected to reach a surplus of \$40.5M and \$53.1M at June 30, 2025 and 2026, respectively.



Adopted: May 20, 2010
Amended: May 19, 2025

Property Program Budget Policy

Program Goals for the Property Program include the following:

Short-term Goals

- Increase service offerings to the members.
- Seek out new markets and annually evaluate risk retention options.
- Continue to implement the Committee's policy to address frequency and severity of losses at vacant buildings.
- Continue to evaluate the quality of claims administration services.
- Continue to evaluate transfer of risk opportunities in PRISM's Captive.
- Provide rate relief to members by offering higher deductibles and corridor deductible options
- Establish Target Funding Guidelines
- Evaluate the feasibility of continuing to offer the Earthquake Deductible quota share arrangement if the Earthquake Deductible Cap is raised by the markets.

Long-term Goals

- Maintain beneficial long-term relationships with insurance markets.
- Maintain program stability through strategies of broad spread of risk and market-based premium allocation.
- Maintain superior quality services in claims, underwriting and loss control.
- Continue to evaluate coverage and structure enhancements.
- Utilize Spectra as the Program's claims administration system and data warehouse
- Expand the Program to out-of-state participants who will increase the Program's diversity and fit with the Program's risk appetite.

Budget Policies for the Property Program include the following:

Revenues

- Premiums for retained and transferred risk are allocated based on each member's insured values, exposures, deductibles and coverage elections. Any difference between the collected premium for retained and transferred risk and premium expenses paid, is retained as a Property Program Stabilization Fund.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in PRISM's Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Ceding commissions, refunded by the primary carrier will be added to the Program's net position.



Adopted: May 20, 2010
Amended: May 19, 2025

- Any unspent money from the funding of the retained layers will flow to the Program's net position.
- Members may elect to pay their premium on a monthly or quarterly basis. Member finance fees are charged based on the internal borrowing rate and the term of the financing.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this Program.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will flow to the Program's net position. Program costs are defined below.
- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.

Expenses

- Property insurance premiums include the cost of primary and excess insurance. The primary includes the annual primary layer pool funding and aggregate premium and a provision for claim handling payments within the primary layer.
- Other program expenses include consulting costs, legal expenses, property appraisal services, and any other expenses approved by the Property Committee.
- PRISM's premium billing to members is based on the fiscal year of July 1st through June 30th. The insurance premiums are for a policy period of March 31st through March 31st, and premiums are due to the carriers within 30 days. This timing difference requires PRISM to finance a portion of the cost of insurance. PRISM internally borrows funds from the treasury to pay these premiums until member billings are collected in July. The finance expenses are the costs to the PRISM Treasury to internally borrow funds for the Property Program. An expense is recognized each fiscal quarter based on the average daily balance of the funds borrowed times the internal borrowing rate approved by the Board of Directors each March.
- The Risk Management Services line item of \$350,000 is available for services approved by the Property Committee.
- The Appraisal Services line item is for the Program's portion of expenses associated with appraisal of buildings valued between \$250,000-\$1,000,000. Since the appraisal policy was amended to extend the frequency of appraisals from 5 to 10 years, the Program's financial responsibility is significantly reduced starting in the 2017/18 year and may increase for additional appraisals again in the 2024/25 year.



Adopted: May 20, 2010
Amended: May 19, 2025

- An expense budget of \$25,000 has been delegated to the Property Committee for any unforeseen budget expenses. The Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Property Committee will determine how to fund for these services.
- The claims system expense includes the cost to develop our claims system, Spectra, to include a property administration module.
- Each member is entitled to subsidy of \$2,000 towards the cost of member actuarial studies.
- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM's programs based on a three-year average of staff time.
- Based on member election, a risk management subsidy of \$1,000 per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account balance.
- Investment fees are charged to the programs based on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PROPERTY PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 138,761,098	\$ 126,513,390	\$ 176,261,352	\$ 166,581,210	\$ 200,770,376	\$ 34,189,166	21%	Incl. PIGA
Premiums for Claims Admin	2,000,000	3,500,000	3,500,000	3,500,000	3,500,000	0	0%	
Retained Risk	99,361,554	88,608,719	116,858,719	119,485,981	116,900,000	(2,585,981)	-2%	Includes pooled risk up to \$10M per occurrence plus retentions & quota shares.
Stabilization Funds	54,553	22,468	22,468	0	0	0	0%	From new member additions
Investment Income	4,700,577	2,016,564	4,820,207	1,781,000	1,800,000	19,000	1%	
Member Finance Fees	6,800	14,466	14,466	7,000	10,000	3,000	43%	
Administration Fees	1,625,760	1,488,246	1,900,555	2,463,448	2,346,736	(116,712)	-5%	Includes School Loss Control Fee and Risk Control grants pass thru item
Other Income	0	4,501,610	4,501,610	0	7,734,783	7,734,783	0%	Property Commission Rebates
TOTAL REVENUES	246,510,342	226,665,463	307,879,377	293,818,639	333,061,895	39,243,256	13%	
EXPENSES:								
Retained and Transferred Risk								
Premium for Transferred Risk	138,761,098	126,513,390	176,261,352	166,581,210	200,770,376	34,189,166	21%	Incl. PIGA and \$147.8M that is already prepaid to carriers but will be an expense on the 25/26 financial statements
Provision for claims	119,661,592	72,876,081	102,876,081	115,900,000	113,365,000	(2,535,000)	-2%	Claims for primary layer pool expensed as incurred
Provision for ULAE	3,000	0	88,000	88,000	80,000	(8,000)	-9%	
Total Retained and Transferred Risk	258,425,690	199,389,471	279,225,433	282,569,210	314,215,376	31,646,166	11%	
Program Administration								
Financing Expenses	0	0	500,000	0	600,000	600,000	0%	Interest on interfund borrowing
Legal Services	13,648	0	9,000	20,000	20,000	0	0%	
Claims Admin	3,674,905	2,042,873	3,549,800	3,500,000	3,500,000	0	0%	Increase based on actual expense in previous year
PRISM Claims Audits	0	0	7,800	20,000	0	(20,000)	-100%	No audit in FY 23/24, 25/26
Crisis Management Services	0	0	25,000	100,000	50,000	(50,000)	-50%	
Member Actuarial Studies	5,665	4,000	13,500	182,000	180,000	(2,000)	100%	Approved by the committee in March 2024
Property Appraisals	26,816	10,883	71,000	132,000	135,000	3,000	2%	
Risk Management/LP Services	389,390	350,000	350,000	350,000	350,000	0	0%	Includes Risk Control Grants, pass thru item
Total Program Administration	4,110,424	2,407,756	4,526,100	4,304,000	4,835,000	531,000	12%	
Discretionary Delegated to Property Committee	0	0	0	25,000	25,000	0	0%	Available with two-thirds vote of Property Committee
TOTAL EXPENSES	262,536,114	201,797,227	283,751,533	286,898,210	319,075,376	32,177,166	11%	
TRANSFERS:								
Transfers in (out) to:								
Transfers out to Administration	(685,403)	(981,374)	(981,374)	(981,374)	(1,200,540)	219,166	22%	
PRISM Claims System Costs	(18,274)	(30,130)	(30,130)	(30,130)	(31,543)	1,413	5%	
Investment Fees	(24,245)	(28,171)	(56,342)	(28,353)	(76,502)	48,149	170%	External investment management fees
TOTAL TRANSFERS	(727,922)	(1,039,675)	(1,067,846)	(1,039,857)	(1,308,585)	268,728	26%	
Net Increase or (Decrease)	(16,753,694)	23,828,561	23,059,998	5,880,572	12,677,934	6,797,362	116%	
NET POSITION - JULY 1	34,163,884	17,410,190	17,410,190	9,029,047	40,470,188			
NET POSITION - JUNE 30	17,410,190	41,238,751	40,470,188	14,909,619	53,148,122			
Net Position Designated for:								
Margin for Claim Development	5,711,940	5,734,408	5,734,408	5,711,940	5,734,408			
Undesignated	11,698,250	35,504,343	34,735,780	9,197,679	47,413,714			
Total Net Position	17,410,190	41,238,751	40,470,188	14,909,619	53,148,122			

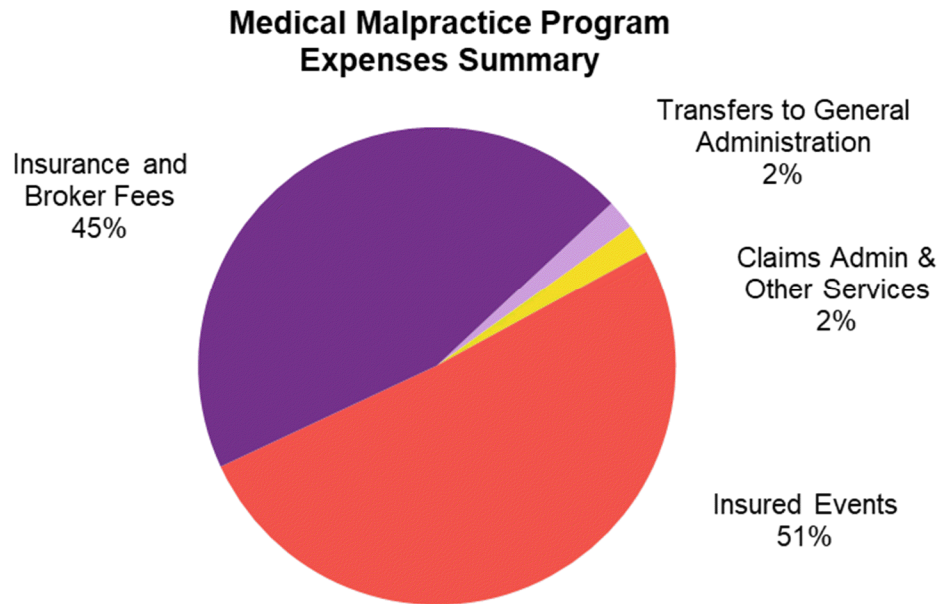
Medical Malpractice

The objective of the Medical Malpractice Program is to provide members with the broadest possible General Liability and hospital or medical facilities professional liability coverage and limits at the lowest rates available. The Medical Malpractice Program provides members with the economic benefits of blending self-insurance or pooling, with the purchase of insurance.

Program Revenue Summary:

Number of Members	52
Pool Premium	\$39.3 Million
Insurance and Broker Fees	\$20.1 Million
Premium to ARC	\$1.9 Million
Claims Administration	\$610 Thousand
Administration and Fees	\$1.3 Million
Projected Investment Income	\$1.8 Million
Loss Prevention Subsidy	\$1,000 per member

A summary of the Medical Malpractice Program budget is as follows:



The Medical Malpractice Program budgeted an increase in its Net Position by \$20.2M in 2025/26. Rates for the program are developed such that contributions for retained risk plus investment income are budgeted to exceed claims costs. Actual claims development will vary from current estimates and may be favorable or adverse.



Adopted: June 9, 2010
 Last Amended: April 26, 2024
 Last Reviewed: May 8, 2025

Medical Malpractice Program Budget Policies

Program Goals for the Medical Malpractice Program include the following:

Short Term Goals

- Re-evaluate the risk tolerance and the balance between pooling and transferring risk to the commercial insurance market, with a heavier emphasis on pooling.
- Evaluate potential changes to the actuarial rating models and premium allocation methodologies.
- Increase service offerings to the members.
- Continue to monitor the activity of jail/civil rights claims covered by the Program.
- Staff and George Hills/RMS to continue working with members and Wellpath to review the coverage limits provided to members.
- Engage members in exploring the feasibility of establishing a new JPA for jail medical services.
- Evaluate the feasibility of providing program claims administration (Program II) and oversight of member claim administration (Program I) in-house.
- Continue to consider risk transfer opportunities to the PRISM Captive.

Long Term Goals

- Maintain stable pricing year over year, striving not to exceed a 10% variance overall, or 15% variance by member.
- Maintain multi-year relationships with carriers, brokers and underwriters where possible.
- Maintain an equitable distribution of costs among the members and Program 1 and Program 2, through a premium allocation process with appropriate consideration for exposure and loss experience within the pool and excess layers.
- Monitor the long-term actuarial discount assumption, compared to the projected investment earnings rate.
- Create a Medical Malpractice claims module in PRISM's proprietary claims system.

Budget Policies for the Medical Malpractice Program include the following:

Revenues

- Premiums for retained risk and transferred risk are actuarially determined based on each member's exposure, claims experience and SIR or deductible. Each year the Medical Malpractice Committee determines the appropriate funding level and discount rate.



Adopted: June 9, 2010
 Last Amended: April 26, 2024
 Last Reviewed: May 8, 2025

- Broker fees are charged to all public entity members. The amount charged is a graduated rate based on premiums. The current broker fee rates are 10% of the first \$100k of premiums, plus 5% of premiums from \$100k - \$1M, and plus 3% of premiums excess of \$1M. Broker fees or commissions may also be charged to members for reinsurance placements and are considered part of the cost and premium for transferred risk.
- The Risk Management Subsidy Program is a voluntary program that was created to offset the direct costs members incur from securing external risk management products and services. Most members choose to contribute at least \$1,000 each year to this Program.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- Claims administration fees are based on negotiated fee contracts approved by the Committee. Claims administration fees are allocated within each Program separately based on each members retained and transferred risk premiums.
- Administration fees are based on the budget for program and general administration costs and subsidies. Any carryover credit from previous years' administration expense will reduce the current budget year's Administration fees charged to the members. Program costs are defined below.
- PRISM Program Internal Guarantee Account (PIGA) member contributions are set at 1% of the premium for transferred risk.

Expenses

- The Medical Malpractice Committee may annually consider returning available net position to members in the form of member dividends.
- Medical Malpractice premiums for transferred risk include the cost of reinsurance and or excess insurance.
- The Provision for Claims (current), and the Provision for Claims (prior years), are the actuarial adjustments to claim liabilities.
- The Provision for ULAE (Unallocated Loss Adjustment Expenses) is the annual adjustment to the liability for the administrative costs of handling the claims for the life of the claim.
- Program and member claims audits are scheduled every two (2) or as determined by the Medical Malpractice Committee.
- Each Program 1 member is entitled to a subsidy of \$2k towards the cost of member actuarial studies.
- The Medical Malpractice Committee provides a loss prevention seminar. The Committee will reimburse the travel expenses for up to three (3) representatives from each member when the seminar is held in person.



Adopted: June 9, 2010
Last Amended: April 26, 2024
Last Reviewed: May 8, 2025

- Other program expenses include legal expenses and any other expenses approved by the Medical Malpractice Committee.
- An expense budget of \$25k has been delegated to the Medical Malpractice Committee for any unforeseen budget expenses. The Medical Malpractice Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.
- The Program has adopted a policy to provide Crisis Incident Management Services. Annually, the Medical Malpractice Committee will determine how to fund for these services.
- Deficits in any program's net cash and investment balance occasionally result from delays in payments from reinsurance carriers and others. In those instances, the cash flow needs of the program are met by other PRISM programs via interfund borrowing. Interest is paid on interfund borrowing in accordance with the annually-adopted internal borrowing rate. This interest expense will be covered from the program's net position.

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.
- Investment fees are charged based on the average daily balance of program funds.
- Based on member election, a risk management subsidy of \$1k per member, plus any additional amounts elected by members, is transferred to the General Administration Program and added to each member's risk management subsidy account balance.
- The Claims System transfer is based on program usage.
- Investment Fees are charged to the programs based on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MEDICAL MALPRACTICE PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 12,716,105	\$ 15,721,232	\$ 15,721,232	\$ 14,871,328	\$ 20,034,758	\$ 5,163,430	35%	Incl. PIGA in 25/26 budget
Contribution for Retained Risk	23,718,721	26,643,447	26,643,447	28,294,920	41,247,184	12,952,264	46%	80% Confidence Level, discounted at 3%
Public Entity Broker Fees	17,547	16,335	16,335	16,900	20,497	3,597	21%	
Investment Income	3,113,028	2,074,653	4,452,600	1,724,000	1,800,000	76,000	4%	
Member Finance Fees	0	486	486	0	0	0	0%	
Claims Administration Fees	558,560	232,742	584,484	600,000	610,290	10,290	2%	
Administration Fees	1,357,163	1,668,416	1,355,674	1,301,159	1,251,610	(49,549)	-4%	
TOTAL REVENUES	41,481,124	46,357,311	48,774,258	46,808,307	64,964,339	18,156,032	39%	
EXPENSES:								
Member Dividends	0	0	2,211,435	0	0	0		FY24/25 returned overage from Reliance Years assessment
Retained and Transferred Risk								
Premium for Transferred Risk	12,692,671	15,859,044	15,859,044	14,871,328	20,034,758	5,163,430	35%	Incl. PIGA in 25/26 budget
Public Entity Broker Fees	17,547	16,335	16,335	16,900	20,497	3,597	21%	
Provision for Claims - Current Year	16,361,569	17,886,652	20,173,466	19,791,000	22,918,000	3,127,000	16%	Estimated at expected discounted
Provision for Claims - Prior Year	3,971,098	268,630	20,165,263	0	0	0	0%	
Provision for ULAE	119,000	0	115,000	115,000	113,000	(2,000)	-2%	
Total Retained and Transferred Risk	33,161,885	34,030,661	56,329,108	34,794,228	43,086,255	8,292,027	24%	
Program Administration								
ISO Index Fees	0	0	0	500	500	0	0%	
Legal Expenses	40,712	88,854	196,500	125,000	125,000	0	0%	Legal - coverage counsel
Claims & Loss Prevention Administration	558,560	232,742	584,484	600,000	610,290	10,290	2%	
Member Actuarial Studies	12,000	2,000	10,000	22,000	10,000	(12,000)	-55%	
Claim Audits	0	0	5,000	10,000	15,000	5,000	50%	
Crisis Management Services	0	0	0	50,000	50,000	0	0%	
Other Program Expense	2,150,000	157	157	0	0	0	0%	FY23/24 write-off of bad debt
Total Program Administration	2,761,272	323,753	796,141	807,500	810,790	3,290	0%	
Discretionary Delegated to Med Mal Committee	0	0	0	25,000	25,000	0	0%	Available with two-thirds vote of Med Mal Committee
TOTAL EXPENSES	35,923,157	34,354,414	59,336,684	35,626,728	43,922,045	8,295,317	23%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(994,179)	(859,916)	(859,916)	(859,916)	(782,850)	(77,066)	-9%	
Claims System Costs	(81,371)	(66,295)	(66,295)	(66,295)	(69,039)	2,744	4%	
Investment Fees	(18,442)	(18,176)	(36,352)	(27,448)	(37,381)	9,933	36%	External investment management fees
TOTAL TRANSFERS	(1,093,992)	(944,387)	(962,563)	(953,659)	(889,270)	(64,389)	-7%	
Net Increase or (Decrease)	4,463,975	11,058,510	(11,524,989)	10,227,920	20,153,024	9,925,104	97%	
NET POSITION - JULY 1	18,479,333	22,943,308	22,943,308	25,909,831	11,418,319			
NET POSITION - JUNE 30	22,943,308	34,001,818	11,418,319	36,137,751	31,571,343			
Target Equity								
Low Range	11,137,000	20,180,000	20,180,000	14,130,000	21,610,000			
High Range	23,824,000	40,731,000	40,731,000	27,318,000	41,725,000			

Master Rolling Owner Controlled Insurance Program

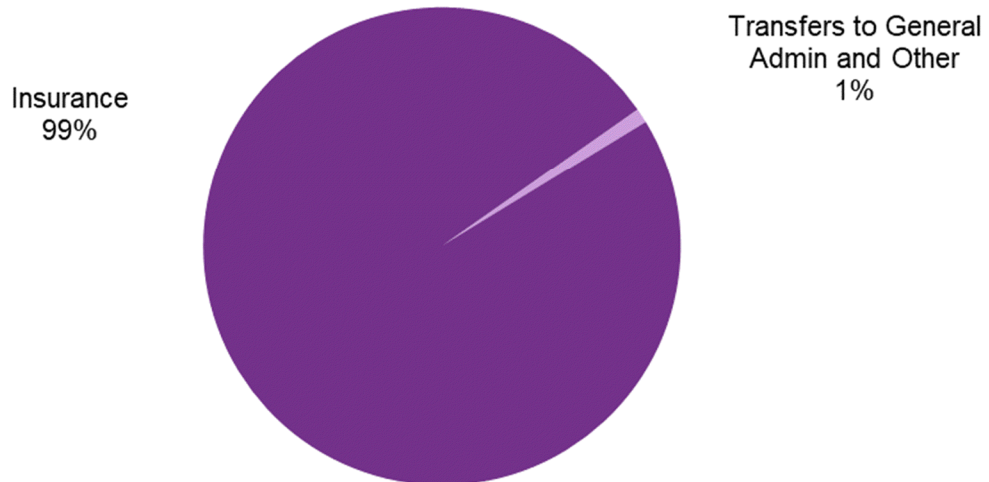
The Master Rolling Owner Controlled Insurance Program (MROCIP) enables members to purchase workers compensation and general liability coverage for all eligible parties working on their construction projects. The program incepted in January 2013, and currently has seven projects either approved or in progress.

Program Revenue Summary:

Insurance	\$10 Million
Administration and Fees	\$140 Thousand

A summary of the MROCIP Program budget is as follows:

MROCIP Program Expenses Summary



As budgeted, collections for Administration Fees are greater than the related expenses, resulting in an increase in Net Position of \$54k.



Adopted: June 5, 2014
 Last Amended: January 7, 2021
 Last Reviewed: May 1, 2025

Master Rolling Owner Controlled Insurance Program (MR OCIP) Program Budget Policies

Program goals for MR OCIP include the following:

Short-Term Goals

- Increase service offerings to the members.
- Communicate information about the Program to members.
- Continue to expand member participation in the Program, with a target towards county jails and schools.
- Evaluate offering a “liability-only” option.
- Evaluate expanding the program out of state by offering stand-alone placements in the short-term.

Long-Term Goals

- Maintain beneficial long-term relationships with insurance markets.
- Maintain program stability through strategies of broad spread of risk and market-based premium allocation.
- Maintain superior quality services in claims, underwriting and loss control.
- Consider future opportunities for outside of California prospects.

Budget Policies for the MR OCIP include the following:

Revenues and Expenses

- Premiums for Retained and Transferred Risk, and other program charges are calculated based on each project’s construction values, payrolls, exposures, and coverage elections.
- Program finance fees are based on the internal borrowing rate.
- Administration fees are .03% of the Estimated Construction Project Value.
- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a 3-year average of staff time.
- Investment fees are charged on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MASTER ROLLING OCIP PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 4,933,072	\$ 1,399,150	\$ 2,489,861	\$ 10,000,000	\$ 10,000,000	\$ 0	0%	
Investment Income	0	299	2,919	0	0	0	0%	
Administration Fees	23,400	29,412	58,212	140,000	140,000	0	0%	
TOTAL REVENUES	4,956,472	1,428,861	2,550,992	10,140,000	10,140,000	0	0%	
EXPENSES:								
Retained and Transferred Risk								
Insurance Purchased	4,933,072	1,399,150	2,489,861	10,000,000	10,000,000	0	0%	
Financing Expenses	21,749	1,958	1,958	5,000	5,000	0	0%	
Total Retained and Transferred Risk	4,954,821	1,401,108	2,491,819	10,005,000	10,005,000	0	0%	
TOTAL EXPENSES	4,954,821	1,401,108	2,491,819	10,005,000	10,005,000	0	0%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(51,507)	(55,870)	(55,870)	(55,870)	(81,440)	25,570	46%	
Investment Fees	(136)	(40)	(80)	0	(12)	12	0%	External investment management fees
TOTAL TRANSFERS	(51,643)	(55,910)	(55,950)	(55,870)	(81,452)	25,582	46%	
Net Increase or (Decrease)	(49,992)	(28,157)	3,223	79,130	53,548	(25,582)	-32%	
NET POSITION - JULY 1	436,776	386,784	386,784	394,640	390,007			
NET POSITION - JUNE 30	386,784	358,627	390,007	473,770	443,555			

PRISM Internal Guarantee Account (PIGA)

To protect the various programs, PRISM added an internal guarantee fund as a major program in 2024/25: PRISM Internal Guarantee Account (PIGA). PIGA is conceptually similar to a guarantee fund like CIGA. The Program collects premiums from participating programs and provides limited coverage in the event of carrier insolvencies and, for Miscellaneous Programs where there are aggregate limits, provides a layer of protection in the event of aggregate limit exhaustion. Conceptually, this should eliminate or reduce the need for retrospective assessments to members.

Participants are PRISM programs, and participation must be approved by the program's governing body. PIGA is not offered to members on an individual basis. Five major programs and six miscellaneous programs elected to participate in PIGA: PWC, EWC, GL1, Medical Malpractice, Property, Aircraft, Airport, Crime, Cyber Liability, OEL, Pollution, and Watercraft.

Participating programs pay PIGA for coverage: 1% of premium for the Major Programs and 2% of premium for the Miscellaneous Programs. PIGA transfers the risk and related funding to PRISM's captive: ARC. Accordingly, revenue and expense for PIGA are equal and the net position for PIGA is - and will remain - zero.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRISM INTERNAL GUARANTEE ACCOUNT (PIGA)
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 414,806	\$ 4,616,137	\$ 4,616,137	\$ 0	\$ 6,566,373	\$ 6,566,373	0%	PIGA revenue is passed thru to ARC
TOTAL REVENUES	414,806	4,616,137	4,616,137	0	6,566,373	6,566,373	0%	
EXPENSES:								
Transferred Risk								
Insurance Purchased	414,806	4,616,137	4,616,137	0	6,566,373	6,566,373	0%	PIGA revenue is passed thru to ARC
Total Transferred Risk	414,806	4,616,137	4,616,137	0	6,566,373	6,566,373	0%	
TOTAL EXPENSES	414,806	4,616,137	4,616,137	0	6,566,373	6,566,373	0%	
Net Increase or (Decrease)	0	0	0	0	0	0	0%	
NET POSITION - JULY 1	0	0	0	0	0	0		
NET POSITION - JUNE 30	0	0	0	0	0	0		

PRISMHealth

The PRISMHealth Program was formed to provide PRISM members with a more cost-efficient alternative to their current health and benefit plans.

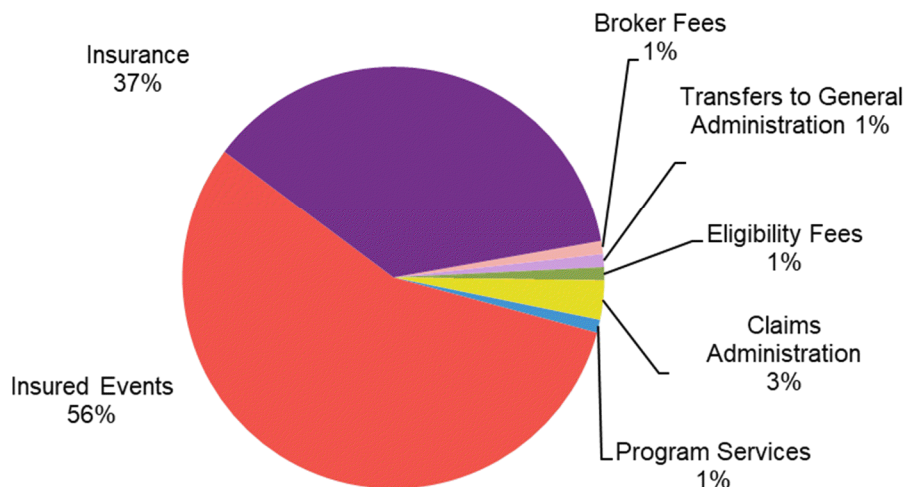
The PRISMHealth Program creates value and long-term stability for members by securing the lowest fixed cost plan components and combining employers with similar risk profiles in a financially stable pool. In addition, the Program offers employers the flexibility to match current plan design and product offerings at lower rates for both active and retired employees. The Program has consistently outperformed the marketplace since its inception and competes effectively with standalone plans, as well as CalPERS.

Program Revenue Summary:

Number of Members	52
PRISMHealth Pool Premium	\$534.5 Million
Insurance	\$332.8 Million
Claims Administration	\$25.9 Million
Broker Fees	\$10.9 Million
Eligibility Fees	\$4.7 Million
Administration and Fees	\$2.7 Million
Other Income	\$30 Million
Projected Investment Income	\$500 Thousand

A summary of the PRISMHealth Program budget is as follows: The PRISMHealth Program is expected to transition from transferring risk as a member of Self-Insured Schools of California (SISC, a California Joint Powers Authority) to pooling risk effective October 1, 2025. As part of this transition it is expected that \$30M in accumulated equity from SISC will be released to the PRISMHealth Program; this is budgeted under Other Income. The net position at June 30, 2026, is budgeted at \$62.9M.

PRISMHealth Program Expenses Summary





Adopted: April 20, 2011
 Last Amended: February 26, 2025

PRISMHealth **Program Budget Policy**

Program Goals for the PRISMHealth Program include the following:

Short Term Goals

- Increase Program communication of products and services
- Increase Member participation in committee meetings
- Monitor carrier and vendor performance
- Continue to present health care cost containment strategies
- Conduct more online Healthcare related webinars
- Leverage Data Analytics and Reporting
- Conduct Annual Member Stakeholder Meetings
- Establish Healthcare Chat on PRISM website
- Evaluate program requirements in consideration of withdrawing from SISC
- Create and implement robust communication strategy for Digbi Health and Navitus

Long Term Goals

- Expansion of Enhanced Care Programs (Carrum, , Hinge, etc.)
- Maintain appropriate funding levels and stable pricing within the Program
- Increase member specific, benefits related information on the PRISM website
- Evaluate Retiree Solutions to include Medicare education and review of plan options
- Growth of Navigator and Dynamic Copay solutions
- Value proposition for “jumbo” prospects
- Audit of high-cost claims

Budget Policies for the PRISMHealth Program include the following:

Revenues

- The transferred risk premiums for PRISMHealth insurance is based on the benefit level selected by each member and their actual claims experience. A per employee, per month rate is established for each member.
- PRISMHealth Committee has established additional services and associated rates necessary to manage the PRISMHealth Program. These services pertain to the administration of the PRISMHealth Program. The services and rates are outlined below and included in the following addendum, they will also be updated annually by service and the amount of the fixed cost.



Adopted: April 20, 2011
 Last Amended: February 26, 2025

- Claim administration and eligibility fees are based on a per employee, per month rate. The rates may vary based on group size and/or products purchased by the member.
 - Broker fees are based on a per employee, per month rate with the exception of pharmacy, which is based on a per member, per month rate. The fee paid by the member varies based on the size of each member.
 - TPA and vendor fees are based on a per employee, per month rate.
 - PRISM Administration rates are based on a per employee, per month rate.
- PRISMHealth Committee has establish a Claim Fluctuation Reserve in order to build reserves for the consideration of withdrawal from the SISC risk sharing arrangement. The CFM will become a line item on the PRISMHealth revenue and expense budget worksheet and be added to the PRISM investment portfolio.
 - PRISMHealth has establish a Member Subsidy fund in the amount of \$5k per member. This fund is available to members in the payment of unexpected fees charged by the program benefits administrators that are not covered under the PRISM contract.

Expenses

- The health insurance premiums transferred to the PRISMHealth Program partner, Self Insured Schools of California (SISC), equals the per employee, per month premium referred to in the section below. Risk for member healthcare cost have been transferred to SISC.
- Other PRISMHealth Program revenues that pass through as an expense include:
 - Claims Administration and TPA Fees
 - Broker Fee Expense
 - Eligibility Administration Expense (fixed costs are outlined on page 3)
 - ACA Compliance (PCORI and RxDc reporting)
- The PRISMHealth Symposium expense provides for the operating cost of seminars conducted to update members on current health industry issues. The cost includes reimbursements of travel costs incurred by members to attend the seminar.
- The PRISMHealth Program workshops/webinars are designed to train and update program members on services available through the PRISMHealth Program.
- Other program administration costs include legal expenses and actuary expenses. An expense budget of \$25,000 has been delegated to the PRISMHealth



Adopted: April 20, 2011
Last Amended: February 26, 2025

Committee for any unforeseen budget expenses. The PRISMHealth Committee may allocate these funds to any expense line item with a two-thirds vote of the Committee.

Transfers

- Transfers out to the general administration program are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM programs based on a three-year average of staff time.
- Investment Fees are charged on the average daily balance of program funds invested.

PRISMHealth 2025 Fixed Administrative Costs:

Carrier/Vendor	Scope of Services	Fee	
Alliant	Broker Consultant Program Management	Non-Kaiser Plans	Kaiser Plans
		Jumbo (2,000+): \$3.50 PEPM Large (1,000-1,999): \$8.00 PEPM Mid-Market (250-999) \$14.00 PEPM Small Group: \$3.50 PEPM <i>Maximum 1.0% of Aggregate Premium</i>	Jumbo (2,000+): \$3.50 PEPM Large (1,000-1,999): \$8.00 PEPM Mid-Market (250-999) \$14.00 PEPM Small Group: \$3.50 PEPM
Alliant Pharmacy Consultation	RX Consultant	\$0.85 PMPM	
Alliant Underwriting	Program Underwriting	\$5.00 PEPM <i>(Maximum 0.50% of Aggregate Premium)</i>	
Accolade	Healthcare Navigator	\$18.45 PEPM	
Anthem	Provider Network Claims Administration	\$48.39 to \$51.69 PEPM	
Benefit Coordinators Corporation (BCC)	Benefits Administration – TPA	\$7.00 PEPM	
BIND	Dynamic Copay	\$59.20 PEPM	
Blue Shield of California	Provider Network Claims Administration	\$48.29 PEPM	
BRMS	Benefits Administration – TPA	\$7.50 PEPM	
Businessolver	Benefits Administration – TPA	\$7.43 PEPM	
Carrum Health	Surgical Benefit	\$0.75 PEPM	
Deerwalk	Program Data Analytics	\$0.35 PEPM	
Pinnacle Claims Management	MexicoSelect Network	\$3.53 to \$11.81 PEPM	
PRISM	Pool Administration Governance	\$3.00 PEPM	
SISC	Pool Access and Administration	\$2.75 PEPM	
UMR	TPA	\$25.49 PEPM	
Workterra	Benefits Administration – TPA	\$7.00 PEPM	

PEPM: Per Employee, Per Month; PMPM: Per Member, Per Month



Adopted: April 20, 2011
 Last Amended: February 26, 2025

PRISMHealth 2025 Fee for Service Costs:

Carrier/Vendor	Scope of Services	
Hinge Health	MSK Program	<ul style="list-style-type: none"> • First billing event – \$250 once a patient enrolls and completes their first session • All subsequent billing events – \$50 for each treatment session after the initial charge • Individual Cap – \$2k per enrolled member per year • Program Cap – \$945 multiplied by all engaged participants per year
Livongo (Teledoc)	Diabetes Management	\$71.00 PPPM

PPPM: Per Participant, Per Month

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PRISMHEALTH PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premiums for Transferred Risk	\$ 678,547,891	\$ 363,956,836	\$ 727,913,672	\$ 736,304,600	\$ 332,780,771	\$ (403,523,829)	(54.8%)	SISC thru Oct 2025 and Kaiser premium Combined Trans Risk and Pool Premiums +15.8% from FY24/25
PRISMHealth Pool Premiums / Reserves	0	0	12,500,000	12,500,000	534,471,000	521,971,000	4175.8%	Risk Pool starts Oct 2025
Third Party Administrator Fees	3,723,881	1,907,479	3,814,958	4,282,500	4,731,730	449,230	10.5%	BCC/Business Solver/Pinnacle/BRMS
ASO Fees for PRISMHealth Program	25,771,752	13,252,930	26,505,860	24,093,450	25,684,742	1,591,292	6.6%	Carrier admin service organizations
Broker Fees	4,579,771	2,332,348	4,664,696	8,288,250	10,862,000	2,573,750	31.1%	Fee increase for Alliant (additional staff, service increase, program growth)
Administration Fees	1,022,676	522,380	1,044,760	1,288,800	2,654,071	1,365,271	105.9%	PRISM Admin Fee Increase for increase in program workload related to SISC Withdrawal
Healthcare Reform Reinsurance Fee and PCORI Fee	218,783	115,866	231,732	220,000	228,000	8,000	3.6%	ACA Compliance (PCORI and RxDC reporting)
Investment Income	404,243	219,222	533,876	208,000	500,000	292,000	140.4%	
Other Income	107,519	0	0	0	30,000,000	30,000,000	0.0%	SISC payout of accumulated equity
TOTAL REVENUES	714,376,516	382,307,061	777,209,554	787,185,600	941,912,314	154,726,714	19.7%	
EXPENSES:								
Member Dividends (Interest on Outstanding Balances)	23,490	0	9,000	18,000	9,000	(9,000)	(50.0%)	Interest payable on Uncashed Dividend Balances, one member left
Retained and Transferred Risk								
Health Premiums, SISC	678,547,891	363,956,836	727,913,672	736,304,600	332,780,771	(403,523,829)	(54.8%)	SISC thru Oct 2025 and Kaiser premium
Provision for Claims Current Year	0	0	0	0	521,971,000	521,971,000	0.0%	Risk Pool starts Oct 2025
Claims Admin. ASO Fees	25,771,752	13,252,930	26,505,860	24,093,450	25,684,742	1,591,292	6.6%	
Broker Fees	4,579,771	2,332,348	4,664,696	8,288,250	10,862,000	2,573,750	31.1%	
Third Party Administration Fees	3,723,881	1,907,479	3,814,958	4,282,500	4,731,730	449,230	10.5%	
Healthcare Reform Reinsurance Fee and PCORI Fee	218,783	115,866	231,732	220,000	228,000	8,000	3.6%	
Total Retained and Transferred Risk	712,842,078	381,565,459	763,130,918	773,188,800	896,258,243	123,069,443	15.9%	
Program Administration								
PRISM Actuarial, Consulting and Other	48,000	24,000	48,000	34,000	200,000	166,000	488.2%	Legal budget for Risk Pool
PRISMHealth Symposium and Technician Workshop	58,239	10	53,000	105,000	100,000	(5,000)	(4.8%)	
Other Misc. Expense	4,500	0	0	0	0	0	0.0%	
Total Program Administration	110,739	24,010	101,000	139,000	300,000	161,000	115.8%	
Discretionary Delegated to Governing Committee	0	0	0	25,000	25,000	0	0.0%	Available with two-thirds vote of PRISMHealth Committee
TOTAL EXPENSES:	712,976,307	381,589,469	763,240,918	773,370,800	896,592,243	123,221,443	15.9%	
TRANSFERS:								
Transfers in (out) to:								
General Administration	(594,641)	(631,577)	(631,577)	(631,577)	(651,500)	19,923	3.2%	
Investment Fees	(2,504)	(1,886)	(3,772)	(3,308)	(3,638)	330	10.0%	External investment management fees
TOTAL TRANSFERS	(597,145)	(633,463)	(635,349)	(634,885)	(655,138)	20,253	3.2%	
Net Increase or (Decrease)	803,064	84,129	13,333,287	13,179,915	44,664,933	31,485,018	238.9%	
NET POSITION - JULY 1	4,098,756	4,901,820	4,901,820	4,826,555	18,235,107			
NET POSITION - JUNE 30	4,901,820	4,985,949	18,235,107	18,006,470	62,900,040			
Balance in Admin Carryover	1,525,819	0	1,834,230	1,990,242	3,533,163			
Unrestricted Net Position	3,376,001	4,985,949	16,400,877	16,016,228	59,366,877			
Total Net Position	4,901,820	4,985,949	18,235,107	18,006,470	62,900,040			

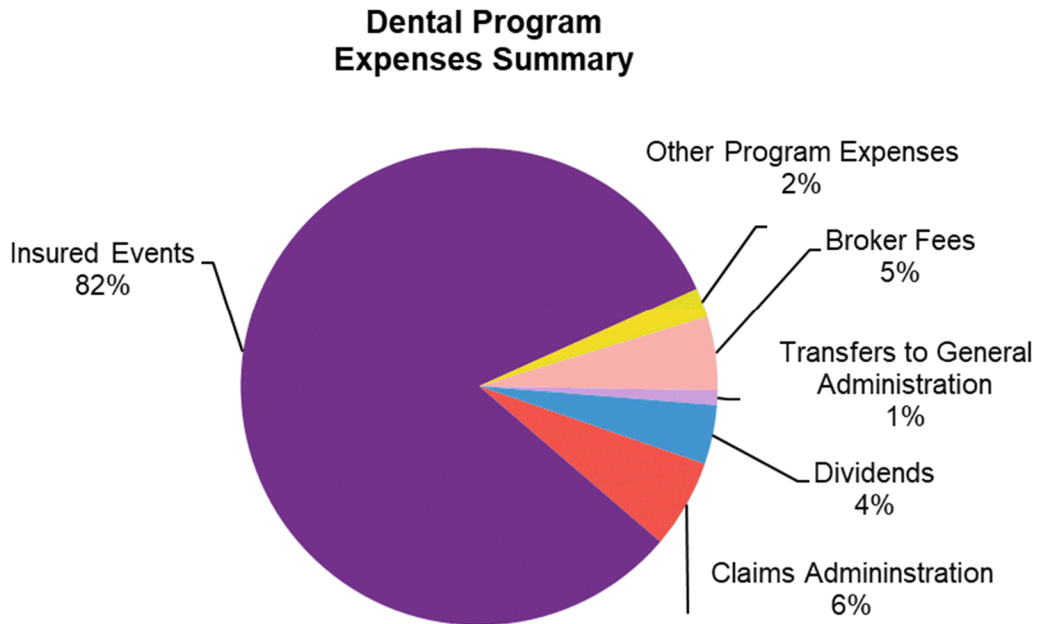
Dental

The Dental Program was created to provide members with comprehensive dental coverage and flexible benefit plan designs at the lowest possible rates. As a joint purchasing program, PRISM is able to leverage the size of its pooled participants to achieve volume pricing that is significantly lower than what individual public agencies could qualify for on their own.

Program Revenue Summary:

Number of Members	191
Pool Premium	\$47.5 Million
Broker Fees	\$2.9 Million
Administration	\$130 Thousand
Pass Through Premium	\$572 Thousand
Eligibility Fees	\$875 Thousand
Projected Investment Income	\$400 Thousand

A summary of the Dental Program budget is as follows:



Two million is budgeted for return to members via dividend in 2025/26, resulting in a planned decrease of \$1.9M in the program’s net position.

PRISM Dental Program Budget Policy

Program Goals for the PRISM Dental Program include the following:

Short Term Goals

- Monitor the results of the approved reduction in program equity
- Ameritas Promotion as a Dental Program Partner
- Market review for program competitiveness
- Build out Member resources and accessibility
- Review Target Funding Policy & Claim Margin Analysis
- Feasibility review of National Expansion
- Review Program Benefits Administrator

Long Term Goals

- Maintain appropriate funding levels and stable pricing within the Program
- Maintain multi-year relationships with carriers and vendors
- Increase program participation
- Promote and communicate Member Services available to Dental members
- Conduct Employee Benefits Forum
- Review future capabilities of BCC Administration – CalPERS Connectivity

Budget Policies for the PRISM Dental include the following:

Revenues

- The retained risk premiums for the PRISM's Dental Program are based on the benefit level selected by each member, and the member's actual claims experience. A per month, per employee rate is established for each member.
- The PRISM Employee Benefits Committee has established other rates necessary to manage the PRISM Dental Program. These rates include the following:
 - Program TPA eligibility fees are based on a per employee, per month rate.
 - Broker fees can be based on a per employee, per month rate or a compensation percentage. The rate varies based on the size and complexity of each member.

Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury.

Expenses

- Dental claim expenses equals the actual dental expenses paid for program members. The expense includes an accrual for outstanding claims incurred, and an allowance for claims incurred but not reported (IBNR).
- PRISM Dental Program revenues that pass through as a like expense include:
 - Claims Administration Fees
 - Third Party Administration Fees
 - Broker Fees
 - Eligibility Administration expense
 - DHMO premiums
- Other program administration costs include legal expenses and actuary expenses.

Transfers

- Transfers out to the General Administration budget are used to pay for the PRISM's staff, loss prevention, and all other administrative costs. The investment income earned from dental premiums pay for the general administration cost of the Program. The Employee Benefits Committee established this procedure to operate the Dental Program without any direct administration fees.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
DENTAL PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Contribution For Retained Risk	\$ 45,359,523	\$ 22,712,237	\$ 45,424,474	\$ 43,792,000	\$ 47,519,000	\$ 3,727,000	9%	Includes the TPA fees
PRISM DHMO Pool Pass Thru Revenue	0	0	0	550,000	572,000	0	0%	
Eligibility Administration	1,305,435	668,063	1,336,126	832,000	875,000	43,000	5%	
Broker Fees	2,768,305	1,425,233	2,850,466	3,756,000	2,881,156	(874,844)	-23%	Updated to reflect new compensation structure eff. 1/1/25
Administration Fees	0	0	131,400	0	130,000	130,000	0%	PRISM Admin Fees start 1/1/2025
Investment Income	674,850	269,684	593,345	398,000	400,000	2,000	1%	
Other Income	500	0	0	0	0	0	0%	
TOTAL REVENUES	50,108,613	25,075,217	50,335,811	49,328,000	52,377,156	3,027,156	6%	
EXPENSES:								
Member Dividends	6,000,000	3,000,000	3,000,000	2,000,000	2,000,000	0	0%	
Retained and Transferred Risk								
Provision for Claims Current Year	39,646,233	19,235,384	39,491,578	40,868,000	44,385,000	3,517,000	9%	
PRISM DHMO Pool Pass Thru Expense	0	0	0	550,000	572,000	22,000	4%	
Claims Administration TPA Fees	2,667,588	1,288,772	2,722,799	2,924,000	3,134,000	210,000	7%	Paid to Dental Carriers
Eligibility Administration	1,305,435	668,063	1,336,126	832,000	875,000	43,000	5%	Paid to Benefits Administrator for maintaining eligibility and billing
Broker Fees	2,768,305	1,425,233	2,850,466	3,756,000	2,881,156	(874,844)	-23%	
Total Retained and Transferred Risk	46,387,561	22,617,452	46,400,969	48,930,000	51,847,156	2,917,156	6%	
Program Administration								
Actuarial, Consulting and Legal	4,800	2,400	4,500	4,800	7,500	2,700	56%	
Employee Benefit & Health Symposiums	14,147	1,486	16,000	30,000	25,000	(5,000)	-17%	
Other Program Expense	10,115	5,442	10,884	0	0	0	0%	
Total Program Administration	29,062	9,328	31,384	34,800	32,500	(2,300)	-7%	
Discretionary Delegated to Governing Committee	0	0	0	0	0	0	0%	Available with two-thirds vote of Employee Benefits Committee
TOTAL EXPENSES	52,416,623	25,626,780	49,432,353	50,964,800	53,879,656	2,914,856	6%	
TRANSFERS:								
Transfers in (out) to:								
Interfund borrowing interest income	0	0	0	0	11,044	(11,044)	0%	Interest payable from Vision program for loan of start-up funds
General Administration	(375,381)	(388,663)	(388,663)	(388,663)	(362,530)	(26,133)	-7%	
Investment Fees	(3,863)	(2,358)	(4,716)	(6,335)	(4,758)	(1,577)	-25%	External investment management fees
TOTAL TRANSFERS	(379,244)	(391,021)	(393,379)	(394,998)	(356,244)	(38,754)	-10%	
Net Increase or (Decrease)	(2,687,254)	(942,584)	510,079	(2,031,798)	(1,858,744)	151,054	-7%	
NET POSITION - JULY 1	12,512,669	9,825,415	9,825,415	10,720,661	10,335,494			
NET POSITION - JUNE 30	9,825,415	8,882,831	10,335,494	8,688,863	8,476,750			
Net Position Designated for:								
Program Stabilization Funds - member designated	572,355	558,777	558,777	558,441	558,777			
Dental Claim Fluctuation Reserves	4,700,000	4,700,000	4,700,000	5,200,000	5,100,000			
Admin Carryover	202,402	0	370,984	(238,106)	382,240			
Unrestricted Net Position	4,350,658	3,624,054	4,705,733	3,168,528	2,435,733			
Total Net Position	9,825,415	8,882,831	10,335,494	8,688,863	8,476,750			

Paid Family Leave (PFL)

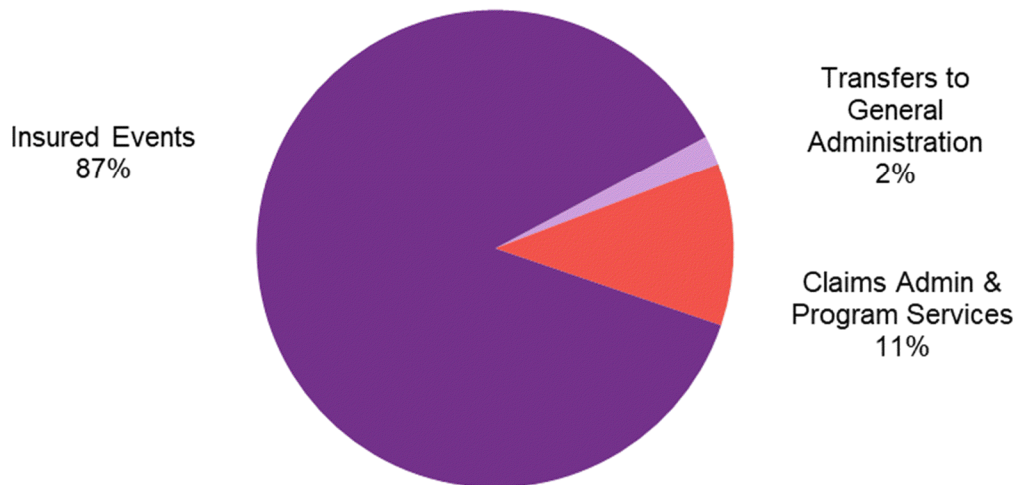
The PRISM Paid Family Leave (PFL) program was created to offer California public agencies a more flexible, cost-controlled alternative to state or fully insured options. This program allows members to offer employees meaningful benefits that support work-life balance, especially during critical life events such as bonding with a new child or caring for a seriously ill family member. This program provides comprehensive employee support while strengthening an agencies' ability to attract and retain talent by enhancing recruitment efforts.

Program Revenue Summary:

Number of Members	11
Pool Premium	\$2.7 Million
Broker Fees	\$12 Thousand
Administration and Fees	\$260 Thousand
Projected Investment Income	\$5 Thousand

A summary of the PFL Program budget is as follows:

Paid Family Leave Program Expenses Summary





Adopted: May 22, 2025

Paid Family Leave Program Budget Policy

Program Goals for the Paid Family Leave Program include the following:

Short Term Goals

- Increase communication about the PFL Program to all PRISM members
- Expand member participation, with a target towards existing members currently participating in our Short-Term Disability Program.
- Equip and assist members in communicating/educating employees on the value and importance of PFL coverage

Long Term Goals

- Maintain long-term financial stability and competitive pricing
- Broaden participation across existing program members
- Maintain superior quality services in claims administration
- Maintain low administrative costs
- Evaluate market competition and benefits

Budget Policies for the Paid Family Leave Program include the following:

Revenues and Expenses

- Premiums for Retained and Transferred Risk are calculated based on each members' defined number of eligible employees and are calculated as a percentage of covered payroll and paid on a monthly basis.
- Carrier claims administration fees are \$2.98 per employee, per month.
- Consultant fees are paid from part of the carrier claims admin fee, totaling \$0.12 per employee, per month.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors.
- The claims liability projections are based on underwriting analysis of anticipated claims based on covered population, utilization, benefit levels and wages.

Transfers

- Transfers out to the General Administration budget are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM's programs based on a 3-year average of staff time, as available. In the first years of operation as a major program, management will estimate and assign cost to the Program.
- Investment fees are charged on the average daily balance of program funds invested

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
PAID FAMILY LEAVE PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Contributions for Retained Risk	\$ 0	\$ 0	\$ 2,175,500	\$ 0	\$ 2,680,000	\$ 0	0%	
Broker Fees	0	0	9,500	0	11,500	11,500	0%	Alliant Compensation
Investment Income	0	0	9,380	0	5,000	5,000	0%	
Administration Fees	0	0	220,000	0	260,100	260,100	0%	Carrier Claims Administration Fee
TOTAL REVENUES	0	0	2,414,380	0	2,956,600	276,600	0%	
EXPENSES:								
Retained and Transferred Risk								
Broker Fees	0	0	9,200	0	11,200	11,200	0%	Alliant Compensation
Claims Administration Fees	0	0	217,400	0	260,100	260,100	0%	Carrier Claims Administration Fee
Provision for Claims Current Year	0	0	2,175,500	0	2,250,000	2,250,000	0%	
Total Retained and Transferred Risk	0	0	2,402,100	0	2,521,300	2,521,300	0%	
TOTAL EXPENSES	0	0	2,402,100	0	2,521,300	2,521,300	0%	
TRANSFERS:								
Transfers in (out) to:								
Transfer out cumulative PFL equity from Miscellaneous Programs	0	0	381,996	0	0	0	0%	Changed from part of Misc Programs to stand-alone Program at 1/1/2025
General Administration	0	0	0	0	(50,000)	50,000	0%	Management cost estimate
Investment Fees	0	0	0	0	0	0	0%	External investment management fees
TOTAL TRANSFERS	0	0	381,996	0	(50,000)	50,000	0%	
Net Increase or (Decrease)	0	0	394,276	0	385,300	(2,194,700)	0%	
NET POSITION - JULY 1	0	0	0	0	394,276			
NET POSITION - JUNE 30	0	0	394,276	0	779,576			

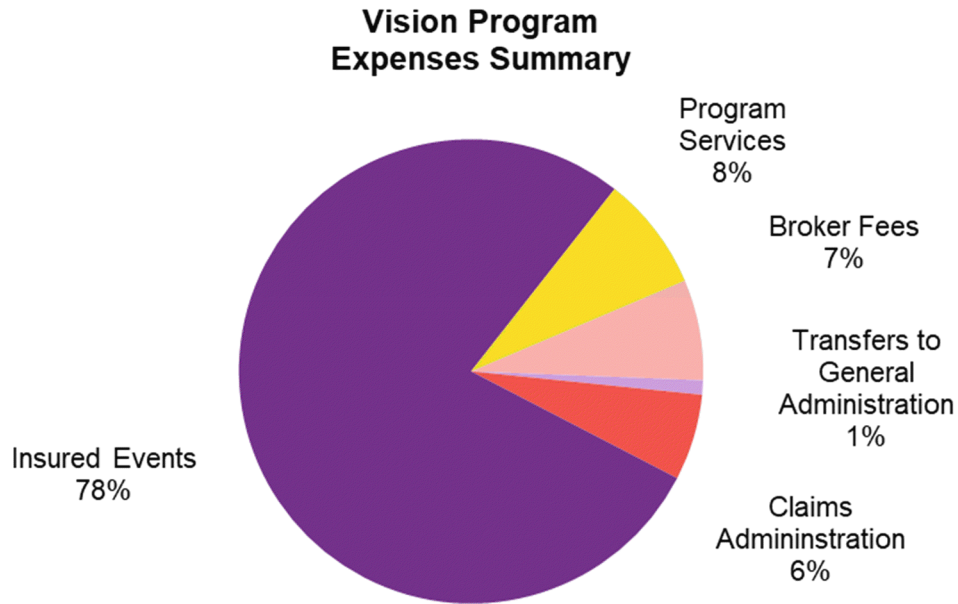
Vision

The PRISM self-funded Vision Program is a proactive solution that empowers member agencies to collectively manage and fund their vision benefits with greater efficiency and oversight. By pooling resources, PRISM is able to offer economies of scale, enhanced purchasing power, and improved financial stability across the program. This purchasing arrangement allows for customized benefit designs, transparent cost tracking, and the ability to retain and reinvest any surplus funds back into the program.

Program Revenue Summary:

Number of Members	116
Pool Premium	\$3.7 Million
Broker Fees	\$327 Thousand
Eligibility Fees	\$373 Thousand
Administration and Fees	\$307 Thousand

A summary of the Vision Program budget is as follows:





Adopted: May 22, 2025

Vision Program Budget Policy

Program Goals for the Vision Program include the following:

Short Term Goals

- Ensure smooth onboarding of current members, including communication and training
- Begin tracking claims data and financial metric to evaluate initial performance
- Build out member resources and accessibility
- Summarize the execution and outcomes of the vision program transition to a self-funded program.

Long Term Goals

- Assess the effectiveness of the program structure
- Maintain appropriate funding levels and stable pricing within the Program
- Maintain multi-year relationship with the program carrier
- Increase program participation
- Promote and communicate PRISM services available to Vision members
- Evaluate the potential for national expansion through PRISM's Captive

Budget Policies for the Vision program include the following:

Revenues

- The retained risk premiums for the Vision Program are based on the benefit plan attributes selected by each program member, and the member's utilization. A per month, per employee rate is established for each member.
- The PRISM Employee Benefits Committee has established other rates necessary to manage the Vision Program. These rates include the following:
 - Program Benefits Administration eligibility maintenance and premium invoicing fees are based on a per employee, per month rate.
 - Broker fees are based on a per employee, per month rate or a not-to-exceed percentage of premium, as outline in the broker contract. The fee varies by member, based on the size and complexity.

Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury.



Adopted: May 22, 2025

Expenses

- Vision claim expenses are the costs of vision services used by members. This includes both paid claims and estimates for claims that have been incurred but not yet paid or reported.
- Vision Program revenues that pass through as a like expense include:
 - Claims Administration Fees
 - Benefits Eligibility & Premium Invoicing Administration Fees
 - Broker Fees
 - PRISM Admin Fee
- Other program administration expense includes legal expenses and actuarial consulting services.

Transfers

- Transfers out to the General Administration budget are used to pay for PRISM staff and all other administrative costs. These administration costs are allocated to all PRISM's programs based on a 3-year average of staff time, as available. In the first years of operation as a major program, management will estimate and assign cost to the Program.
- If applicable, investment fees are charged on the average daily balance of program funds invested.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
VISION PROGRAM
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Contributions for Retained Risk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,725,220	\$ 3,725,220	0%	
Eligibility Administration	0	0	0	0	372,960	372,960	0%	Benefits Billing & Eligibility
Broker Fees	0	0	0	0	327,260	327,260	0%	Alliant Compensation
Administration Fees	0	0	0	0	307,400	307,400	0%	Includes PRISM and VSP admin fees
TOTAL REVENUES	0	0	0	0	4,732,840	4,732,840	0%	
EXPENSES:								
Retained and Transferred Risk								
Broker Fees	0	0	0	0	327,260	327,260	0%	
Claims Administration Fees	0	0	0	0	275,400	275,400	0%	
Provision for Claims Current Year	0	0	0	0	3,690,312	3,690,312	0%	
Total Retained and Transferred Risk	0	0	0	0	4,292,972	4,292,972	0%	
Program Administration								
Claims Administration	0	0	0	0	372,960	372,960	0%	
Actuarial, Consulting and Legal	0	0	0	0	7,500	7,500	0%	
Total Program Administration	0	0	0	0	380,460	380,460	0%	
TOTAL EXPENSES	0	0	0	0	4,673,432	4,673,432	0%	
TRANSFERS:								
Transfers in (out) to:								
Financing Fees	0	0	0	0	(11,044)	11,044	0%	Payable to Dental Program for loaned start-up funds
General Administration	0	0	0	0	(50,000)	50,000	0%	Management cost estimate
Investment Fees	0	0	0	0	0	0	0%	External investment management fees
TOTAL TRANSFERS	0	0	0	0	(61,044)	61,044	0%	
Net Increase or (Decrease)	0	0	0	0	(1,636)	120,452	0%	
NET POSITION - JULY 1	0	0	0	0	0	0	0%	
NET POSITION - JUNE 30	0	0	0	0	(1,636)	(1,636)	0%	

Miscellaneous Programs

PRISM offers various other insurance coverage to public agencies. These services include the following employee benefits programs:

- Life and Disability programs
- Employee Assistance programs

PRISM's platform offers consolidated billing with online eligibility and enrollment.

Other coverages include:

- Aviation
- Master Crime
- Catastrophic Inmate Medical
- Course of Construction
- Equipment Maintenance Management Program
- Optional Excess Liability
- Cyber Liability
- Pollution Liability
- Special Events
- Watercraft

PRISM offers these coverages to members through a group purchase program at competitive rates with no administrative fees as part of the program costs.



Adopted: May 16, 2011
 Last Amended: May 1, 2025

Miscellaneous Programs Program Budget Policies

A. Employee Benefits Miscellaneous Programs

Program Goals for the Employee Benefits Misc. Programs include the following:

Short Term Goals

- Increase overall participation in Misc. Programs
- Increase communication on available program features
- Assess and build on current EAP/Behavioral Health offerings
- Further develop ConcernPlus First Responder
- Establish an Employee Benefits Forum to discuss EB related issues
- Promote Paid Family Leave through Voya and Lincoln Financial

Long Term Goals

- Maintain stable and competitive pricing
- Obtain multi-year agreements where ever possible
- Review future capabilities of BCC and the connectivity of PRISM ancillary and non-PRISM Healthcare programs
- Open Enrollment process review

Budget Policies for the Employee Benefits Misc. Programs include the following:

Revenues

- In addition to the ten major coverage programs, PRISM provides group purchase insurance programs that offer members protection from other coverage exposures. These programs include:
 - Life/Accidental Death & Dismemberment (AD&D)
 - Long Term Disability (LTD)
 - Short Term Disability (STD)
 - Group Voluntary Benefits
 - Vision
 - Employee Assistance Plan (EAP)
 - Personal Lines Insurance Program (PLIP)
- The transferred risk premiums for Life, Accidental Death and Dismemberment (AD&D) Long Term Disability (LTD), and Short Term Disability (STD) are based on the benefit level selected by each member.



Adopted: May 16, 2011
 Last Amended: May 1, 2025

- Life and AD&D insurance rates are based on the volume levels selected by each member.
- LTD rates are based on the benefit level selected by each member. The rate is applied to the monthly payroll reported by each member.
- Short-Term Disability rates are also based on the benefit level selected by each member and is applied to the monthly payroll.
- Vision rates are based on the benefit level selected by each member. Benefit levels determine the schedule of benefits provided and the covered services.
- Employee Assistance Program (EAP) rates are based on the benefit level selected by each member. Benefit levels determine the benefits provided per incident, per employee. EAP premiums are billed quarterly, in advance by the PRISM.
- Investment income is budgeted at an estimated earnings rate determined annually and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy, wherein a Program can temporarily borrow funds from the PRISM Treasury.

Expenses

- The Life, AD&D, LTD, STD and Vision premium payments are pass through to the insurance companies in which the programs contract as approved by the Employee Benefits Committee.
- EAP premium payments also pass through to the insurance companies in which the Program contracts, as approved by the Employee Benefits Committee. Premium expense invoices are computed quarterly, based on each members set rate for their benefit level and the reported number of employees eligible for the EAP.

Transfers

- Transfers out to the general administration program are used to pay for the PRISM staff, and all other administrative costs. The investment income earned from the Life, AD&D, LTD, STD and Vision Programs pay for the general administration cost of the Program. Investment income from stabilization funds used for general administration fees is limited to a minimum of \$5k and a maximum of \$10k per stabilization account.
- Transfers out for EAP administration fees is paid from investment income earned from the timing differences created by billing members quarterly, and paying the insurance companies monthly. The Employee Benefits Committee established this procedure to operate the EAP without any direct administration fees.
- Investment Fees are charged on the average daily balance of program funds invested.



Adopted: May 16, 2011
Last Amended: May 1, 2025

B. Property and Casualty Miscellaneous Programs

Program Goals for the Property and Casualty Misc. Programs include the following:

Short Term Goals

- Ensure an efficient system is in place for premium billings
- Enhance program information provided on the website
- Obtain and review program loss experience on a quarterly basis
- Evaluate ways to improve the equitability of the cyber allocation based on how the allocation accounts for exposure or member efforts to mitigate cyber vulnerabilities
- Review and analyze the reclassification of PRISM Misc. Programs

Long Term Goals

- Maintain stable and competitive pricing from year to year
- Continue to evaluate new opportunities to develop coverage programs that meet members' changing risk-management needs
- Explore establishing aggregated pooling layers where it makes sense
- Maintain long-term relationships with the coverage markets
- Obtain multi-year agreements where ever possible

Revenues

- In addition to the ten major coverage programs, the PRISM provides group purchase insurance programs to offer members protection from other various exposures. These programs include:
 - Aviation
 - Bond/Crime
 - Catastrophic Inmate Medical
 - Course of Construction
 - Equipment Maintenance Management Program
 - Optional Excess Liability
 - Cyber Liability
 - Pollution Liability
 - Special Events
 - Vendor Contractors'
 - Watercraft
 - Fiduciary Liability
- PRISM Program Internal Guarantee Account (PIGA) member contribution set at 2% of the premium for transferred risk.
- Administration fees are 1% of the premium for transferred risk for cyber, pollution and OEL.



Adopted: May 16, 2011
Last Amended: May 1, 2025

Expenses

- The revenue from the group purchase of the Miscellaneous Programs listed above pass through as premium expense.

Transfers

- Transfers out to the General Administration Program are used to pay for PRISM staff and all other administrative costs. Any investment income from any timing differences for the collection of premiums and the timely payment of premiums expenses is transferred to the general administration fund.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MISCELLANEOUS PROGRAMS
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Budget 2025/2026	% Increase (Decrease)	Text Detail
REVENUES:								
Aircraft Dividend	\$ 591,212	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0%	Received from insurance carriers and paid out to members
Inmate Medical Dividend	83,064	0	0	0	0	0	0%	Received from insurance carriers and paid out to members
EAP Premiums	2,301,033	1,239,549	2,479,098	2,597,000	2,856,000	259,000	10%	
Life, LTD and STD Premiums	32,212,269	19,974,600	29,500,000	29,500,000	39,228,000	9,728,000	33%	
Vision Premiums	5,148,225	2,616,738	5,233,476	7,040,000	0	(7,040,000)	-100%	Vision moved to major program 7/1/2025
Optional Excess	38,352,371	44,752,607	44,752,607	52,812,500	63,789,780	10,977,280	21%	
Aviation Insurance	3,318,918	3,573,765	3,573,765	3,744,500	4,152,828	408,328	11%	
Watercraft Insurance	412,648	434,051	434,051	450,800	477,386	26,586	6%	
Course of Construction	0	0	0	221,501	0	(221,501)	-100%	No projects covered in 23/24 and 24/25
Crime and Honesty Bonds	2,771,101	2,976,554	2,976,554	3,152,150	3,921,900	769,750	24%	
Pollution Liability Coverage	2,476,718	2,928,174	2,928,174	4,531,300	3,420,825	(1,110,475)	-25%	
Inmate Medical	740,141	787,767	787,767	832,800	1,194,063	361,263	43%	
Paid Family Leave	1,904,999	925,753	925,753	1,800,000	0	(1,800,000)	-100%	PFL moved to major program 1/1/2025
Cyber Liability	14,155,763	10,843,565	10,843,565	17,293,300	14,037,648	(3,255,652)	-19%	
EMMP/SLIP/SPIP	0	0	0	38,000	0	(38,000)	-100%	
Transferred Risk - Other	75,313	2,521,596	2,521,596	3,258,250	2,995,026	(263,224)	-8%	Fiduciary Liability (FLIP) Coverage and Beazley Breach Response (BBR)
Member Finance Fees	12,005	10,624	10,624	0	0	0	0%	
Administration Fees	192,970	216,286	216,286	0	934,176	934,176	0%	
Investment Income	238,534	186,379	371,329	118,000	150,000	32,000	27%	
TOTAL REVENUES	104,987,284	93,988,008	107,554,645	127,390,101	137,157,632	9,767,531	8%	
EXPENSES:								
Aviation Dividend	591,212	0	0	0	0	0	0%	These are carrier dividends paid to members who had no claims
Inmate Medical Dividend	83,064	0	0	0	0	0	0%	These are carrier dividends paid to members who had no claims
Cyber Symposium	0	32,732	40,915	67,000	67,000	0	0%	6 member symposiums budgeted eff 24/25
Other Program Expense	110,000	43,000	53,750	0	70,000	70,000	0%	23/24 includes cyber-security health checks
Transferred Risk								
EAP Premium Expense	2,301,033	1,264,331	2,528,662	2,597,000	2,856,000	259,000	10%	
Life, LTD Premium Expense	32,212,269	19,974,600	29,500,000	29,500,000	39,228,000	9,728,000	33%	
Vision Premiums	5,148,225	2,616,738	5,233,476	7,040,000	0	(7,040,000)	-100%	Vision moved to major program 7/1/2025
Optional Excess	38,201,390	44,752,609	44,752,609	52,812,500	63,789,780	10,977,280	21%	
Aviation Insurance	3,318,918	3,573,765	3,573,765	3,744,500	4,152,828	408,328	11%	
Watercraft Insurance	412,649	434,051	434,051	450,800	477,386	26,586	6%	
Course of Construction	0	0	0	221,501	0	(221,501)	-100%	No projects covered in 23/24 and 24/25
Crime and Honesty Bonds	2,771,100	2,976,554	2,976,554	3,152,150	3,921,900	769,750	24%	
Pollution Liability	2,476,728	2,928,173	2,928,173	4,531,300	3,420,825	(1,110,475)	-25%	
Inmate Medical	740,141	787,767	787,767	832,800	1,194,063	361,263	43%	
Paid Family Leave	1,472,856	882,054	882,054	1,800,000	0	(1,800,000)	-100%	PFL moved to major program 1/1/2025
Cyber Liability	11,857,491	10,082,691	10,082,691	17,293,300	14,037,648	(3,255,652)	-19%	
EMMP/SLIP/SPIP	0	0	0	38,000	0	(38,000)	-100%	
Other	75,311	2,521,596	2,521,596	3,258,250	2,995,026	(263,224)	-8%	Fiduciary Liability (FLIP) Coverage and Beazley Breach Response (BBR)
Total Transferred Risk	100,988,111	92,794,929	106,201,398	127,272,101	136,073,456	8,801,355	7%	
TOTAL EXPENSES	101,772,387	92,870,661	106,296,063	127,339,101	136,210,456	8,871,355	7%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
MISCELLANEOUS PROGRAMS
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Budget 2025/2026	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
Transfer out cumulative PFL equity to PFL Program	0	0	(381,996)	0	0	0	0%	PFL moved to major program 1/1/2025
General Administration	(14,200)	(14,200)	(14,200)	(14,200)	(900,000)	885,800	6238%	Management cost estimate
Internal Investment Fees	(1,359)	(1,488)	(2,976)	(1,870)	(2,744)	874	47%	External investment management fees
TOTAL TRANSFERS	(15,559)	(15,688)	(399,172)	(16,070)	(902,744)	886,674	5518%	
Net Increase or (Decrease)	3,199,338	1,101,659	859,410	34,930	44,432	9,502	27%	
NET POSITION - JULY 1	2,617,593	5,816,931	5,816,931	5,469,007	6,676,341			
NET POSITION - JUNE 30	5,816,931	6,918,590	6,676,341	5,503,937	6,720,773			
Net Position Designated for:								
Life Stabilization Fund	1,002,964	1,002,964	1,045,367	1,045,367	1,086,143			
LTD Stabilization Fund	1,086,942	1,086,942	1,133,335	1,133,335	1,177,981			
Cyber Stabilization Fund	3,076,056	3,828,427	3,828,427	3,076,056	3,828,427			
Unrestricted Net Position	650,969	1,000,257	669,212	249,179	628,222			
Total Net Position	5,816,931	6,918,590	6,676,341	5,503,937	6,720,773			

PRISM Affiliate Risk Captive (PRISM ARC)

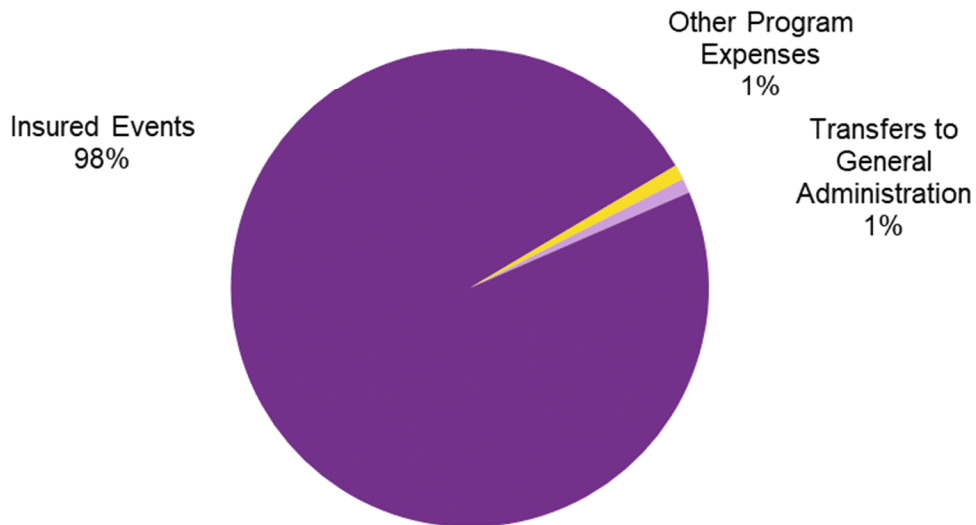
PRISM ARC is a captive insurance company formed by PRISM and is accounted for as a blended component unit. The Captive covers fixed corridors of PRISM and collects revenue from PRISM programs as follows:

Program Revenue Summary:

Primary Workers' Compensation	\$18.2 Million
Excess Workers' Compensation	\$83.5 Million
General Liability 1	\$188.7 Million
General Liability 2	\$30 Million
Medical Malpractice	\$1.9 Million
PRISM Internal Guarantee Account	\$6.6 Million
Projected Investment Income	\$25 Million

A summary of the Captive’s budget is as follows:

PRISM Affiliate Risk Captive Expenses Summary



The Net Position of PRISM ARC is budgeted to increase from an estimated \$103M at June 30, 2025 to \$143M at the end of the 2025/26 fiscal year. This 39% increase is expected as revenues for retained risk are established at a higher confidence level while the related expenses are budgeted at the expected confidence level. Premiums and expenses related to out of state participants are a passthrough item for ARC and do not impact net position.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
REVENUE AND EXPENSE ADOPTED BUDGET
CAPTIVE
July 1, 2025 to June 30, 2026**

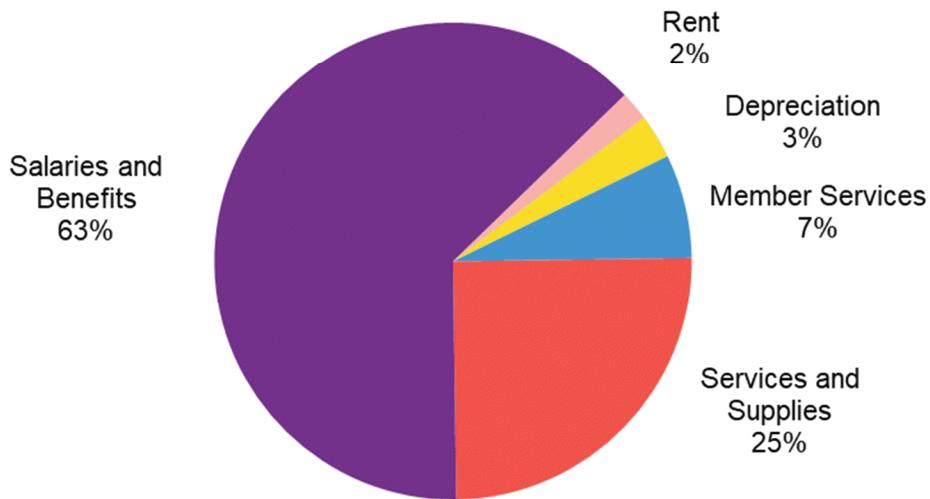
SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Premium for Transferred Risk	\$ 5,639,398	\$ 9,854,630	\$ 10,289,622	\$ 0	\$ 10,000,000	\$ 10,000,000	0%	Includes broker fees for ARC participants
Contribution for Retained Risk	214,854,864	272,938,588	272,938,588	225,665,307	319,006,458	93,341,151	41%	
Investment Income	46,505,037	27,058,762	45,950,635	18,000,000	25,000,000	7,000,000	39%	
Other Income	8,500	0	7,250	0	0	0	0%	
TOTAL REVENUES	267,007,799	309,851,980	329,186,095	243,665,307	354,006,458	110,341,151	45%	
EXPENSES:								
Transferred Risk	5,639,398	9,854,630	10,289,622	0	10,000,000	10,000,000	0%	Includes broker fees for ARC participants
Provision for Claims Current Year	108,007,801	137,569,079	133,788,136	216,959,778	302,979,206	86,019,428	40%	
Provision for Claims Prior Year	145,671,276	160,349,692	160,349,692	0	0	0	0%	
Total Retained and Transferred Risk	259,318,475	307,773,401	304,427,450	216,959,778	312,979,206	96,019,428	44%	
Program Administration								
Audit Services	20,400	17,300	22,300	22,300	23,000	700	3%	
Legal Service	10,020	5,000	5,215	10,000	10,000	0	0%	
Board Meetings	14,842	15,156	15,156	15,000	17,000	2,000	13%	
Utah Captive Fees	7,500	7,500	7,500	8,000	8,000	0	0%	
Investment Management Fees	815,466	426,802	775,796	1,000,000	1,000,000	0	0%	External investment management fees; includes custody fees
Banking Fees	8,500	0	7,281	2,000	2,000	0	0%	
Management Services	150,000	150,000	150,000	150,000	150,000	0	0%	
Office Supplies, Website & Advertising	15	1,539	1,539	10,000	7,500	(2,500)	-25%	
Total Program Administration	1,026,743	623,297	984,787	1,217,300	1,217,500	200	0%	
Discretionary Delegated to Governing Committee	0	0	0	25,000	25,000	0	0%	
TOTAL EXPENSES	260,345,218	308,396,698	305,412,237	218,202,078	314,221,706	96,019,628	44%	
Net Increase or (Decrease)	6,662,581	1,455,282	23,773,858	25,463,229	39,784,752	14,321,523	56%	
NET POSITION - JULY 1	67,484,163	74,146,744	74,146,744	89,010,542	97,920,602			
NET POSITION - JULY 1 (Capital Stock)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000			
NET POSITION - Additional Paid in Capital	0	0	0	3,500,000	0			
NET POSITION - JUNE 30	79,146,744	80,602,026	102,920,602	122,973,771	142,705,354			
Capital Stock	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000			
Designated for PIGA	0	3,863,130	3,945,318	0	9,451,151			
Unrestricted Net Position	74,146,744	71,738,896	93,975,284	117,973,771	128,254,203			
Total Net Position	79,146,744	80,602,026	102,920,602	122,973,771	142,705,354			

General Administration

The general administration fund is used to pay the day to day operations of PRISM. These expenses include staff salaries and benefits, staff travel and support, PRISM meeting expenses, services and supplies, loss prevention, and depreciation of equipment and software. The allocation of general administration expenses is as follows.

Highlights of the general administration budget are as follows:

General Administration Budget Expenses Summary

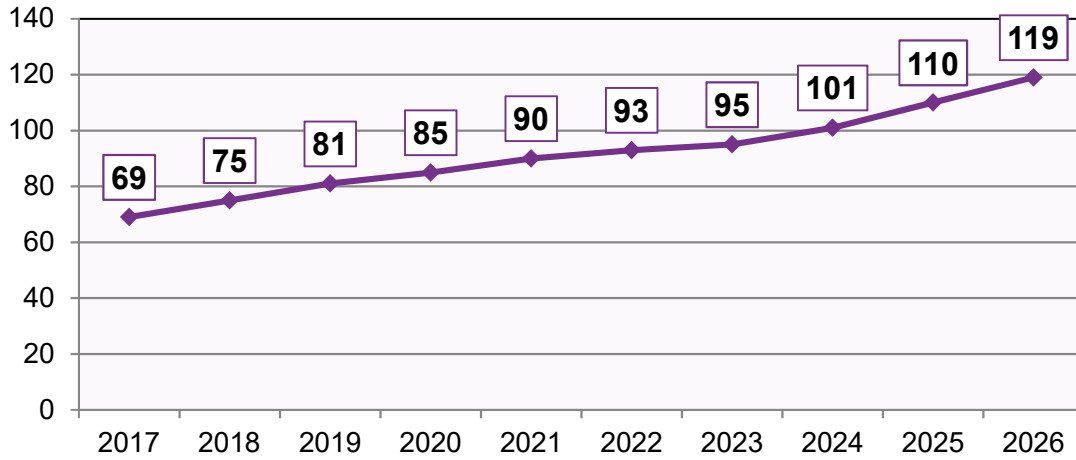


- Salaries and benefits includes nine new positions to be added in 2025/26:
 - 1 Liability Claims Asst.
 - 3 Sr. WC Claims Specialists
 - 1 Sr. UW Specialist
 - 1 Accountant
 - 1 Sr. Accountant
 - 2 Sr. IT Specialists (claims)

These positions spread technical work among staff, speed up product and project timelines, and assist with the transition of the PRISMHealth Program from a pass-through to a pooled program. These changes will bring employee count to 119 in 2025/26.

- The history of the number of authorized positions is illustrated on the following page. The count prior to 2023 excludes two positions included in the capital outlay budget for development of the proprietary claims system which began in 2020/21. Counts are as of July 1. One position was added mid-year during 2024/25.

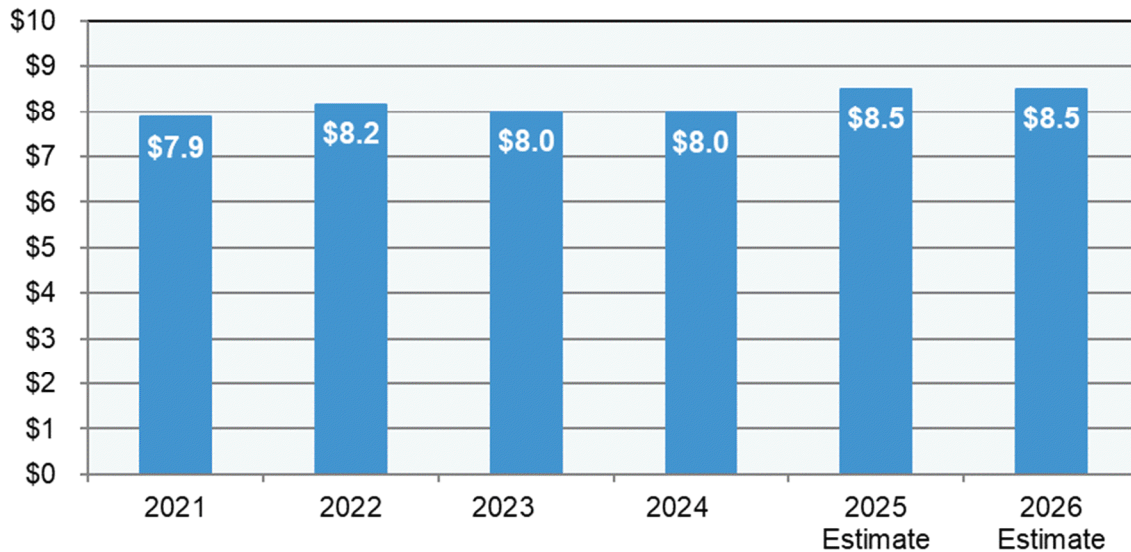
History of Authorized Staff Positions



Loss Preventions and Risk Management Subsidies

PRISM has a long history of providing loss prevention and Risk Management Subsidies to our members. The following chart illustrates the balance of subsidies amounts available to members.

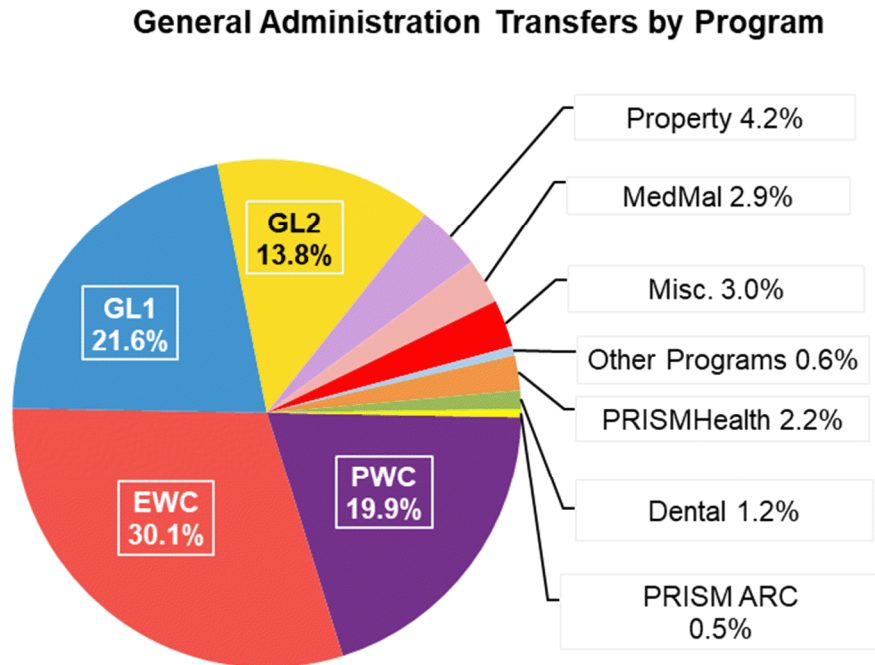
Available Member Subsidy Balances (in Millions)



Fiscal Year Ending June 30,

General Administration Transfers

General Administration expenses are supported from transfers from all PRISM programs. Separate allocations are computed for loss prevention, the web based claims system, risk management subsidies, and general administration. The percentages of transfers from all programs are as follows.



Charges to PRISM programs from the General Administrative fund are based on expected costs during the budget period less any carryover approved in accordance with the Target Funding Guidelines. For fiscal year 2025/26 a carryover of \$3.1M was approved to be used to offset transfers from other programs. As a result, there is expected to be a \$3.1M decrease in the Net Position of the General Administrative fund.

General Administration Program Budget Policy

Program Goals for General Administration include the following:

Short-Term Goals

We continue to:

- Align staff activity to support program specific short and long-term goals.
- Update Performance Measures for all departments.
- Develop member and pool management functionality on the PRISM website.
- Expand data and analytics services provided to members.
- Annually update the Insurance Requirements in Contracts Manual.
- Provide legislative advocacy regarding issues affecting PRISM's industry.
- Provide the supervisory development training program to prepare technical staff for the next level of career advancement.
- Provide staff training on new data analytics software.
- Implement a comprehensive member outreach plan to increase utilization of existing member services by 10% year over year.
- Seek accreditation by International Accreditors for Continuing Education and Training (IACET)
- Enhance Member Service and Risk Control programs:
 - Continue marketing and utilization of the Enterprise Risk(ERC) program and engage more Enterprise Risk Consultants
 - Continue marketing efforts of Pass the Baton – A Risk Management Mentor Program and marketing of the Risk Management Practitioner Program
 - Market new services including Law Enforcement Programs, POST Courses, Sidewalk Assessment & Maintenance, Workforce Management Software, Road Maintenance GIS Software, and more.
 - Expand marketing the Risk Management Legal Advice Services.
 - Continue marketing the Employment Practices Liability services now offered by staff.
 - Continue to expand Risk Control services to Educational Members.
- Develop and expand LMS services and training available through the Vector Solutions platform
- Host PRISM's first Annual Conference.
- Deliver annual employee performance reviews by June 15th of each year.
- Annually conduct a PRISM strategic planning meeting with the Executive Committee and Committee Chairs.
- Consider expansion of in-house HR services with considerations.
- Consider expansion of in-house lobbying services with considerations.

- Continue enhanced efforts to increase communication and contact with County membership through personal visits and Public Entity membership through webinars and personal visits.
- Enhance communication and education strategies to increase awareness and understanding of PRISM at a stakeholder level.
- Internal Policies and Procedures inventory, document and update across all PRISM departments.
- Implementation of GASB Statement 101 related to recognition of compensated absences

Long-Term Goals

- Strengthen funding policies to avoid capital erosion.
- Take a leadership role in building a consortium of industry leaders/trade associations to bolster a career ladder for the risk management profession.
- Continue exploration of the development of new JPAs to assist the industry with claims services as well as jail medical services.
- Tighten standards for claims and risk control services.
- Implement quality control checks on TPA claim data entered in the claim system.
- Document organization-wide policies and procedures.
- Compile department goals and align departmental goals to PRISM Strategic plan
- Develop processes to validate, streamline, and consolidate data throughout the organization
- Develop loss data consistency throughout the claims reporting system and among members.
- Continue and improve professional development plans for all employees of PRISM
- Foster and promote employee job satisfaction, engagement, and professionalism.
- Continue to foster superior customer service to members.
- Continue to develop services in response to emerging trends.
- Continue to monitor our benefit package to ensure competitiveness with the market.
- Maintain accurate employment records in electronic archiving system.
- Promote effective policies for contracting for PRISM services, including long-term contracting for board meetings.
- Maintain compliance with the Brown Act and governmental reporting requirements.

Budget Policies for General Administration include the following:

Revenues

Member services revenues are used to account for the fees for a variety of cost saving services approved by PRISM committees. The costs of providing these services are passed through to the members using the services. These services include:

- Enterprise Risk Consultant Fees – Enterprise Risk Consultant fee revenue is generated from a program where highly experienced Risk Managers, Finance, Human Resources, and Risk Control Specialists are available for PRISM members to use during staff transitions or any other situation. This is a fee-for-service program pass-through for the PRISM financials.
- Strategic Planning- The PRISM Member Services department offers facilitating strategic planning sessions for their members at a discounted price.
- Claims System – Members of PRISM who have been using the ClaimsXPress claims system as their primary claims handling system will have the option to transition to our new proprietary claims system (Spectra). In addition, members never using PRISM's claims system will have the opportunity to do so. We are currently in the process of creating a pricing model for implementation and licensing. The direct cost of the system is billed to the participating members.
- Investment income is budgeted at an estimated earnings rate determined annually, based on the estimated portfolio yield on invested assets and expected cash flows, and applied to the average daily balance invested in the PRISM Treasury. The estimated earnings rate is determined by the Finance Committee and approved by the Executive Committee and Board of Directors. The estimated earnings rate is also the rate established by the Inter-Fund Borrowing Policy, wherein a program can temporarily borrow funds from the PRISM Treasury.
- PLIP Income – The Executive Committee has approved a Personal Lines Insurance Program (PLIP) allowing PRISM and member employees to access group savings for personal insurance. The Program is operated in partnership with the California State Association of Counties (CSAC). The program carrier changed from Liberty Mutual to Insure One during the 2024/25 fiscal year. A portion of the commissions (called affinity fees) from new policies bound with County members by Insure One will be remitted to PRISM and shared equally with CSAC.
- Shared Cost Agreements – The Executive Committee has approved shared cost agreements, in which the cost of PRISM staff or services is shared with PRISM partners and vendors.
- Reinsurer LP Subsidy –These are amounts received from some of the PRISM reinsurers to be used for certain loss prevention services. Corresponding expenses are reflected in this budget in the member services expense section

- Meeting Revenues – Voluntary contributions from PRISM partners and vendors, toward the cost of PRISM meetings and events, are recognized as meeting revenue.

Expenses

- Staff salaries and benefits are based on policies established by the Personnel Sub-Committee and approved by the Executive Committee. This includes approval of authorized positions, salary classifications, pay ranges, benefit levels, and other personnel matters. New staff positions, classification changes, market adjustments to pay ranges, merit pay pool limits, and defined benefit and defined contribution rates are approved annually by the Personnel Sub-Committee and Executive Committee.
- Staff Travel – Employees are reimbursed for ordinary and necessary travel cost for authorized business-related purposes. Mileage cost is reimbursed at the rate established by the Internal Revenue Service. Other reimbursable travel costs include the actual cost for lodging, meals, and related ordinary and necessary incidental expenses.
- Authority Meeting Expenses – Members of the Board of Directors, or their alternates, are reimbursed for ordinary and necessary travel expenses. Reimbursements are based on the Travel Policy approved by the Board of Directors. A second county representative attending a Board of Directors meeting may be reimbursed for travel expenses, provided that the first county representative is a voting member of the Board of Directors.
- Executive and Committee Travel – Members of Authority committees and members interested in joining Authority committees are reimbursed for ordinary and necessary travel expenses to attend committee meetings and the conduct of other committee activities. Reimbursements are based on the Travel Policy approved by the Board of Directors.
- Audit Services – An independent audit examination of the PRISM Annual Comprehensive Financial Report (ACFR) is completed each year by a Certified Public Accountant. The Finance Committee selects the independent auditor. The audit contract is based on a Request for Proposal (RFP) process determined by the Finance Committee.
- General Admin Consulting includes internal audit costs relating to Enterprise Risk Assessment and Policies and Procedures development and peer review of internal actuarial work and other professional services.
- Legal Services – The Board of Directors and the Authority Committees may appoint Legal Counsel to provide legal services to the Board of Directors or Committees.

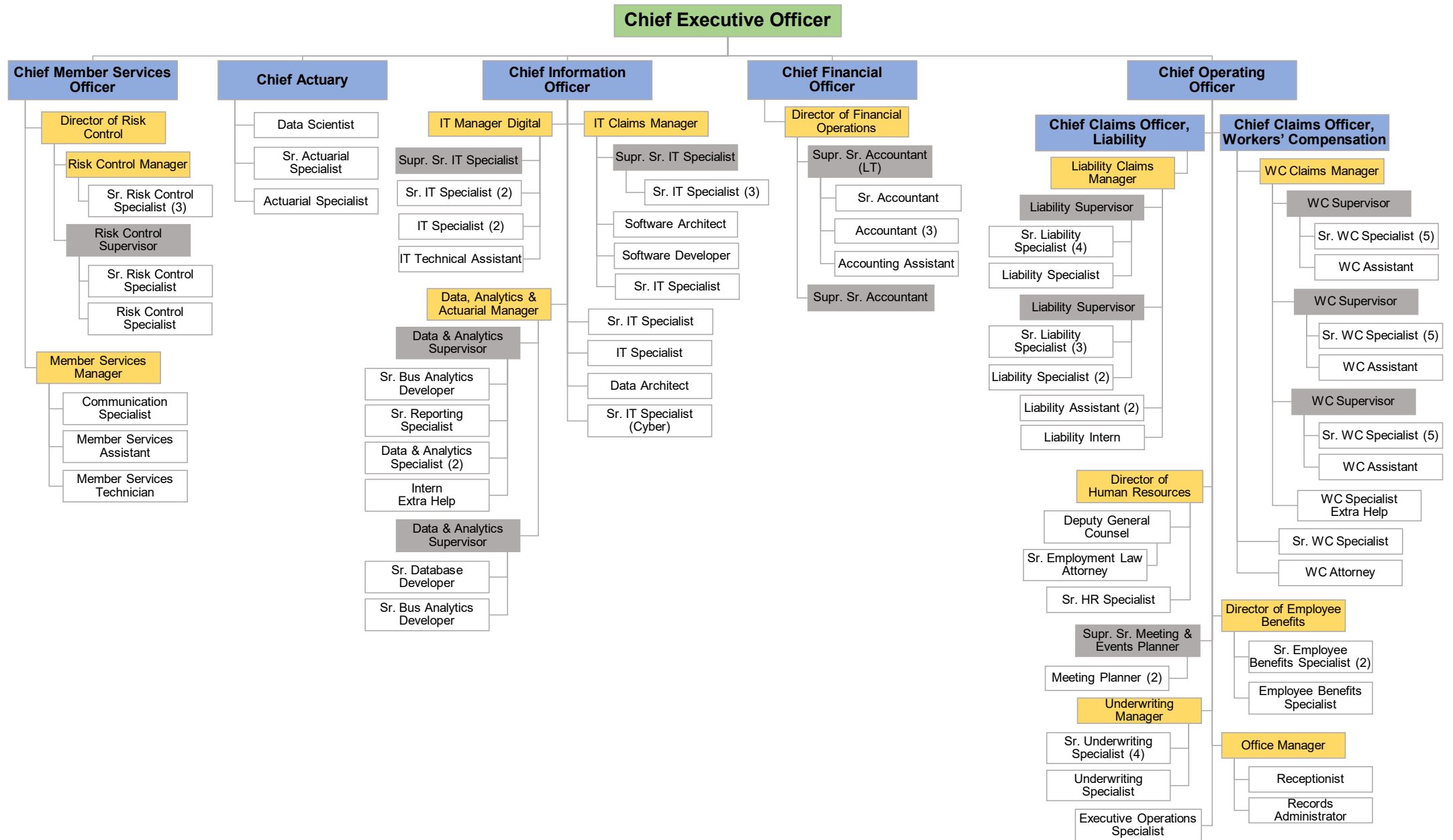


Adopted: June 2, 2011
Last Revised: April 10, 2025

- Management Training – Management training expenses include the cost of periodicals and publications, education and scholarships, conferences and seminars, and membership dues. Management training expenses are approved by PRISM senior management.
- Computer Hardware, Software and Technical Support includes the cost of software licenses, annual maintenance and support and computer hardware less than the \$5,000 capitalization threshold for all systems except the claims system. This category also includes the cost of web-based conferencing, external computer technical assistance and the costs associated with website design, hosting and support.
- Claims System – This includes the costs for data conversion, training, maintenance, cloud hosting, PRISM contract project management and depreciation on capitalized costs for the claims system, for both PRISM and its third-party administrators.
- Legislative advocacy services are provided by a third-party contract to represent the pooling industry’s interest, primarily at the State level.
- Investment expenses represent the cost of third-party investment management services to PRISM.
- All Captive (ARC) expenses are borne by the Captive, either directly or as a transfer from ARC to the PRISM’s GA program. Every year, staff recommends the reasonable amount of ARC’s share in the GA expenses of the PRISM. Since the Captive is a blended component unit of the PRISM, its budget and actual financial results are combined with PRISM’s budget and financial results.
- Learning Management System Platform – An online training and safety/risk management platform is available to all members providing access to a wide range of training topics. The Platform also includes custom activity, credential tracking, a resource center, and file center functions. The cost for the Platform is included in the Administration Fee, allocated to all members.
- A variety of loss prevention monitoring, educational, and awareness services are provided to members as approved by the Board.
- Other ordinary and necessary expenses are estimated and approved through the regular budget process and according to the Budget Preparation and Management Policy.
- A Discretionary amount is budgeted and may be transferred to any line item with the approval of a two-thirds vote of the Executive Committee.

Transfers

- Transfers in from each PRISM program are used to pay for PRISM staff and all other administrative costs. These costs are reduced by carryovers as a result of a lower estimated cost for the current year and per PRISM's General Administration Target Funding Guidelines. These administration costs are allocated to all PRISM programs based on a three-year average of staff time. The Captive is currently charged a flat administrative fee for the fiscal year recommended by staff and evaluated by the Finance Committee.
- Transfers in from relevant PRISM programs are used to pay for the cost of the claim system. This cost is charged to those programs whose claims are administered through the system and to the extent of their use of the system.
- A transfer in for investment fees reimburses the PRISM Treasury for the cost of third-party investment management services.
- PRISM rent is the share of rent for PRISM occupied premises and it is the transfer out from the GA program into the building program.



ADMIN DEPARTMENT

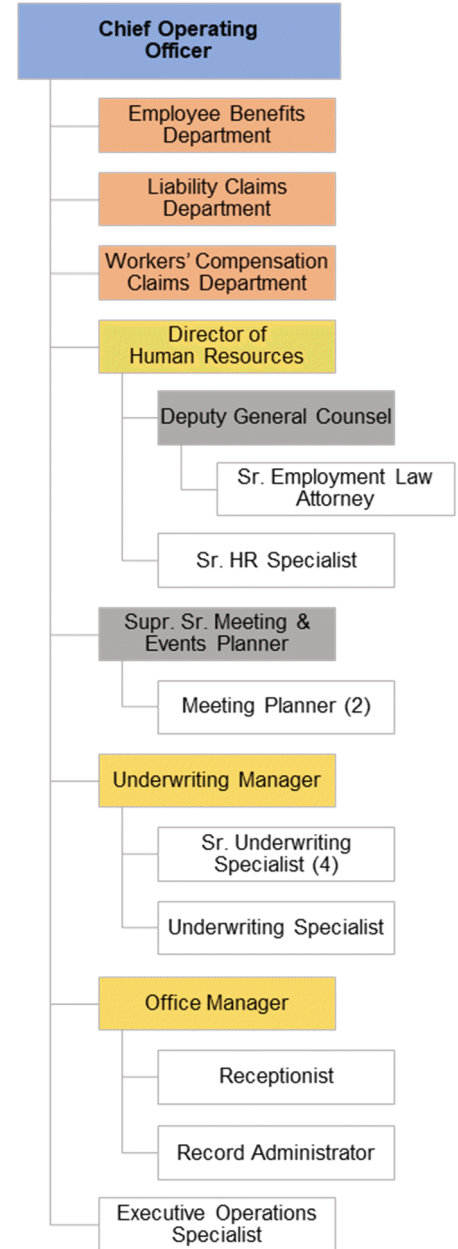
2025/26 Staffing Budget: \$3,583,033

Departmental Functions:

- Oversee administration of all PRISM operations, programs and services. Manage governance functions including preparation and distribution of meeting agendas, preparation of meeting minutes, and coordination of member travel and other meeting arrangements.
- Manage all staff service functions including Human Resources, payroll processing, and employee training.
- The offices of the CEO and COO are the face of PRISM with our service partners, including our brokers, our insurers, and most importantly, our members.
- Responsible for the implementation of strategic initiatives.

Major Accomplishments in Fiscal 2024/25:

- Retained 99% of members at renewal of the programs, and have a three-year average of 99%.
- In spite of increasingly and continuing challenging times, successfully renewed all coverage programs, while maintaining broad coverage with only minor loss of limits or minor changes in coverage.
- Strategically utilized risk retention where limits were no longer available. Examples of this include continuing to pool the Primary Layer in the Property Program and retaining risk in pieces of the Excess Layers to avoid gaps in coverage.
- Created a new program that would provide additional coverage for Programs when a carrier becomes insolvent or aggregate limits are exhausted.
- Continued to provide very high levels of customer service and improved customer satisfaction ratings.
- Began planning for inaugural Annual Conference.
- Successfully coordinated over 120 meetings across the organization including 10 risk symposiums.
- Continued oversight of significant strategic planning initiatives.
- Updated the PRISM Employment Handbook and various PRISM employment policies.
- Created Intern Program.
- Established in-house employment legal advice services.



Major Goals for Fiscal 2025/26:

- Maintain high member satisfaction ratings with a 5% increase in satisfaction scores.
- Establish the value of PRISM with members' employees and continue to increase CEO and senior staff engagement with the members via member visits (virtual or in person), committee meetings, and conference attendance.
- Increase opportunities for member engagement, with an emphasis on member-to-member engagement.
- Continue to take a measured approach in looking for good opportunities to expand outside of California via PRISM's captive insurance company.
- Continue organizing member meeting opportunities including symposiums and an inaugural annual conference in 2025.

A summary of the Administration Department's Performance Measures is presented on the following pages.

Administration Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Branding and Outreach	Maintain high member satisfaction ratings with a 5% increase in member satisfaction survey scores.	Change in Member Survey Scores	5% Increase	1% Decrease	5% Increase	6% Increase	5% Increase
	Continue participation in PAFR program.	Received award from GFOA?	Yes	Yes	Yes	Yes	Yes
	Establish the value of PRISM with members' employees by increasing engagement with the members via CEO/Management member visits (virtual or in person) and orientation sessions with new member employees.	Estimated number of Member Contacts	313 (+20%)	***	***	***	***
	Hold meetings with all public entity members at least once every two years.	Were meetings held at least once every two years?	*	*	Yes	Yes	Yes
	Increase member utilization of the benchmarking tool/member dashboards by 20%.	Estimated year over year change in member logins to dashboard section of prismrisk.gov	+20%	+36%	+20%	+36%	+20%
Personnel and Office Management	Ensure continuity by retaining 95% of the staff.	Employee retention	95%	90%	95%	97%	95%
ARC Captive Utilization	Continue to take a measured approach in looking for good opportunities to expand outside of California via PRISM's captive insurance company.	# of ARC Participants	4	9	14	11	15
Meetings	Compliance 100% of the time in meeting Brown Act deadlines for agenda and meeting materials.	% of agendas posted 3 days in advance of meeting	100%	100%	****	****	****
		% of meetings made available to the public - live or via Zoom	100%	100%	****	****	****
		% of meetings with time reserved for public comment at the beginning of each meeting	100%	100%	****	****	****

*Goal adopted in later period; n/a for this period.

***Tracking individual member contacts is challenging. Management will continue to maintain engagement with members, but will drop this goal in favor of a goal to meet with all public entity members at least once every two years.

****PRISM will continue to comply with the Brown Act as required by law, but management has elected to remove this as a "goal" moving forward.

EMPLOYEE BENEFITS DEPARTMENT

2025/26 Staffing Budget: \$693,274



Departmental Functions:

- Provide oversight and support for the administration of PRISM's Health and Employee Benefits programs.
- Partner with program consultants, carriers and partners to advance and represent program services and initiatives.
- Deliver education to Members on benefit offerings and key compliance topics relevant to PRISMHealth and Employee Benefits programs.
- Participate in and support meetings related to open enrollment, health fairs, and the rollout of new benefit options.
- Support Members in resolving service-related issues impacting their employees within the Health and Benefits programs.
- Manage and audit complex financial reports to ensure accuracy and effectiveness across all Employee Benefits programs.
- Recommend and implement cost-saving strategies and enhanced care solutions.
- Assist Members in preparing and presenting program renewals to their respective governing bodies.

Major Accomplishments in Fiscal 2024/25:

- Finalized the Pharmacy Benefit Management RFP with presentation to Committee, with the selection of a new PBM going to Navitus.
- Added Digbi Health as the preferred PRISMHealth Chronic Condition/Weight Management partner.
- Implemented RX'nGo for PRISMHealth members as a pharmacy savings tool.
- Expanded coverage for Carrum Health to include Cancer Care.
- Increased participation in the PRISMHealth cost containment solutions by 20%.
- Finalized the transition of the Paid Family Leave program from a Miscellaneous program to a Major program.
- Added Voya as an additional carrier partner for the Paid Family Leave program.
- Continued Delta Dental network analysis, discussions with leadership, and updates on provider retention efforts.
- Dental program declaration of a \$3M dividend.
- Completed analysis of the Vision program structure for consideration of a change in funding methodology.
- Continued PRISMHealth and Dental program growth, with an increase in service levels to members and their employees/retirees.
- Participated in 17 Open Enrollment Health Fairs representing our carrier partners.
- Hosted the most successful Employee Benefits Symposiums to date, with over 200 in attendance at each location.
- Increased Member participation in Committee meetings by 15%.
- Launched the Employee Benefits Forum on the PRISM website.

Performance Measures for Fiscal 2025/26:

- Successful PRISMHealth transition away from the SISC shared risk arrangement to a standalone self-funded pool.
- Implement the new Pharmacy Benefit Manager, Navitus.
- Implement the new chronic condition/weight management partner, Digbi Health.
- Finalized the transition of remaining members from Workterra to other benefits administrators.
- Create a PRISM Employee Benefits Administration guide for all programs.
- Increase PRISM participation in Member Open Enrollment Health Fairs.
- Successful Vision program transition from a transferred risk arrangement to a standalone self-funded pool.
- Begin initial needs assessment for a PRISM Employee Benefits website.
- Increase program specific webinars that cover services and administration.
- Increase continued visibility, education and communication of services available to members through the Employee Benefits programs.
- Review and evaluate Dental Program Target Funding Policy.
- Increase/Maintain high member satisfaction.
- Promote member growth in all Employee Benefits Programs.
- Create performance metrics for program Benefits Administrators as a way to enhance accountability and increase member satisfaction.
- Revamp all program marketing materials, including Member testimonials.

A summary of the Employee Benefits Department's Performance Measures is presented on the following page.

Employee Benefits Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Branding and Outreach	Increase continued visibility and education of services available to members through the Employee Benefits programs.	Goal is ongoing					
	Build-out of Member resources and benefits information accessibility						
	Promote member growth in all Employee Benefits Programs.						
	Strengthen communication and collaboration with our Broker and Carriers.						
	Further implement the PRISMHealth direct member communication plan for important program announcements.	Estimated % of completion	85%	50%	75%	50%****	75%
	Develop a PRISM Employee Benefits Member Website		*	*	*	*	25%
	Increase PRISM visibility at Employee Benefits related conferences.	Number of events hosted or attended	4	6	8	8	8
	Attend Member Open Enrollment Health Fairs		*	*	*	*	25
	Increase web-based trainings and service presentations		4	7	10	15	20
Member Services	Increase/Maintain high member satisfaction.	Average Member Survey Score for EB Dept	4 out of 5	4.13 out of 5	4.5 out of 5	4.4 out of 5	4.5 out of 5
	Expand Data Analytics & Reporting on Value Add services (Carrum, Livongo, Hinge) to include ROI	Estimated % of completion	75%	80%	100%	100%	**
	Continue Delta Dental Network Analysis for access to care issues specific to rural Counties		100%	100%	**	**	**
	Implement New Dental Carrier		100%	100%	**	**	**
	Implement & Transition EAP members to Concern EAP		100%	100%	**	**	**
	Implement, Educate & Market Concern First Responder Services		100%	100%	**	**	**
	Finalize Health Program MOU amendments and secure all signatures		100%	100%	**	**	**
	Review and evaluate Retiree Medicare plan options		75%	0%	****	****	****
	Establish PRISMHealth Focus Group to evaluate overall benefits communication strategy		100%	***	***	***	***
	PRISMHealth transition away from SISC to a Stand Alone Self-Funded Pool		*	*	*	*	100%
	Terminate Express Scripts PBM Contract and transition PRISMHealth program to the new PBM, Navitus		*	*	*	*	100%
	Terminate Workterra Benefits Administration contract and transition remaining Members to new platform		*	*	*	*	100%
	Implement Digbi Health Chronic Condition/Weight Management Services		*	*	*	*	100%
	Create PRISM Employee Benefits Administration Guide to include all EB Programs		*	*	*	*	100%
	Change EAP Invoicing Process from Quarterly to Monthly		*	*	*	*	100%

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

***Goal superseded; formal Strategic Planning sessions held in lieu of establishing Focus Group.

****Goal delayed pending results of next Strategic Planning session.

LIABILITY CLAIMS DEPARTMENT

2025/26 Staffing Budget: \$2,422,082

Departmental Functions:

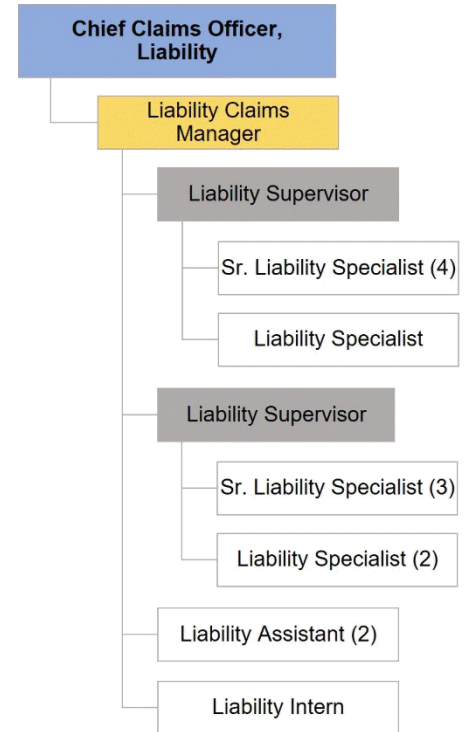
- Plan, organize and direct the claim functions throughout PRISM for the General Liability, Medical Malpractice, and Property Programs.
- Work with members, vendors and business partners to control claims costs.
- Provide coverage analysis to members, respond to subpoenas and public records act requests, assist with Brown Act questions, and review contracts.
- Collaborate with reinsurers regarding claims updates/strategy and ensure their questions are answered.

Major Accomplishments in Fiscal 2024/25:

- Continued to develop processes for managing Property claims under new Program structure.
- Provided member training to members/TPAs regarding Addendum B Claims Administrative Standards.
- Continued work with IT to fine-tune the SPECTRA proprietary claims system for Liability.
- Reviewed and influenced the terms of various Program reinsurance contracts for the 2024/25 Program year.
- Coordinated with Claims Ad Hoc Committee, UW, and Exec. in the review and development of proposed changes to Addendum B Standards and GL MOC and MM MOC.
- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.

Performance Measures for Fiscal 2025/26:

- Continue collaborating with IT to monitor the in-house proprietary claims system including addressing any migration issues, development of, or update to existing reports, and continued efficiencies the new system offers.
- Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.
- Assist underwriting team with analysis of claims history for new potential GL members.
- Continue to be a resource to members for claims administration, coverage review, and risk mitigation efforts.
- Ongoing development of the Property Program processes and procedures.
- Begin working with IT on the development of the Property Program and Medical Malpractice lines of business in the in-house proprietary claims system



- Invoice excess reimbursements to reinsurers/excess carriers within five days of issuing payment. Oversee and follow up with those reinsurers to achieve at least 80% reimbursement within 30 days of invoice issuance.
- Collaborate with the PRISM Data Scientist on projects that will assist in the resolution of claims and continue to be a resource to Data and Analytics where needed.
- Review possibility of offering quarterly GL claims reviews with members.
- Finalize analysis of bring Medical Malpractice claims handling in-house.
- Continue to work towards completion of Enterprise Risk Management task of documenting all processes/procedures within department.

A summary of the Liability Claims Department's Performance Measures is presented on the following page.

Liability Claims Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Innovation and Improvement	Continue collaborating with IT to build the in-house proprietary claims system.	Goal is ongoing					
	Continue collaborating with IT to monitor the in-house proprietary claims system including addressing any migration issues, development of, or update to existing, reports, and continued efficiencies the new system offers.						
	Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.						
	Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.						
	Continue to be a resource to members for claims administration, coverage review, and risk mitigation efforts.						
	Review possibility of offering quarterly GL claims reviews with members.	Estimated % of completion	100%	50%	100%	75%	100%
	Work with IT to develop a property line of business in the new proprietary claims system.		100%	40%	100%	40%	75%
	Completion of Enterprise Risk Management task of documenting all processes/procedures within department.		*	*	100%	50%	100%
Reporting and Analysis	Invoice excess reimbursements to reinsurers/excess carriers within five days of issuing payment. Oversee and follow up with those reinsurers to achieve at least 80% reimbursement within 30 days of invoice issuance.	Average days to invoice	5	5	5	5	5
		Estimated % reimbursed in 30 days	80%	80%	80%	80%	80%
	Analysis of bringing Medical Malpractice claims handling in-house	Estimated % of completion	*	*	100%	50%	100%

*Goal adopted in later period; n/a for this period.

WORKERS' COMPENSATION CLAIMS DEPARTMENT

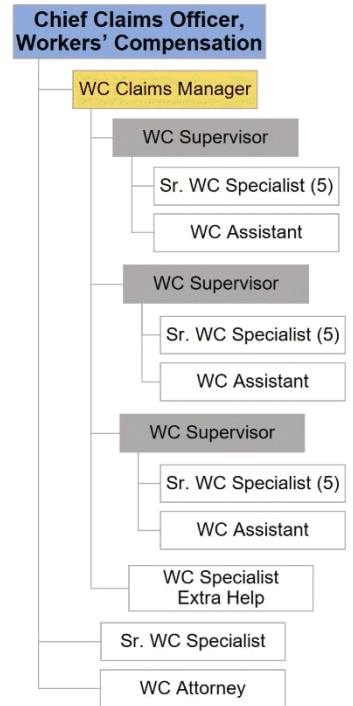
2025/26 Staffing Budget: \$3,969,551

Departmental Functions:

- Plan, organize and direct the claim functions throughout PRISM.
- Work with members, vendors and business partners to control claims costs.

Major Accomplishments in Fiscal 2024/25:

- PRISM's WC Department successfully passed an audit of their claims oversight duties, **exceeding expectations**.
- Processed claim reimbursements to members within 30 days of receipt of all supporting documentation.
- PRISM's workers' compensation claims team continued to resolve difficult claims resulting in savings to the EWC Program.
- Provided insight and guidance to Members on catastrophic claims to aide in best possible outcome for the injured worker.
- Continued to evaluate WC Member's use of Carve-Out Programs and provided performance metrics to the Claims Review Committee.
- Reviewed WC COVID-19 loss data from SIMS system and member data feeds on a periodic basis to aggregate data and provided updates to EWC Program reinsurers.
- Participated in quarterly file reviews with all PWC Program Members, and EWC Program Members as requested or needed.
- Continued implementation of the department strategic to identify efficiencies, update processes and development of training materials.
- Resumed working with the IT Department on gathering requirements for the Work Comp component of PRISM's Proprietary Claims system (Spectra).
- Went live with PRISM's internal use of the in-house claim system for excess reportable claims on 03/01/2025.
- Continued to obtain reimbursements from CIGA and Riverstone for the EWC coverage periods that involved Castlepoint.
- Processed Bordereaux invoicing for PWC and EWC Programs monthly.
- Participated in the JPA Task Force for claims administration as a result of PRISM's Strategic Planning.
- Collaborated with Data and Analytics Department to implement an updated WC Loss Data Specification for the monthly member reporting.
- Through lobbying efforts, had a significant impact on a variety of bills introduced by the California legislature in 2024 and 2025.



Performance Measures for Fiscal 2025/26:

- Collaborate with IT-Claims and the PWC TPAs to implement their use of the in-house proprietary claims system (Spectra).
- Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.
- Evaluate WC members' use of Carve-Out Programs and provide metrics of performance to the Claims Review Committee.
- Continue to conduct quarterly file reviews with all PWC Program Members.
- Continue to conduct periodic file reviews with EWC Program Members as requested or needed.
- Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.
- Update existing and develop new program reports to improve overall program management.
- Collaborate with the PRISM Data Scientist on projects that will assist in the resolution of claims.
- Continue to implement WC Department strategic plan initiatives.

A summary of the Workers' Compensation Claims Department's Performance Measures is presented on the following page.

Workers' Compensation Claims Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Innovation and Improvement	Through audit and loss analysis process, continue to provide information on a timely basis to underwriting staff and committees to direct loss prevention and mitigation activities.	Goal is ongoing					
	Assist Data and Analytics Department with determining key information needed for their use in developing analytical tools for Claims Department and members.						
	Influence and add value to our Members and claims outcomes						
	Continue participating in quarterly file reviews with PWC Program Members and as requested/needed for EWC Program Members						
	Work with Lobbyist to have an impact on bills introduced by the California Legislature (for all coverage areas)						
	Update existing and develop new program reports to improve overall program management.						
	Work with IT to develop a WC line of business in the new proprietary claims system.		Estimated % of completion	100%	***	25%	35%
	Implement WC Department Strategic Plan	*		*	50%	50%	80%
Reporting and Analysis	Evaluate WC members' use of Carve-Out Programs and provide metrics of performance to the Claims Review Committee.	Are analysis and reports completed and delivered timely, then presented to the appropriate stakeholders?	Yes	Yes	Yes	Yes	Yes
	Establish PWC TPA Report Cards for key claims performance measures.		Yes	Yes	Yes	Yes	Yes

*Goal adopted in later period; n/a for this period.

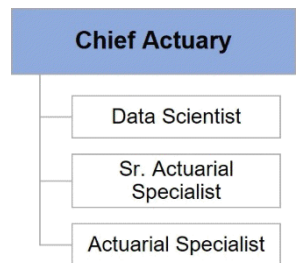
***Goal was paused for this period.

ACTUARIAL SERVICES DEPARTMENT

2025/26 Staffing Budget: \$939,438

Actuarial Departmental Functions:

- Provide actuarial services for the major property and casualty programs including analysis of pooling layers and various insurance options
- Provide actuarial estimates of outstanding liabilities and recommendations on member premium rates for all major property and casualty programs
- Provide allocation models for each of the major P&C programs
- Provide analysis and/or analyzers for reinsured layers and reinsurance rating plans for the major P&C programs
- Provide all actuarial support for PRISM ARC
- Provide in-depth claims and loss analysis.
- Provide quarterly actuarial updates for GL1, EWC, and MM as needed
- Provide PWC and DBD quotes as well as other ad-hoc analyses as needed
- Provide actionable data insights to various programs and departments



Actuarial Major Accomplishments for Fiscal Year 2024/25

- All Major P&C Programs
 - Completed annual actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2024/25 year
 - Completed annual actuarial analysis for the major property and casualty programs, including evaluation of outstanding liabilities and target funding
 - Analyzed and reevaluated trend methodologies and performed updated trend analyses
 - Produced quarterly outstanding liability and projected equity estimates for the major P&C programs
 - Prepared program actuarial reports, including individual member reports for PWC & DBD, for Underwriting, the auditors and the PRISM member portal
 - Evaluated reinsurance structures and premium costs against self-insurance based on PRISM developed risk analyzers
 - Provided AmTrust Commutation estimates of outstanding liabilities for the affected programs
 - Developed a new analysis to evaluate the commuted liabilities for GL2
 - Provided general admin ULAE projections and outstanding estimates
 - Provided retained cost of risk analyses
 - Provided the actuarial support needed for CAJPA accreditation

- PRISM ARC
 - Completed PRISM ARC year-end study
 - Analyzed and recommended long term interest rate assumption for ARC
 - Calculated discount factors based on all past corridor transfers since ARC inception
 - Calculated discount factors based on the corridor transfers for the upcoming 2025/26 program year
 - Prepared the necessary filings for Utah Department of Insurance: Statement of Actuarial Opinion, Actuarial Opinion Summary, and Actuarial Report
 - Evaluate capital model on actuarial materiality assumption

- EWC
 - Prepared diagnostic loss development triangles to expand on loss development analysis and to assist in factor selections
 - Evaluated the appropriateness of WCIRB rating factors to the PRISM program
 - Expanded program performance report to reflect the pool, SIR, and excess layers separately
 - Developed and incorporated additional rate analyses excess of \$1M for all four rating groups' pool rates
 - Provided updated values of metrics used in Risk Advisory Identification Analysis
 - Premium allocation methodology review

- GL1
 - Developed and incorporated additional rate analyses excess of \$1M for the two rating groups' pool rates
 - Provided the actuarial estimates and factors, cash flow projections and balance sheets necessary to evaluate the financial position and the Experience and Exposure Adjustment Clause update under the MsRe contract
 - Evaluated MsRe Impact on surplus positions since contract inception per member's request
 - Prepared quotes and pricing for several out of state prospects and renewing participants
 - Evaluated the credibility of the actuarial rated individual DBD members
 - Implemented changes to the DBD rating and allocation methodology
 - Analyzed the impact of AB 218/AB 452 to the GL programs
 - Provided updated value of metrics used in Risk Advisory Identification Analysis
 - Premium allocation methodology review

- GL2
 - Provide outstanding reserve analysis for the GL2 retained liability due to AmTrust Commutation

- PWC
 - Provided support for the exploration/negotiation of the incentivized TPA fee model
 - Developed rate selection process that emphasize fairness and consistency of rate selection among the 26 individual actuarial rated members
 - Collaborated with Underwriting on messaging to PWC members with large increases. We moved one member to payroll rated to stabilize future rates
 - Provided additional ultimates and rates for PWC extending the program's retained limit to \$25k, and the program's overall limit to \$250k and \$300k
 - First Party Administrator Cost Saving Analysis on the tail claims

- Property
 - Various property data recoding as a result of more in-depth analysis of the data bucketing, poor data quality, and additional conversations with TPA
 - Property rate study expanded from one peril to by-peril analysis
 - Introduced more aspects of industry standard property actuarial analysis including the excess wind factor methodology to smooth out weather events
 - Expanded on the utilization of the catastrophe modeling data results into actuarial analysis
 - Provided self-funding estimates for the \$10M layer as well as additional primary layer indications for \$15M, \$20M and \$25M limits
 - Provide ALAE and ULAE analyses

- Medical Malpractice
 - Evaluated the rate study methodology
 - Created lag reporting triangle and investigation of loss date vs reporting date in the data
 - Reevaluated and restated AB 35 MICRA legislation's impact based on PRISM experience
 - Incorporated retroactive date into the CSR data
 - Added the third layer of coverage to rating

- Data Science
 - Analyzed the benefit of Compromise and Release settlements
 - Published the results of Wavelength
 - Developed text-mining algorithms to identify mediated GL1 claims
 - Developed an algorithm to extract body part info from claim description for Santa Barbara County
 - Created and automated workers' compensation claim reports
 - Fine-tuned and extended the logic for SAM claims identification
 - Further developed and updated the PRISM Actuarial Analysis Toolkit

- Refresh size of loss distribution
- Develop PWC tail duration analysis
- Perform major modeling components of Premium Allocation Methodology Review

Actuarial Performance Measures for Fiscal Year 2025/26:

- Provide annual actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the 2025/26 year
- Provide annual actuarial analysis for the major property and casualty programs, including evaluation of outstanding liabilities and target funding
- Provide quarterly outstanding liability and projection estimates for the major P&C programs
- Prepare program actuarial reports including individual member reports for PWC & DBD for Underwriting, the auditors and PRISM member portal
- Provide analysis and/or analyzers for the major programs' reinsurance arrangements and plans
- Provide allocation models for each of the major programs
- Provide all actuarial support for the PRISM ARC
- Produce in-depth loss development factor analysis for all major P&C programs
- Produce in-depth trend factor analysis for all major P&C programs
- Provide general admin ULAE projections and outstanding estimates
- Provide PWC and DBD quotes as needed
- Provide renewing and prospective quotes for out of state participants as needed
- Update GL1 IMCD premium discount matrixes
- Continue to analyze various underwriting factors (territory, safety/non-safety) for the EWC and GL1 programs, as needed
- Continue to provide the Risk Advisory Identification Analysis for the EWC and GL1 programs
- Update the 4850 benefits analysis for PWC and EWC, subject to usable data
- Continue monitoring and analyzing AB 35 MICRA legislation impact to MedMal programs
- Continue monitoring and analyzing AB 218 /AB 452 impact to the GL programs
- Provide PWC and DBD quotes as needed
- Continue analysis of Compromise and Release settlements
- Evaluate reasonableness and fairness of the premium allocation process in EWC and GL1
- Explore stochastic reserving methods for low credibility programs
- Premium Allocation Methodology Review for GL1 and EWC
- Perform medical malpractice analyses on claims-made basis directly, time allowed

A summary of the Actuarial Department's Performance Measures are presented on the following page.

Actuarial Services Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Innovation and Improvement	Develop and continue to provide the Risk Advisory Identification Analysis for EWC and GL1	Goal is ongoing					
	Develop and continue updating the PRISM Actuarial Analysis Toolkit						
	Analysis on the benefit of compromise and release settlements in the WC programs						
	Property rate study by-peril analysis						
	Continue monitoring and analyzing AB 218/ AB 452 legislation impact on GL programs						
	Provide actuarial and analytic support for member ad-hoc type requests						
	Wavelength newsletter						
	Develop text-mining algorithms to identify mediated GL1 claims	Estimated % of completion	**	100%#	**	100%#	**
	Develop an algorithm to extract body part from claim information for Santa Barbara County		**	100%#	**	100%#	**
	Create and automate workers' compensation claim reports		**	100%#	**	100%#	**
	Provide AmTrust Commutation estimates for assuming their outstanding liabilities		100%	100%	**	**	**
	Incorporate AB 35 MICRA legislation impact into MedMal rates		**	**	**	100%#	**
	Fine-tuned and extended the logic for SAM claims identification		*	100%	**	**	**
	Developed rate selection process for use going forward that emphasize fairness and consistency of rate selection among the 26 individual actuarial rated PWC		*	100%	**	**	**
	Implemented changes to the DBD rating and allocation methodology		*	100%	**	**	**
	Evaluate reasonableness and fairness of the premium allocation process in EWC and GL1 (Multi-Year project)		*	*	100%	75%##	100%
	PWC Tail Claim PFA Cost Saving Analysis		*	*	100%	100%	**

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

#Goal was accomplished in prior period(s); task was refreshed in current period.

##Work in progress; task was on-going and will last for two years

Actuarial Services Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Reporting and Analysis	Provide annual actuarial analysis for the major property and casualty programs, including timely recommendations on rates for the coming policy year	Are analysis and reports completed and delivered timely, then presented to the appropriate stakeholders?	Yes	Yes	Yes	Yes	Yes
	Provide annual actuarial analysis for the major property and casualty programs, including evaluation of outstanding liabilities and target funding		Yes	Yes	Yes	Yes	Yes
	Provide quarterly outstanding liability and projection estimates for the major P&C programs		Yes	Yes	Yes	Yes	Yes
	Provide analysis and/or analyzers for the major programs' reinsurance arrangements and plans		Yes	Yes	Yes	Yes	Yes
	Provide allocation models for each of the major programs		Yes	Yes	Yes	Yes	Yes
	Produce in-depth loss development factor analysis for the major programs		Yes	Yes	Yes	Yes	Yes
	Produce in-depth trend factor analysis for the major programs		*	Yes	Yes	Yes	Yes
	Prepare program actuarial reports including individual member reports for PWC & DBD for Underwriting, the auditors and PRISM member portal		Yes	Yes	Yes	Yes	Yes
	Provide all actuarial support for the PRISM ARC		Yes	Yes	Yes	Yes	Yes
	Provide general admin ULAE projections and outstanding estimates		Yes	Yes	Yes	Yes	Yes
	Provide estimated cost of retained risk for all major programs for finance		Yes	Yes	Yes	Yes	Yes
	Provide actuarial inputs for CAJPA accreditation, once every 3 years		*	*	Yes	Yes	**
	Provide PWC, DBD, sometimes other programs' quotes as needed		Yes	Yes	Yes	Yes	Yes
	Update GL1 IMCD premium discount matrixes as needed		Yes	Yes	Yes	Yes	Yes
	Update the 4850 benefits analysis for PWC and EWC, subject to usable data		Yes	Yes	Yes	**	**
	Continue to update the size of loss distributions for all major programs		Yes	Yes	Yes	Yes	Yes
	Produce quarterly COVID-19 estimates for EWC and PWC		Yes	Yes	**	**	**
	Continue monitoring and analyzing AB 35 MICRA legislation impact to MedMal program		*	Yes	Yes	Yes	Yes
	Provide additional ultimates and rates for PWC extending the program's retained limit to \$25k, and the program's overall limit to \$250k and \$300k		Yes	Yes	Yes	Yes	Yes
	Provided self-funding estimates for the \$10M layer as well as additional primary layer indications for \$15M, \$20M and \$25M limits for the property program		Yes	Yes	Yes	Yes	Yes
GL2 AmTrust Commutation Update	*	*	Yes	Yes	Yes		

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

#Goal was accomplished in prior period(s); task was refreshed in current period.

##Work in progress; task was on-going and will last for two years

INFORMATION TECHNOLOGY DEPARTMENT

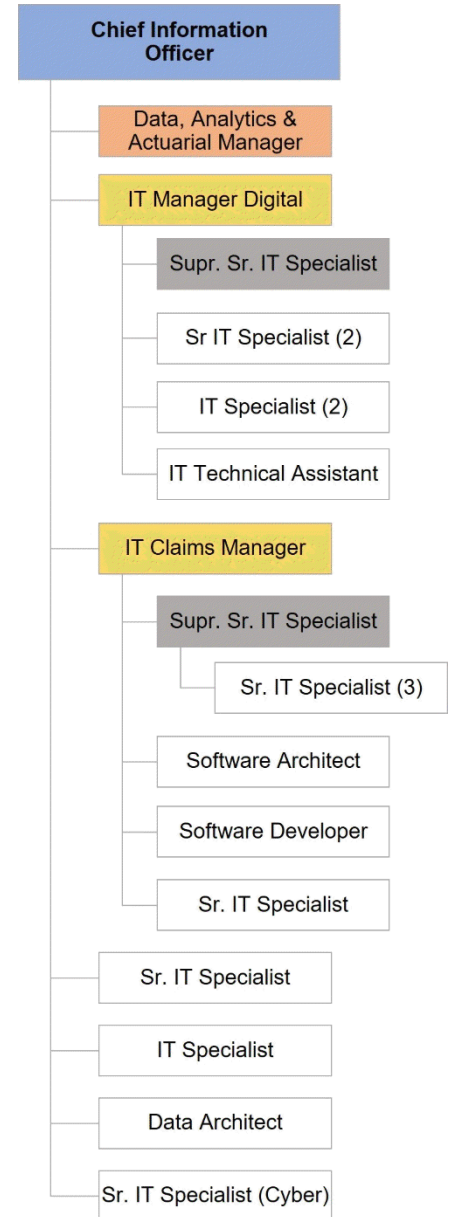
2025/26 Staffing Budget: \$3,992,776

Departmental Functions:

- Provide technology direction and oversight to implement and support organizational goals.
- Maintain technology infrastructure to ensure efficient and secure operations of PRISM.
- Provide specialized reporting capabilities for claims handling.
- Provide first level of support for members who were on PRISM’s Insurity ClaimsXpress contract.
- Develop, maintain and provide full support of proprietary, claims system, Spectra, for all users.
- Provide project management, system conversion, and system upgrade support for members.
- Provide development and management of digital media and content – website, pool management, and communications.
- Support all operational software systems including Claims Management, Policy Management, Human Resource Management, Financial Management, and others.

Major Accomplishments in Fiscal 2024/25:

- Released additional enhancements for the Prospect application and Notice of Potential Withdrawal application
- Provided members with access to final phase of self-service contact/user management features
- Completed a website reorganization project to improve usability and increase access to information
- Implemented changes to member dashboards
- Created a notification tool for members to inform us promptly about changes in Third-Party Administrators (TPAs), supplying relevant information and timing
- Developed an AI chatbot trained on PRISM member services and resources
- Provided support for 16 ClaimsXPress instances, as well as support 3 self-hosted members
- Continued development of the new proprietary claims system (Spectra) for both WC and GL
- The PRISM WC Claims team went live on Spectra in March of 2025
- Collaborated to import and validate over 60k COVID-19 member claims from D&A, including financials
- Improved functionality and accuracy for 1099 and OSIP reporting, as well as incorporated new reporting requirements
- Enhanced custom reports and subscription process for reinsurers
- Created several new complex business rules for TPAs, members, and PRISM



- Provided new employee training for TPAs, members, and PRISM
- Implemented a new document management interface for Sedgwick
- Supported the claims teams with several examiner reassignments. This involves transfer caseloads and diaries from one examiner to another
- Catastrophe claim cleanup project was done for the COVID-19 claim import
- Implemented information security improvements to further protect critical and sensitive data
 - Added additional threat protection services for more proactive cyber security
 - Updated backup procedures for additional protection
 - Further improved patch management processes and procedures
 - Improved overall organizational risk profile with various configurations and tools
 - Organization wide rollout of password management tool
- Began initial configurations for business continuity plan for Spectra
- Implemented new event management (EventsAir) and electronic voting systems
- Automated two manual tasks with Robotic Process Automation tools

Performance Measures for Fiscal 2025/26:

- Finalize ETL processes to streamline how data is organized and shared, making it easier for user to access accurate and useful membership information
- Optimize AI Chatbot
- Begin discovery and analysis of a pool information management system rewrite
- Continue development of the new proprietary claims system
 - The PRISM GL Claims team with live in October 2023
 - The PRISM WC Claims team with live in March 2025
- Implement at least 2 TPA's on Spectra
- Evaluate and pursue development of the following claims system (ClaimsXpress) activities, if deemed appropriate
 - Continued enhancement and execution of bulk claim load for member submitted data and from the DNA database. As of 4/30/2025 we uploaded and updated financials for over 60k COVID-19 claims.
 - Continued report development and enhancements to ClaimsXPress as needed
- Improve organizational risk score (within security awareness platform)
- Implement improvements to increase efficiency of PC management and lower long-term cost of desktop computing
- Expand usage of Artificial Intelligence and Robotic Process Automation (RPA) to automate tasks and workflows to enhance productivity and improve efficiency to save staff hours
- Continued development of organizational information security roadmap and technology/digital strategy

A summary of the Information Technology Department's Performance Measures is presented on the following page.

Information Technology Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Innovation and Improvement	Continued enhancement and execution of bulk claim load for member submitted data and from the DNA database	Goal is ongoing					
	Continued report development and enhancement of legacy and new proprietary claims system						
	Continue supporting the 16 instances of legacy system (Prism, TPA, and Members)						
	Enhance Coverage Data						
	Improve organizational risk score (within security awareness platform)						
	Continue development of the website portal's applications for prospects and additional named covered parties						
	Implement supplemental WC applications in support of WC Payroll Audit and collection of additional information needed for OSIP reporting	Estimated % of completion	100%	50%	100%	100%	**
	Make Contact Management available to staff and members on the website		100%	75%	100%	100%	**
	Implement redesigned user dashboards on the website		50%	10%	100%	100%	**
	Expand usage of Robotic Process Automation (RPA)		50%	10%	50%	50%	60%
Systems and Processes	Continue development of the new proprietary claims system	Delivery of minimum viable product	GL 100%	GL 100%	WC 50%	WC 80%	WC 95%
	Implement TPA's on Spectra	Estimated % of completion	*	*	*	*	0.5
	Create notification tool for member TPA changes		*	*	100%	100%	**
	Implement solution for managing COI requests		*	*	100%	***	***
	Complete development of the ANCP, Prospect, and Form Builder solutions		100%	75%	100%	**	**
	Migrate from Union Bank to US Bank for positive pay		100%	100%	**	**	**
	Implement virtual desktop technology		100%	0%	100%	0%	100%
	Migrate 16 ClaimsXPress instances to Spear Cloud		100%	100%	**	**	**
	Conference Room Upgrades		100%	100%	**	**	**
	Begin discovery and analysis of PIMS rewrite		*	*	*	*	75%
Oversight and Security	Develop information security roadmap	Estimated % of completion	50%	25%	50%	50%	75%
	Conduct security assessment		*	*	100%	100%	**
	IT Policy Review		*	*	100%	0%	100%

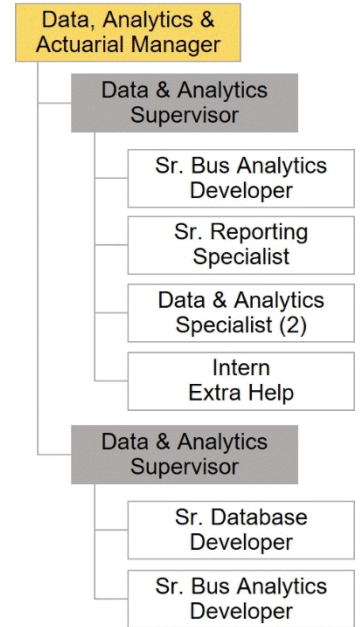
*Goal adopted in later period; n/a for this period.
 **Goal was accomplished; n/a for future periods.
 ***Goal was determined to be no longer needed.

DATA AND ANALYTICS DEPARTMENT

2025/26 Staffing Budget: \$1,465,288

D&A Departmental Functions:

- Manage PRISM loss experience processing and reporting to support the renewal process and all actuarial and experience reporting needs.
- Work with data providers (members and TPAs) to improve the quality, timeliness, and availability of loss information provided.
- Manage the excess loss reporting process including PRISM Program Performance (PPP) reporting, Claims Summary Reports (CSR) or PRISM Financial Summaries (PFS), Loss Portfolio Transfer (LPT) reports, COVID and CIGA reporting, and all Bordereaux (BDX) reports.
- Develop, deploy, and maintain reports, analytics, and data driven applications including performance reporting and benchmarking for PRISM members, partners, and staff.



D&A Major Accomplishments in Fiscal 2024/25:

- Completed the annual loss data collection process for the major P&C programs and provided the annual and semi-annual loss data packages to the market, and provided actuarial study data for the Actuarial team for the P&C programs.
- Produced all quarterly informational Claims Summary Reports (CSR), monthly and quarterly LPT reports and BDX, and PRISM Program Performance (PPP) reports for the Committees and Board.
- Produced all other ongoing reports (Covid, excess reportable, monthly experience, CIGA, actuarial loss runs, etc.) in a timely fashion.
- Split the annual loss data packages for EWC, GL1, and GL2 into 2 separate monthly and annual provider packages, which enabled our EWC and GL1 market data to be delivered 3 months earlier.
- Developed an Allocation Data export to provide Underwriting with the aggregated data needed for the EWC and GL1 Allocations eliminating that work on their end.
- Developed diagnostic triangles for actuarial to analyze how various claim trends have changed over time and to incorporate into their studies.
- Began transitioning TPAs to the new Workers' Compensation Loss Data Specification to bring our collection standard in line with statutory requirements.
- Reported on the status of the monthly collection of our membership's loss data to various committees for their information and direction.
- Transitioned workers' compensation reporting to merge data from PRISM's old excess claims system (SIMS) to PRISM's own proprietary new claims system (Spectra).
- Transitioned the team's expiring servers and hosts to new ones and adjust working processes.

- Created new “Analytics” pages on PRISM’s website under “Services” to provide information and direction to our Analytic Dashboards and Data Collection and Quality Assistance services.
- Released enhanced Loss Discovery, Member Summary, and Membership dashboard applications with improved functionality, performance, and accessibility on 7/1/24.
- Developed a Risk Control Loss Analysis dashboard application for PRISM staff.
- Made aesthetic changes to the Benchmarking page of the Member Summary dashboard application to enhance communication and clarity.
- Provided demonstrations on PRISM’s analytics dashboard applications to members and committees.
- Redeveloped our ETL process to intake McLaren’s monthly PRISM property loss runs (planned to complete by 7/1/25).
- Fulfilled multiple data requests from Benchmark Analytics to use for their analytic services provided to our members.
- Provided tailored liability data packages to Polco and Benchmark Analytics for CAJPA’s industry analysis.
- Transitioned away from the Claims Summary Report (CSR) to the new PRISM Financial Summary (PFS) for the EWC Program to provide more accurate data for PRISM’s reserve studies, improve the efficiency of report generation, and enhance interpretability.
- Redesigned the Property CSR to provide clarity to the Program’s loss experience and how it erodes the various aggregate stop loss coverages in the primary layer.
- Added 3 new monthly Bordereau (BDX) reports for MedPro, Beta, and Corverys on their historical participation in PRISM’s MedMal Program.
- Established a SFTP and PGP data transfer solution to provide encryption at all times of transfer for those members that require it in order to create a fully automated data collection process for them.
- Initiated research and exploration to develop a user interface (UI) for DnA’s databases to streamline updates and make overall administration easier.
- Initiated work on capturing detailed historical premium information of our members to use for analytics and reporting purposes.

D&A Performance Measures for Fiscal 2025/26:

- Complete the Annual and Semi-Annual Loss Data Collection processes for the major programs accurately and on time in order to support the renewal and actuarial.
- Deliver all quarterly Claims Summary Reports (CSR), PRISM Financial Summaries (PFS), and Loss Portfolio Transfer (LPT) reports, and monthly Bordereau (BDX) reports accurately, on time, and add new reports as needed.
- Support the PRISM departments (primarily Data Science, Actuarial, and Underwriting) information requirements.
- Continue to maintain and improve DnA’s databases and develop and deploy new information products for the membership, partners, and staff.

- Transition P&C major program members from annual to monthly loss reporting for those that are able and doing so would result in reduced time being spent on data processing for all parties.
- Fully finalize our extract, transformation, and load (ETL) procedures to pull workers' compensation data from PRISM's new claims system (Spectra) while incorporating the replicated PWC data that is still maintained in SIMS (this may happen by 7/1/25).
- Further adjust our workers' compensation ETL procedures to incorporate the PWC TPAs when they transition from SIMS to Spectra
- Continue to develop and enhance the PRISM Program Performance (PPP) reports to provide enhanced insights on the performance of the programs.
- Continue to release materials in accordance with the Member Data Education Plan.
- Continue to enhance the focus and takeaways of PRISM's Analytics dashboards for members and staff.
- Create a member version of the Risk Control dashboard application, a PRISM Program Performance Report (PPR) application, and an improved Performance application to better communicate claim performance deltas.
- Incorporate Writeback, Self-Service functionality, Combo charts, and other Vizlib and SenseOps functionality into our Qlik Dashboard applications where applicable.
- Deploy visually enhanced log-in and landing page for PRISM's Analytic Dashboards portal.
- Standardize and automated McLaren's Property data intake and generation of the Property CSR.
- Add Property excess payments, schedules and wildfire maps to the existing Property loss data in the DnA databases.
- Create Qlik data model to support Property reporting and dashboards and to provide the foundation for additional staff and member Property analysis (if time allows).
- Continue to transition the EWC data providers to the new workers' compensation loss data specification.
- Develop a new and improved reporting and analysis platform for PWC once the new CSR and BDx are completed.
- Create a user interface (UI) for DnA's databases to streamline updates and make overall administration easier.
- Finalize the collection of the membership's historical premium data for the P&C programs and incorporate it into our data models.
- Research and explore tools to provide monthly reports to our membership and staff.
- Research and explore ArcGIS's offerings to provide enhanced geospatial analysis and analytics for our coverage programs.

A summary of the Actuarial and Data and Analytics Department's Performance Measures are presented on the following page.

Data & Analytics Department Performance Measures

Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Innovation and Improvement	Strive for continued innovation, creative ideas, and progressive strategy as respects the programs, services and organization as a whole.	Goal is ongoing					
	Ensure objectives outlined in the organizational strategic plan are moving forward and/or completed within established timeframes.						
	Continue development and expansion of member and staff dashboards.						
	Continue to support loss data collection, reporting needs, and provide data collection or quality enhancement services to the membership.						
	Support the Data Science, Actuarial, and Underwriting practices as needed.						
	Continue to release materials per the Member Data Education Plan.						
	Continue to maintain and improve the DnA databases and develop new information products for the membership, partners, and staff.						
	Transition P&C major program members from annual to monthly loss reporting for those that are able and were it results in reduced time on data processing for all parties.	Estimated % of completion	10%	10%	100%	90%	100%
	Transition the WC data providers to the new WC loss data specification.		*	*	75%	10%	75%
	Transition to the new PRISM claim system as the source for excess loss reporting data for the GL programs. Working with IT Claims, support the development and deployment of the system.		70%	100%	**	**	**
	Transition to the new PRISM claim system as the source for excess loss reporting data for the EWC program. Working with IT Claims, support the development and deployment of the system.		*	*	100%	70%	100%
	Adjust WC excess loss reporting to pull PWC TPA data from Spectra from SIMS when they are fully converted over.		*	*	*	*	50%
	Develop Member Services Dashboard and associated reports.		100%	**	**	**	**
	Develop simplified dashboard applications to both PRISM staff and Members.		*	75%	100%	100%	**
	Create PRISM Program Performance (PPP) dashboards to PRISM staff and supporting automated data environment.		20%	20%	50%	70%	100%
	Develop a Risk Control dashboard for members and redesign the Performance dashboard applications.		*	*	*	*	100%
	Deploy new login and landing pages for PRISM's Analytics Dashboard Portal.		*	*	*	25%	100%
	Standardize and automate the McLaren's Property data intake.		*	*	*	20%	100%
	Deploy the new Property CSR; add Property excess payments, schedules, and wildfire maps to the DnA databases; Create Qlik data models to support Property reporting and dashboards; Develop and deploy initial Property reporting and analytics products.		*	*	100%	25%	50%
	Complete the transition of PWC Reporting to transactional PWC TPA instance data. Complete the new PWC CSR and BDX. Develop a new and improved reporting and analysis platform for PWC.		*	50%	100%	50%	100%
	Finalize historical premium data collection and integrate into models.		*	*	*	20%	85%
	Create a User Interface for the DnA databases.		*	*	*	*	60%
	Research and explore tools to provide monthly reports for members and staff.		*	*	*	*	50%
	Explore ArcGIS tools for geospatial analysis.		*	*	*	*	30%

*Goal adopted in later period; n/a for this period.

**Goal was accomplished; n/a for future periods.

Data & Analytics Department Performance Measures								
Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26	
Reporting and Analysis	Support the renewal process by providing needed data, information, and reports to the reinsurance market.	Are analysis and reports completed and delivered timely, then presented to the appropriate stakeholders?	Yes	Yes	Yes	Yes	Yes	
	Complete the Annual and Semi-Annual Loss Data Collection processes for the major programs accurately and on time.		Yes	Yes	Yes	Yes	Yes	
	Deliver all quarterly Claims Summary (CSR), Program Financial Summaries (PFS), and Loss Portfolio Transfer (LPT) reports, and monthly Bordereau (BDX) reports accurately, and on time. Add new reports as needed.		Yes	Yes	Yes	Yes	Yes	
	Continue to track and report on COVID-19 claim activity and develop database components and reports to accommodate the changing requirements.		Yes	Yes	Yes	Yes	Yes	
	Continue to provide the PPRs for the Committees as well as enhance and add new exhibits.		*	Yes	Yes	Yes	Yes	
	Produce annual excess reportable reports, monthly CIGA tracking, monthly loss runs, and monthly Ed Tower reports.		Yes	Yes	Yes	Yes	Yes	

*Goal adopted in later period; n/a for this period.

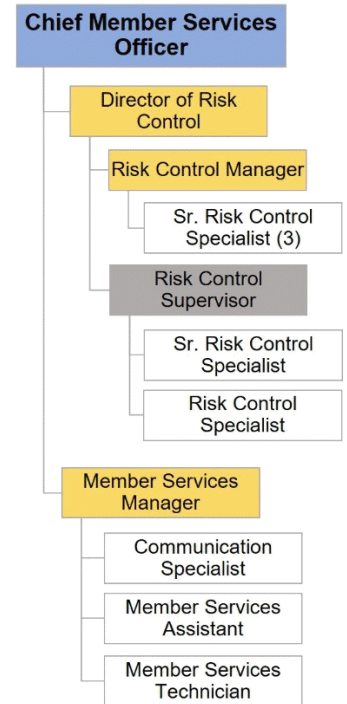
**Goal was accomplished; n/a for future periods.

MEMBER SERVICES DEPARTMENT

2025/26 Staffing Budget: \$2,340,067

Departmental Functions:

- Provide member directed risk management services that target and reduce exposure to losses
- Market existing services to ensure member awareness
- Evaluate new service offerings based on member demand, as well as staffing and funding considerations
- Provide on-demand training and risk control services that continually adapt to members' changing risk needs
- Develop/maintain information resources and best practices
- Maintain a library of training aids and programs
- Drive Member Engagement
- Participate in and conduct PRISM member meetings
- Oversee PRISM Communication Plan
- Participate in PRISM prospect evaluation process



Major Accomplishments in Fiscal 2024/25:

- Held Risk Control Open Forum and Perspectives – monthly online open forums for members for over 650 participants
- Held a Safety Management Certification Webinar series for 516 participants
- Provided Employment Practices Legal services to 718 member entities with over 1,900 contacts
- Vector Solutions course completions were over 600,000
- Delivered POST accredited Stress Management course for Correctional Officers and continued providing distance learning through POST
- Implemented ConcernPlus – First Responder Program
- Held two Cyber Symposiums for over 98 total participants
- Created the Benchmark Analytics Early Adopter Program
- PRISMtv had 519 total platform viewers
- Researched Ai to implement a bot on the PRISM web site for advanced search feature optimization

Updates & Activity

- IRIC Manual
- Employment Practices Manuals
- Held 5 New Board Member Orientations, 69 Public Entity Annual Meetings, 3 New Member Service Overviews, 11 Review of Resources and Services

Performance Measures and Goals for Fiscal 2025/26:

- Continue to evaluate stop gap measures to fill risk management needs
- Revise PRISM communication and education strategies to increase awareness and understanding of PRISM at a stakeholder level
- Expand member engagement opportunities including hosting 6 symposiums, regional meetings and host PRISM's first Annual Conference
- Develop methods to continually highlight available services to all members

A summary of the Member Services Department's Performance Measures is presented on the following page.

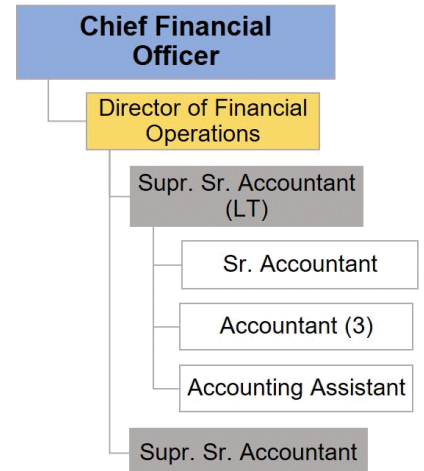
Member Services Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Branding and Outreach	Evaluate stop gap measures to fill risk management needs	Goal is ongoing					
	Expand member networking opportunities	Number of events hosted or attended	160	166	160	165	175
		Estimated number of contacts	1300	1800	1500	1600	2000
	Develop methods to continually highlight available services to all members	New communication methods implemented	Yes	Yes	Yes	No	Yes
		Continue to identify individuals at member agencies to send targeted resources and information (Three Deep campaign)	Number of member contacts added	250	200	150	163

FINANCE DEPARTMENT

2025/26 Staffing Budget: \$1,418,088

Departmental Functions:

- Plan, organize and direct the investment and accounting functions throughout PRISM.
- Support program specific financial accounting, including financial statements, budgets, and claims reconciliations.
- Provide analysis and support to internal and external customers to support PRISM goals.
- Provide timely, transparent and easy to understand financial reporting to committees and members.



Major Accomplishments in Fiscal 2024/25:

- Participated in and received the Certificate of Achievement for Excellence in Financial Reporting (ACFR), and Distinguished Budget Award from the Government Finance officers Association (GFOA) and assisted in the preparation of the Popular Annual Financial Report (PAFR).
- Financial audit completed for 2023/24 with no findings and unqualified opinion.
- Successful renewal billing cycle of 1,110 invoices with a total value of \$1.2B with substantially all amounts collected within 60 days.
- Provided ad hoc calculations and other technical support to other departments commutation negotiations.
- Implemented GASB Statement No. 101 *Compensated Absences*
- Recorded AmTrust commutation and developed of unique report disclosures to explain the agreement.
- Developed reporting for two new major programs: PRISM Internal Guarantee Account (PIGA) and Paid Family Leave (PFL).
- Began configuration of Prosystems fx to produce Budget and ACFR reports and schedules, increasing reporting efficiency and complementing reporting built into Intacct.

Major Goals for Fiscal 2025/26:

- Obtain ACFR and budget awards from GFOA.
- Complete configuration of Prosystems fx to produce ACFR reports and schedules.
- Provide staff training to better utilize Intacct and Excel.
- Review and update written procedures for department's routine tasks and cross train personnel across desks.
- Create a formal process for the tracking of routine deliverables.
- Implement UiPath BOT processing for accounts payable tasks, or implement another solution to automate entry of bills.
- Integrate or otherwise facilitate data-sharing between Intacct and OpenGov, and Intacct and Spectra.
- Develop reporting for new major program: Vision.

- Bring accounting and reporting for PRISMHealth program in-house effective October 2025.

A summary of the Finance Department's Performance Measures is presented on the following page.

Finance Department Performance Measures								
Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26	
Systems and Processes	Complete configuration of Intacct to produce ACFR reports and schedules or implement another solution for increasing reporting efficiency (e.g. Prosystems fx).	Estimated % of completion	100%	60%	100%	75%	100%	
	Implement UiPath BOT processing for accounts payable tasks, or implement another solution to automate entry of bills.		100%	0%	100%	25%	100%	
	Implement reporting for new major programs: PIGA, PFL, and Vision.		*	*	67%	67%	100%	
	Bring accounting and reporting for PRISMHealth program in-house effective October 2025.		*	*	*	*	100%	
Reporting and Output	Obtain ACFR and budget awards from GFOA.	Received awards from GFOA?	Yes	Yes	Yes	Yes	Yes	
	Present financials to the Board by their October meeting that agree in substance to the final audited financials.	% difference between Net Position on Oct financials and final audit report	0.0%	8.7%^	0.0%	1.2%	0.0%	
	Provide claims reconciliations and funding numbers within quarterly specified time frames.	Were all figures and reports accurate and provided timely?	Yes	Yes	Yes	Yes	Yes	
	Provide aging of outstanding non-member invoices to other PRISM departments for follow up at least monthly.		Yes	Yes	Yes	Yes	Yes	
	Reconcile investment accounts timely and record all elements of investment activity with 99% percent accuracy (trivial rounding or timing differences are acceptable).	Estimated % of accuracy	99%	99%	99%	99%	99%	
	Produce all invoices/billings 100% consistent with authorized requests with respect to customer and amount.		100%	100%	100%	100%	100%	
	Ensure that invoice coding is correct on 95% of invoices resulting in only minor reclassification of expenses needed at closing (not counting routine accruals).		95%	100%	95%	100%	95%	
	Support HR payroll functions by processing all payroll on time and consistent with instructions and data provided by the HR department, including all employee and vendor payments.		100%	100%	100%	***	***	
	Ensure payroll-related transactions are properly coded in the accounting system and properly reported in the quarterly financial statements.		100%	100%	100%	100%	100%	
	Bill and collect 100% of renewal billing within 60 days of the new fiscal year.		% billed within 60 days of new fiscal year	100%	100%	100%	100%	100%
			% collected within 60 days of new fiscal year	100%	99%	100%	99.8%	100%
	Contact 100% of members via email and phone with invoices outstanding longer than 30 days.	Estimated % of members contacted	100%	100%	100%	100%	100%	
	Pay all invoices within the due date and claim reimbursements within 2 weeks.	Estimated % of payments released timely	100%	99%	100%	99%	100%	

*Goal adopted in later period; n/a for this period.

***Work was transitioned to Human Resources staff in FY 24/25.

^Variance driven by change in actuarial estimates only.

Finance Department Performance Measures							
Area	Milestone or Outcome	Measure	Goal FY23/24	Actual FY23/24	Goal FY24/25	Actual FY24/25	Goal FY25/26
Oversight and Compliance	Ensure that the investment portfolio holdings are in line with the adopted investment policy at the end of each quarter.	Were holdings compliant with investment policy at the end of each quarter?	Yes	Yes	Yes	Yes	Yes
	Exercise prudent cash management practices which maximize earnings.	Were cash flows monitored and excess funds moved to CAMP, LAIF or investments?	Yes	Yes	Yes	Yes	Yes
	Re-evaluate Captive investment policy and management of assets.	Was investment policy reviewed at least once?	Yes	Yes	Yes	Yes	Yes
	Ensure that cash is disbursed only upon proper authorization of management for 100% of transactions.	Were all payments authorized?	Yes	Yes	Yes	Yes	Yes
	Ensure that 100% of payments are routed to the correct payee address (checks) or bank account information provided to Finance (ACH).	Number of check payments returned	0	0	0	5	0
		Fees incurred from returned checks	\$0	\$0	\$0	\$85	\$0
		Number of ACH/Wire payments returned	0	1	0	1	0
		Number of check and ACH payments misdirected (i.e. actual dollars lost)	\$0	\$0	\$0	\$0	\$0
	Collect signed Form W9 from 100% of new vendors before release of payment.	Were Forms W9 collected from all new vendors?	Yes	Yes	Yes	Yes	Yes
	Ensure that Treasurer's Reports are 100% accurate and released timely on a quarterly basis per California Government Code Section 53646 (b) (1).	Were all filings completed accurately and timely?	Yes	Yes	Yes	Yes	Yes
Work with HR to ensure that quarterly and annual regulatory and tax filings are 100% accurate and filed timely.	Yes		Yes	Yes	Yes	Yes	

*Goal adopted in later period; n/a for this period.

***Work was transitioned to Human Resources staff in FY 24/25.

^Variance driven by change in actuarial estimates only.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Enterprise Risk Consultant Fees	\$ 281,140	\$ 143,919	\$ 191,400	\$ 0	\$ 0	\$ 0	0%	Pass through program
Claims System Access	552,788	3,663	130,000	251,800	365,100	113,300	45%	Claims hosting expenses are up 10%; depreciation increased; pass thru item
PRISM Drug and Alcohol Consortium	600	600	600	0	0	0	0%	
Investment Income	1,236,725	1,006,157	1,409,000	600,000	1,600,000	1,000,000	167%	Higher investment return rate expected in 24/25 and 25/26
PLIP Income	33,933	0	0	75,000	0	(75,000)	-100%	Change in PLIP carrier; no revenue YTD 24/25
Shared Cost Agreements	70,888	71,881	143,077	170,000	343,000	173,000	102%	50% of 2 Employee Benefits Specialists, 100% of Sr. UW Specialist; 2/3 salary for CIGA temp
Other Revenues	67,254	29,770	45,000	5,000	5,000	0	0%	JPA strategic Planning
TOTAL REVENUES	2,243,328	1,255,990	1,919,077	1,101,800	2,313,100	1,211,300	110%	
EXPENSES:								
Salaries and Benefits:								
Regular Salaries	12,302,554	6,754,380	14,184,198	14,309,576	15,833,738	1,524,162	11%	See Schedule 1 for detail on Salaries and Benefits
Retirement	2,786,572	744,130	1,862,673	1,906,180	2,225,307	319,127	17%	ACFR exp includes net pension liability adjustment under GASB 68
Employee Benefits	2,248,287	1,236,018	2,595,638	3,116,097	3,865,370	749,273	24%	Includes Benefit costs of new employees
Employment Taxes	171,240	90,838	190,760	221,724	238,376	16,652	8%	
Temporary Services	37,726	15,781	75,000	459,000	208,280	(250,720)	-55%	Includes contracted Data Relationship Manager, and interns / temps for CIGA and EAP
Employment Services	19,791	22,083	39,920	39,920	37,520	(2,400)	-6%	
Total Salaries and Benefits	17,566,170	8,863,230	18,948,189	20,052,497	22,408,591	2,356,094	12%	
Services and Supplies:								
Staff Travel	265,409	158,213	319,400	382,600	365,635	(16,965)	-4%	Includes travel to file reviews, settlements, etc.
Authority Meeting Expenses	322,530	257,619	509,950	509,950	1,072,250	562,300	110%	First PRISM annual conference scheduled for 25/26
Committee Expenses	156,263	47,368	106,600	154,000	155,100	1,100	1%	
Audit Service	89,400	47,000	90,000	90,000	89,800	(200)	0%	
Legal Counsel	9,494	12,741	75,000	65,000	71,390	6,390	10%	Includes \$20k for Amicus, EPL Legal and out of state employee consulting
Periodicals and Publications	13,872	2,257	6,800	7,325	20,180	12,855	175%	
Training and Education	13,028	5,900	35,400	145,846	155,674	9,828	7%	
Educational Scholarships	1,150	0	8,000	8,000	1,600	(6,400)	-80%	
Conferences and Seminars	93,299	24,922	139,440	139,440	174,324	34,884	25%	
Membership Dues	54,749	59,460	71,920	71,920	81,141	9,221	13%	
Insurance Cert Tracking Serv- PRISM Expense	9,306	3,861	9,700	3,400	4,000	600	18%	
Office Supplies	21,160	9,800	24,500	58,200	61,500	3,300	6%	
Computer Supplies, Software and Annual Maint.	479,821	337,692	905,423	955,423	1,304,270	348,847	37%	Various software and maintenance; Transition to Office 365 and new software in support of security, actuarial and AI. Increased maintenance for Qlik QDI.
Computer Hardware, Backup Data Center	137,210	69,187	162,750	162,750	203,650	40,900	25%	New firewall hardware
Web Conferencing	49,036	2,284	57,830	57,830	57,685	(145)	0%	
Computer Technical Assistance	111,393	90,892	256,500	289,500	299,500	10,000	3%	Minor price increases for select services/support

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
Website Design/Hosting/Support	281,282	135,534	420,000	420,000	450,000	30,000	7%	Increased licensing fee and additional hosting fees in support of the PRISM AI Chatbot
Claims System	1,418,279	1,076,701	2,109,317	2,109,317	2,199,104	89,787	4%	Increase for integration software tools and additional file storage
Insurance	676,003	725,602	725,602	720,200	858,200	138,000	19%	Increase in all lines of coverage
Postage	6,223	2,667	8,000	15,000	17,000	2,000	13%	
Telephone	70,212	38,483	84,700	93,780	102,380	8,600	9%	
Printing	26,762	31,615	41,750	41,750	44,250	2,500	6%	
Maintenance	0	24	25,000	25,000	25,000	0	0%	PRISM maintenance as building ages
Accreditation and Certifications	1,055	445	1,700	1,700	1,700	0	0%	CAJPA accreditation due 25/26; GFOA award submissions included
Consultant	59,496	43,450	73,200	73,200	79,000	5,800	8%	Professional consulting, PERS and OPEB actuarial; actuarial peer review and consulting.
Awards and Recognition	14,058	6,774	18,000	18,000	19,200	1,200	7%	
Member Development	38,169	21,455	47,200	64,750	57,750	(7,000)	-11%	
Legislative Advocate Contracts	122,100	62,109	124,218	123,000	332,000	209,000	170%	\$132k for Leg Liaison contract, \$200k for CAJPA Tort Project and Data Collection
Bank Charges	74	0	5,000	17,500	5,000	(12,500)	-71%	Interest earned offset most of the fees
Investment Expense	155,681	122,706	251,547	235,000	300,000	65,000	28%	Portfolio investment management services
Total Services and Supplies	4,696,514	3,396,761	6,714,447	7,059,381	8,608,283	1,548,902	22%	
Member Services:								
RC Seminars / Training Programs & Materials	4,619	0	50,000	84,300	81,800	(2,500)	-3%	Includes \$12k for regional lunch and learns
PRISM Loss Prevention Platform	1,280,000	1,420,000	1,420,000	1,420,000	1,460,000	40,000	3%	
Plexus Global EPN Program	213,753	95,004	190,008	190,000	195,000	5,000	3%	Contractual increase
Automated Assessment Tool	2,500	2,500	2,500	2,500	7,500	5,000	200%	Maintenance & support cost
INXPO On Demand Program	4,500	18,000	18,000	18,000	18,000	0	0%	PRISM TV
Member Legal Services	564,100	288,000	461,000	368,000	70,000	(298,000)	-81%	Incl. 6m for Eyres Law Group until 24/25 in addition to Legal Counsel.
Other RC Program Services & Materials	20,770	0	20,000	40,000	40,000	0	0%	IRIC, video streaming and misc. risk control
Enterprise Risk Consultant Expense	280,857	143,919	191,400	0	0	0	0%	Pass Thru for PRISM
Member Engagement Symposiums	0	32,732	82,732	133,000	133,000	0	0%	6 Symposiums and regional member meetings budgeted in Misc prog. effective FY 24/25
Claims System Access	227,855	16,339	130,000	251,800	365,100	113,300	45%	Claims hosting expenses are up 10%; depreciation increased; pass thru item
Total Member Services	2,598,954	2,016,494	2,565,640	2,507,600	2,370,400	(137,200)	-5%	
Depreciation:								
Furniture and Equipment	132,715	40,890	115,581	266,581	210,000	(56,581)	-21%	Incl. virtual desktops, Backup/Security Appliance (Rubrik), Conf. room equipment, and new servers
Software	1,738,109	576,063	679,759	880,759	975,000	94,241	11%	Incl. Website development, Bots, Data analytics development platform
Total Depreciation	1,870,824	616,953	795,340	1,147,340	1,185,000	37,660	3%	
Discretionary Delegated to Executive Committee	0	45,000	0	200,000	200,000	0	0%	Available with a two-thirds vote of the Executive Committee
TOTAL EXPENSES	26,732,462	14,938,437	29,023,616	30,966,818	34,772,274	3,805,456	12%	

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
GENERAL ADMINISTRATION PROGRAM
ADOPTED BUDGET
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
TRANSFERS:								
Transfers in (out) to:								
General Admin Transfer - PWC	4,803,599	5,013,750	5,013,750	5,013,750	4,823,153	(190,597)	-4%	Based on 3 year average time study of PRISM staff
General Admin Transfer - EWC	7,166,082	7,625,078	7,625,078	7,625,078	8,409,020	783,942	10%	" "
General Admin Transfer - GL1	4,847,135	5,441,279	5,441,279	5,441,279	6,094,640	653,361	12%	" "
General Admin Transfer - GL2	2,788,904	3,293,917	3,293,917	3,293,917	3,864,320	570,403	17%	" "
General Admin Transfer - Property	685,403	981,374	981,374	981,374	1,200,540	219,166	22%	" "
General Admin Transfer - Medical Malpractice	994,179	859,916	859,916	859,916	782,850	(77,066)	-9%	" "
General Admin Transfer - MROCIIP	51,507	55,870	55,870	55,870	81,440	25,570	46%	" "
General Admin Transfer - PRISMHealth	594,641	631,577	631,577	631,577	651,500	19,923	3%	" "
General Admin Transfer - Dental	375,381	388,663	388,663	388,663	362,530	(26,133)	-7%	" "
General Admin Transfer - PFL	0	0	0	0	50,000	50,000	0%	Management cost estimate
General Admin Transfer - Vision	0	0	0	0	50,000	50,000	0%	Management cost estimate
General Admin Transfer - Misc Programs	14,200	14,200	14,200	14,200	900,000	885,800	6238%	Management cost estimate
General Admin Transfer - PRISM ARC	150,000	150,000	150,000	150,000	150,000	0	0%	Fee to PRISM ARC for administrative services
Claims System Costs, PWC	1,595,958	1,027,580	1,027,580	1,027,580	1,069,653	42,073	4%	Now participating in new claims system that includes all PWC TPAs
Claims System Costs, EWC	498,225	482,123	482,123	482,123	502,906	20,783	4%	
Claims System Costs, GL1	186,015	295,286	295,286	295,286	308,585	13,299	5%	
Claims System Costs, GL2	111,282	207,903	207,903	207,903	217,378	9,475	5%	
Claims System Costs, Property	18,274	30,130	30,130	30,130	31,543	1,413	5%	
Claims System Costs, Med Mal	81,371	66,295	66,295	66,295	69,039	2,744	4%	
PRISM Rent	(429,275)	(551,923)	(551,923)	(551,923)	(551,923)	0	0%	Transfer to building program
Investment Fees	155,681	143,705	287,410	235,000	300,000	65,000	28%	Charge to programs based on their share of treasury funds
TOTAL TRANSFERS	24,688,562	26,156,723	26,300,428	26,248,018	29,367,174	3,119,156	12%	
Net Increase or (Decrease)	199,428	12,474,276	(804,111)	(3,617,000)	(3,092,000)	525,000	-15%	Budgeted decreases are carryovers per Target Funding guidelines
NET POSITION - JULY 1	14,052,777	14,252,205	14,252,205	14,500,569	13,448,094			
NET POSITION - JUNE 30	14,252,205	26,726,481	13,448,094	10,883,569	10,356,094			

PRISM
Publicly Available Pay Schedule
Salary Ranges as of July 1, 2025

Job Classification	Working Job Title	Salary Grade	No. of Positions	Minimum Monthly Salary	Maximum Monthly Salary
Senior Manager:	Chief Executive Officer	13	1	\$	30,000
	Chief Actuary	12	1	\$ 23,050	\$ 36,880
	Chief Claims Officer	11	2	\$ 17,707	\$ 28,331
	Chief Financial Officer	11	1	\$ 17,707	\$ 28,331
	Chief Information Officer	11	1	\$ 17,707	\$ 28,331
	Chief Member Services Officer	11	1	\$ 17,707	\$ 28,331
	Chief Operating Officer	11	1	\$ 17,707	\$ 28,331
Director:	Director of Employee Benefits	10	1	\$ 15,979	\$ 23,969
	Director of Financial Operations	10	1	\$ 15,979	\$ 23,969
	Director of Risk Control	10	1	\$ 15,979	\$ 23,969
	Director of Human Resources	10	1	\$ 15,979	\$ 23,969
	Deputy General Counsel	10	1	\$ 15,979	\$ 23,969
Manager/Attorney:	Actuarial Manager	9	1	\$ 13,542	\$ 20,313
	Human Resources Manager	9	0	\$ 13,542	\$ 20,313
	IT Manager	9	3	\$ 13,542	\$ 20,313
	Liability Claims Manager	9	1	\$ 13,542	\$ 20,313
	Office Manager	9	1	\$ 13,542	\$ 20,313
	Risk Control Manager	9	1	\$ 13,542	\$ 20,313
	Member Services Manager	9	1	\$ 13,542	\$ 20,313
	Underwriting Manager	9	1	\$ 13,542	\$ 20,313
	WC Claims Manager	9	1	\$ 13,542	\$ 20,313
	Sr. Employment Law Attorney	9	1	\$ 13,542	\$ 20,313
	WC Attorney	9	1	\$ 13,542	\$ 20,313
Super Senior Specialists:	Data Scientist	8	1	\$ 17,072	\$ 24,754
	Software Architect	8	1	\$ 17,072	\$ 24,754
	Database Architect	10	1	\$ 16,305	\$ 23,642
Supervising Senior Specialists:	Sup. Sr. Accountant	7	1	\$ 9,490	\$ 13,761
	Sup. Sr. Data & Analytics Specialist	7	2	\$ 9,490	\$ 13,761
	Sup. Sr. IT Specialist	7	2	\$ 9,490	\$ 13,761
	Sup. Sr. Liability Claims Specialist	7	2	\$ 9,490	\$ 13,761
	Sup. Sr. Meeting & Event Planner	7	1	\$ 9,490	\$ 13,761
	Sup. Sr. Member Svcs Specialist	7	0	\$ 9,490	\$ 13,761
	Sup. Sr. Risk Control Specialist	7	1	\$ 9,490	\$ 13,761
	Sup. Sr. WC Claims Specialist	7	3	\$ 9,490	\$ 13,761
Senior Specialists:	Sr. Actuarial Specialist	6	1	\$ 8,251	\$ 11,964
	Sr. Accountant	6	1	\$ 8,251	\$ 11,964
	Sr. Data & Analytics Specialist	6	4	\$ 8,251	\$ 11,964
	Sr. Employee Benefits Specialist	6	2	\$ 8,251	\$ 11,964
	Sr. Human Resources Specialist	6	1	\$ 8,251	\$ 11,964
	Sr. IT Specialist	6	9	\$ 8,251	\$ 11,964
	Sr. Liability Claims Specialist	6	7	\$ 8,251	\$ 11,964
	Sr. Risk Control Specialist	6	4	\$ 8,251	\$ 11,964
	Sr. Underwriting Specialist	6	4	\$ 8,251	\$ 11,964
Sr. WC Claims Specialist	6	16	\$ 8,251	\$ 11,964	
Specialists:	Accountant	5	3	\$ 6,872	\$ 9,621
	Actuarial Specialist	5	1	\$ 6,872	\$ 9,621
	Communication Specialist	5	1	\$ 6,872	\$ 9,621
	Data & Analytics Specialist	5	2	\$ 6,872	\$ 9,621
	Employee Benefits Specialist	5	1	\$ 6,872	\$ 9,621
	Human Resources Specialist	5	0	\$ 6,872	\$ 9,621
	IT Specialist	5	3	\$ 6,872	\$ 9,621
	Liability Claims Specialist	5	3	\$ 6,872	\$ 9,621
	WC Claims Specialist	5	0	\$ 6,872	\$ 9,621
	Risk Control Specialist	5	1	\$ 6,872	\$ 9,621
	Underwriting Specialist	5	1	\$ 6,872	\$ 9,621
	Executive Operations Specialist	5	1	\$ 6,872	\$ 9,621
	Support Specialists:	Meeting Planner	4	2	\$ 5,462
Technical Support Assistants:	IT Technician	3	1	\$ 4,886	\$ 6,840
	Liability Claims Assistant	3	2	\$ 4,886	\$ 6,840
	Member Services Technician	3	1	\$ 4,886	\$ 6,840
	Mtg Planning Assistant	3	0	\$ 4,886	\$ 6,840
	WC Claims Assistant	3	3	\$ 4,886	\$ 6,840
	Accounting Assistant	3	1	\$ 4,886	\$ 6,840
Clerical Assistants:	Member Services Assistant	1	1	\$ 4,027	\$ 5,235
	Records Administrator	1	1	\$ 4,027	\$ 5,235
	Secretary / Receptionist	1	1	\$ 4,027	\$ 5,235
	Intern - Extra Help		4	\$20/Hour	\$25/Hour
Total Positions			119		

Please Note:

Actuarial Compensation:

Eligible employees in the Actuarial Department receive additional pay as outlined in the Actuarial Exam Compensation Policy.

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT
(PRISM)
Board of Directors
Actuarial Exam Compensation Policy
July 1, 2024**

This policy applies to employees within the Actuarial Department who are taking courses to obtain their Associate of the Casualty Actuarial Society (ACAS) and/or the Fellow of the Casualty Actuarial Society (FCAS) designations.

The compensation increases resulting from passing exams are part of the employee's overall compensation and will be reported as special compensation to CalPERS under the category of Educational Incentive. Educational Incentive pay is earned through the year and may be prorated based on employment status.

Employee's will begin to receive Educational Incentive Pay the pay period following the employee receiving notification that they have passed the exam and upon submitting such notification to the Chief Actuary and Human Resources. All compensation increases are subject to the approval of the Chief Actuary once they have verified the documentation submitted. Educational Incentive Pay pursuant to this policy is outlined below.

All compensation increases must follow the guidelines of PRISM's Performance Incentive Pay parameters. Therefore, the total of the compensation increase as the result of passing exams and any merit pay cannot exceed 10% within a fiscal year. Promotions and position upgrades related to achieving ACAS or FCAS designations are not part of this policy.

Educational Incentive Pay pursuant to this policy is outlined below in the Exam Compensation Schedule.

Exam Compensation Schedule (may be changed in the future based on input from the Chief Actuary and Chief Executive Officer and upon approval of PRISM's governing body.)

Associateship Exams

	Educational Incentive (each annual amount below will be prorated to a per pay period amount)
Exam 1	\$2,000
Exam 2	\$2,000
DISC Data Analytics	\$500
DISC Risk Management & Insurance	\$500
DISC Insurance Acctg. Coverage & Law	\$500
MAS-I	\$2,500
MAS – II	\$2,500
Exam 5	\$3,000
Exam 6	\$3,000
VEE Accounting and Finance	\$500
VEE Economics	\$500
ACAS Designation	\$3,000

Fellowship Exams

Exam 7	\$4,000
Exam 8	\$4,000
Exam 9	\$4,000
FCAS Designation	\$4,000

PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
ADOPTED CAPITAL OUTLAY BUDGET
July 1, 2025 to June 30, 2026

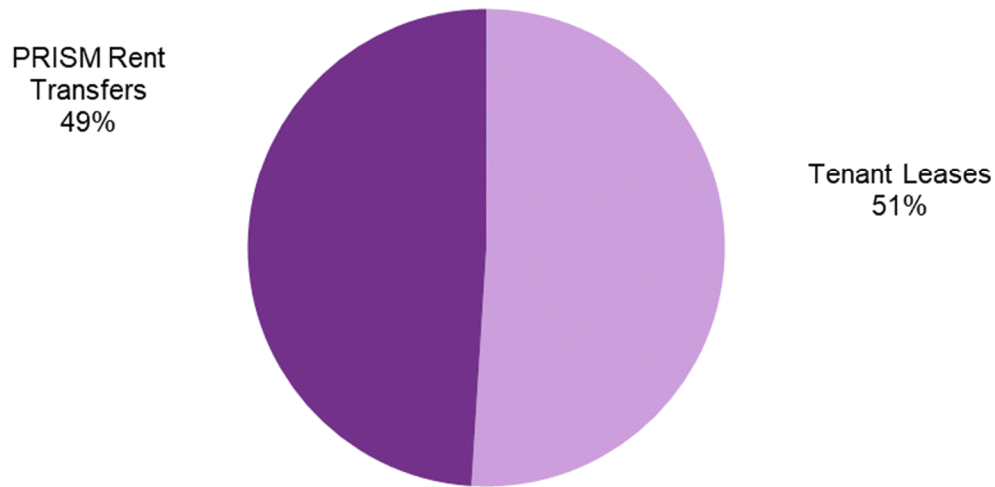
Line Item	2024/25 Budget	2025/26 Budget
General Administration Fund		
<u>Furniture and Equipment</u>		
Conference Room	\$ 75,000	\$ 100,000
Servers	150,000	150,000
SAN Storage	200,000	200,000
Copier	15,000	15,000
Furniture	150,000	15,000
Total Furniture and Equipment	590,000	480,000
<u>Software</u>		
Website Development	\$ 900,000	\$ 875,000
Pool Information Management System	0	250,000
Laserfiche Modules (Web/Forms/Portal)	5,000	5,000
Bots	75,000	75,000
Data Analytics development platform	30,000	30,000
<u>SIMS Claims System</u>		
SIMS: Professional Services	300,200	150,200
SIMS: New User Licenses PRISM and TPAs	0	0
SIMS: Member Moves	33,000	33,000
SIMS: One-Time costs	30,000	30,000
SIMS: Contingency	48,000	48,000
SIMS MBR: Professional Services	19,000	19,000
SIMS MBR: New User Licenses	0	0
SIMS MBR: Contingency	2,000	2,000
<u>Spectra Claims System</u>		
System Development	350,000	500,000
Total Software Additions	1,792,200	2,017,200
Building Fund		
PRISM Tenant Improvements	550,000	350,000
Other Tenant Improvements-downstairs space	425,000	300,000
Roof and Wall Repair	-	80,000
Parking Lot Repair	75,274	70,000
Total Building Fund	1,050,274	800,000
PRISM ARC website	15,000	15,000
Grand Total Capital Outlay	\$ 3,447,474	\$ 3,312,200

** All projects listed are considered funded upon approval of Budget.

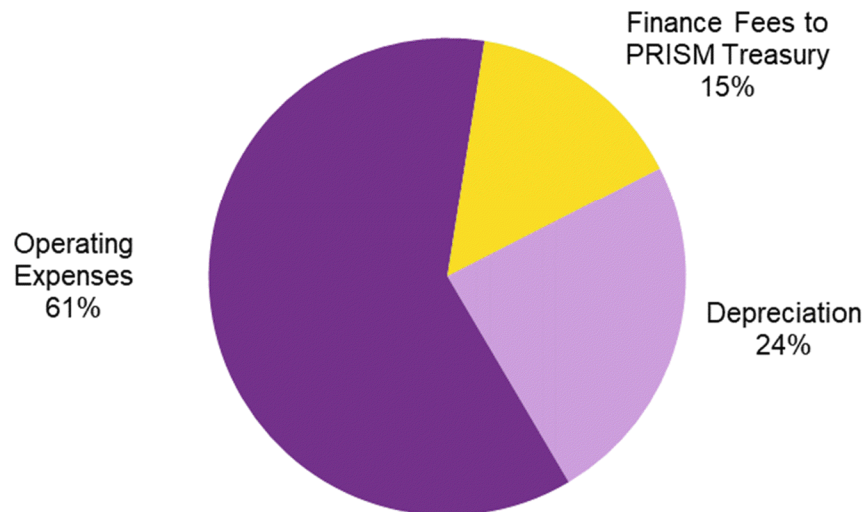
Building Fund

PRISM has invested \$9.8M in our office facility located on Iron Point Circle in Folsom, California. This investment includes improvement to our office as well as preparing the remaining space for our tenants. The building fund houses PRISM at low occupancy cost as well as provides profit from our leasing operations. The Building Fund budget is illustrated in the following charts.

Building Fund Revenues and Transfers



Building Fund Expenses Summary



**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT (PRISM)
IRON POINT BUILDING PROGRAM
ADOPTED BUDGET
July 1, 2025 to June 30, 2026**

SOURCES AND USES OF FINANCIAL RESOURCES	ACFR Actual 2023/24	Year to Date 12/31/2024	Estimated 2024/25	Budget 2024/25	Budget 2025/26	Increase (Decrease)	% Increase (Decrease)	Text Detail
REVENUES:								
Lease Income - Tenants	\$ 468,676	\$ 235,431	\$ 454,006	\$ 478,035	\$ 585,606	\$ 107,571	23%	Leased square footage increased from 23/24 to 24/25. Includes lease interest calculated under GASB 87
TOTAL REVENUES	468,676	235,431	454,006	478,035	585,606	107,571	23%	
EXPENSES:								
Operating Expenses								
Janitorial	75,681	34,620	69,200	75,000	100,000	25,000	33%	
Utilities	90,003	38,656	77,300	100,000	100,000	0	0%	
Garbage	8,931	5,081	10,200	12,000	12,000	0	0%	
Water and Sewer	10,195	5,277	10,600	16,000	16,000	0	0%	
Security & Fire Sprinkler Monitoring	8,367	4,890	9,800	10,000	12,000	2,000	20%	
Landscape Maintenance	21,931	6,714	13,400	30,000	30,000	0	0%	
Pest Control	1,548	774	1,500	1,800	1,900	100	6%	
Commission Expense	0	73,835	73,835	100,000	75,000	(25,000)	-25%	Broker commission for lease renewals for 24/25
Common Area Maintenance	29,079	16,492	33,000	45,000	45,000	0	0%	
Building Repairs & Maintenance	38,463	16,975	80,000	150,000	150,000	0	0%	Budget for issues as the building ages.
Mello Roos Tax	2,046	1,036	2,100	2,500	2,500	0	0%	
Insurance	43,328	46,474	92,948	88,700	94,700	6,000	7%	
Legal Service	0	0	0	25,000	11,000	(14,000)	-56%	
Consulting	26,274	115	20,000	0	25,000	25,000	0%	Consulting fee for EV charging stations 25/26; Feasibility studies done in 23/24
Management Fees	41,394	38,519	77,000	50,000	145,000	95,000	190%	
Finance Fees to PRISM Treasury	192,577	76,079	152,200	215,000	200,000	(15,000)	-7%	Internal Borrowing rate drops from 4.75% to 4.40% for 25/26
Total Operating Expenses	589,817	365,537	723,083	921,000	1,020,100	99,100	11%	
Depreciation								
Depreciation - Building	178,780	53,328	107,549	98,184	110,227	12,043	12%	
Depreciation - Roof	8,333	4,167	4,167	14,333	0	(14,333)	-100%	Old roof replaced mid-year 2024/25
Depreciation - Parking Lot	7,500	5,632	11,264	19,102	11,264	(7,838)	-41%	
Depreciation - Roof Replacement 2024	7,131	7,131	14,262	0	14,262	14,262	0%	Emergency roof replacement Winter 2024
Depreciation - Charging Stations	0	0	0	0	11,667	11,667	0%	Charging station budgeted originally for 24/25 construction not started at 3/31/2025 - assumes 50% completion in 2025/26
Depreciation - Tenant Improvements	29,370	69,600	172,120	304,703	177,157	(127,546)	-42%	
Total Depreciation	231,114	139,858	309,362	436,322	324,577	(111,745)	-26%	
Discretionary Delegated to Executive Committee	0	0	0	20,000	20,000	0	0%	Available with a two-thirds vote of the Executive Committee
TOTAL EXPENSES	820,931	505,395	1,032,445	1,377,322	1,364,677	(12,645)	-1%	
TRANSFERS:								
Transfers in from General Administration								
Building Rent	429,275	551,923	551,923	551,923	551,923	0	0%	Rent increased in 24/25 to \$1.80 per sq. ft. per month
TOTAL TRANSFERS	429,275	551,923	551,923	551,923	551,923	0	0%	
Net Increase or (Decrease)	77,020	281,959	(26,516)	(347,364)	(227,148)	120,216	-35%	
NET POSITION - JULY 1	2,082,726	2,159,746	2,159,746	2,078,496	2,133,230			
NET POSITION - JUNE 30	2,159,746	2,441,705	2,133,230	1,731,132	1,906,082			

Adopted Budget

Public Risk Innovation, Solutions, and Management (PRISM)

CALIFORNIA

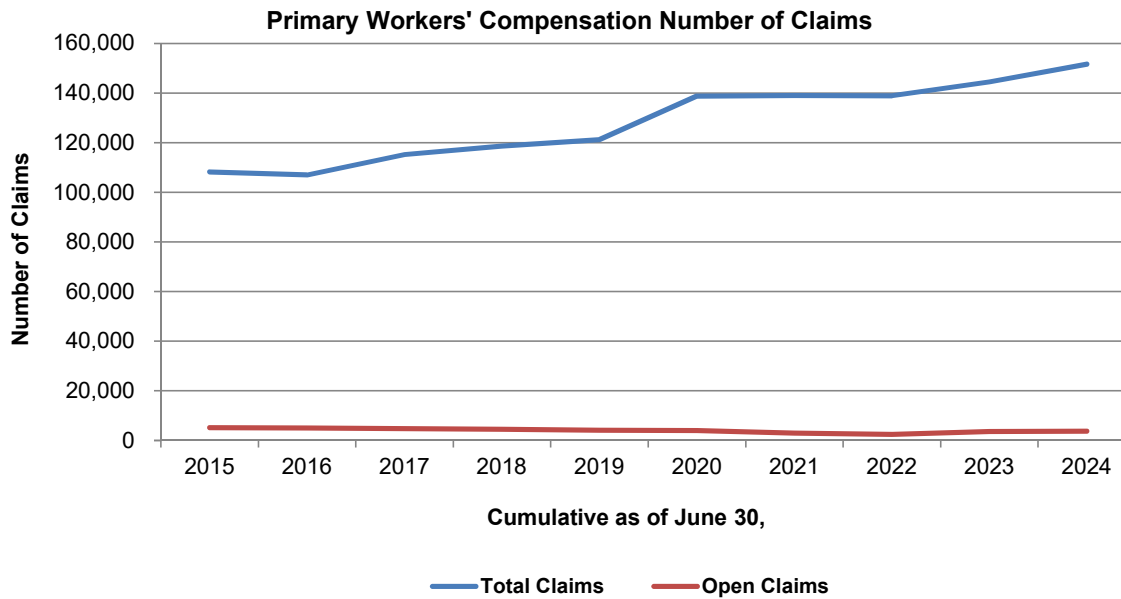
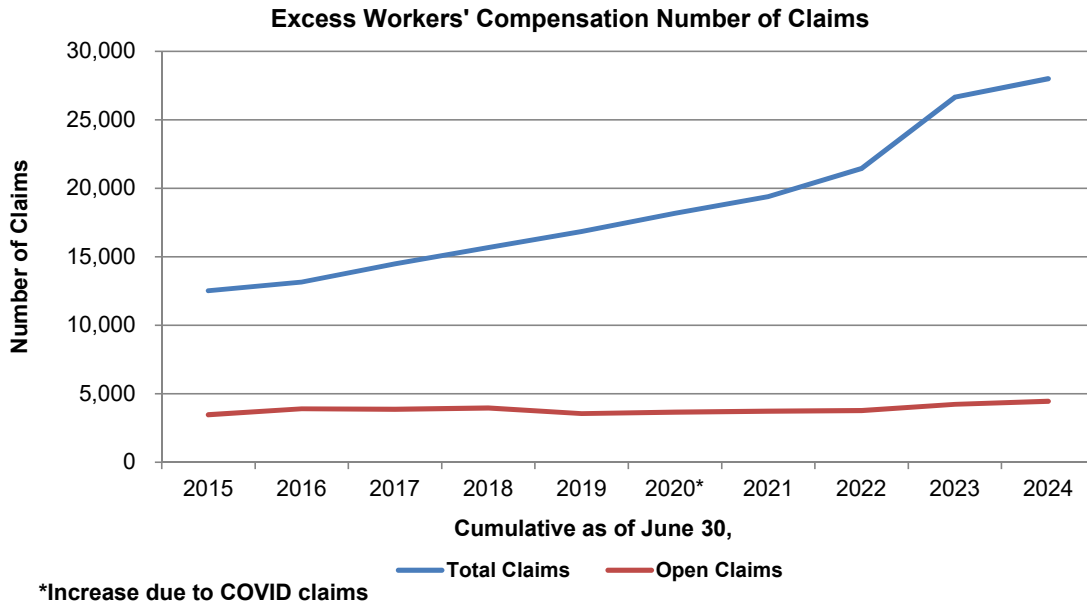


STATISTICAL/ SUPPLEMENTAL SECTION

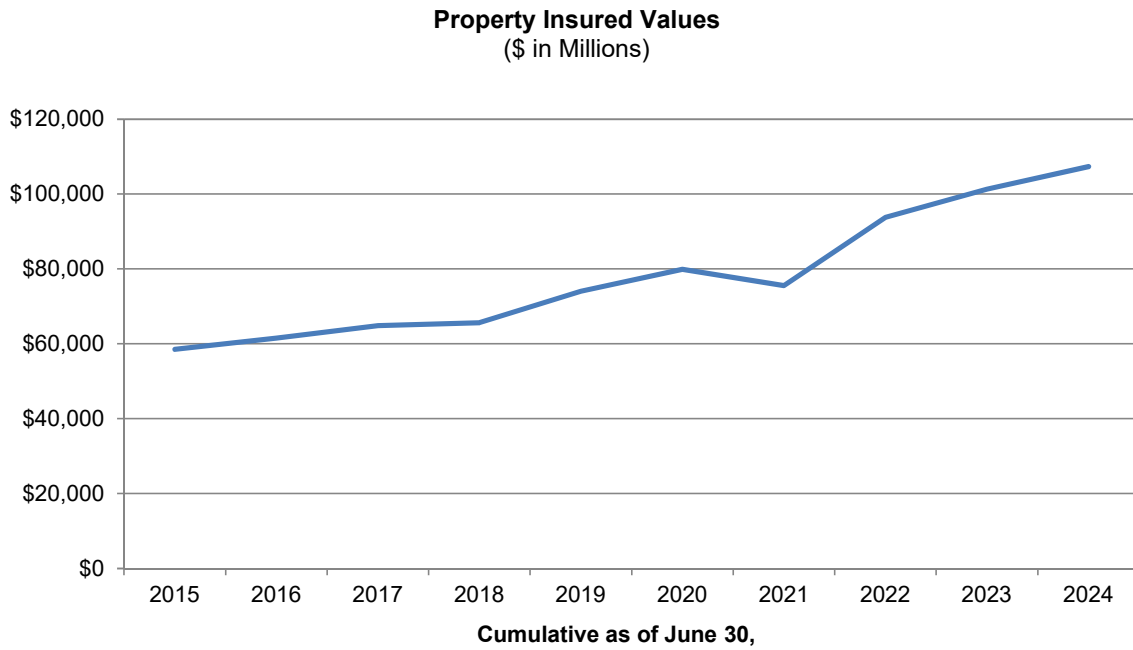
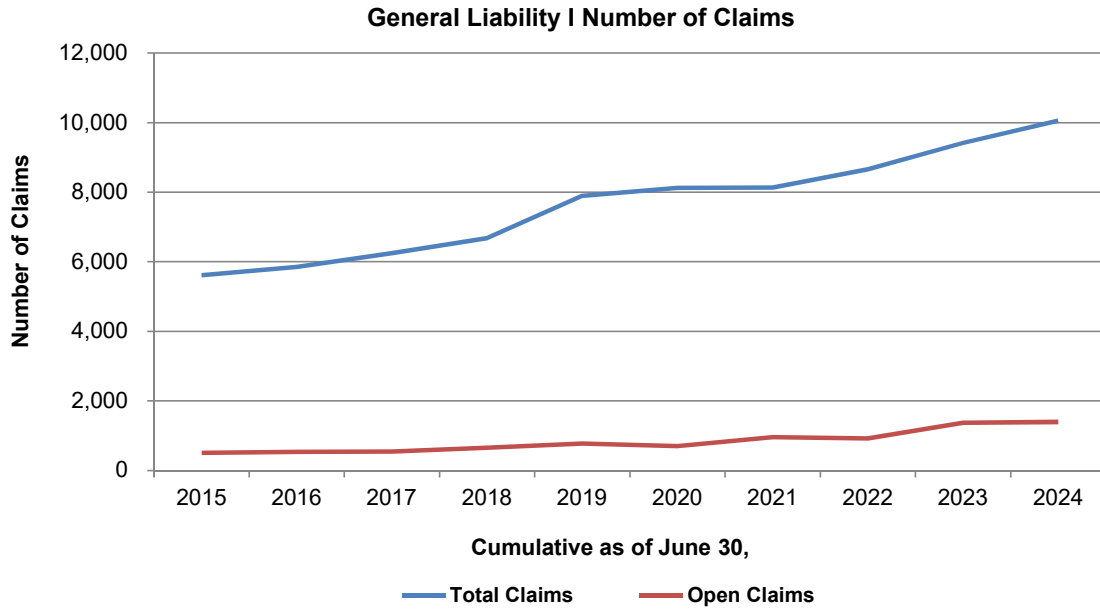
For the Fiscal Year
July 1, 2025 to June 30, 2026

**PRISM
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2024**

The best economic indicator of the financial stability for PRISM is the estimation of incurred claims expense (line 6) and claims paid (line 3) reported in the Schedule of Claim Development and Earned Assessments in the Required Supplemental Information section of the ACFR's Financial Section. Other relevant economic and demographic information would include trends for the number of claims, covered payrolls, property values, and PRISMHealth employees and lives covered as shown on the following charts.



**PRISM
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2024**



**PUBLIC RISK INNOVATION, SOLUTIONS AND MANAGEMENT
OPERATING INDICATORS AND STATISTICS**

	2020	2021	2022	2023	2024	2025
Budgeted Full-Time Equivalents by Department						
Administration	13	14	14	15	18	19
Actuarial	11	11	11	11	4	5
Finance	6	6	6	6	6	8
Information Technology	17	17	18	18	28	29
Claims	29	31	32	35	37	41
Member Services (RC)	13	13	13	13	13	13
Employee Benefits	3	3	3	3	3	4
Total Employees	92	95	97	101	109	119
Number of Retirees	10	12	13	14	12	37

Note: Data & Analytics staff reclassified to from Actuarial to Information Technology in 2024

	Fiscal Year End June 30,					Budgeted
	2021	2022	2023	2024	2025	2026
Member Units						
Primary Workers' Comp	38	37	37	36	36	36
Excess Workers' Comp	183	180	182	182	180	180
General Liability 1	123	125	134	133	141	141
General Liability 2	18	18	25	27	29	29
Property	107	104	118	115	120	120
Medical Malpractice	52	52	51	51	52	52
Master Owner Controlled Insurance	18	17	6	7	7	7
PRISMHealth	42	44	45	48	49	52
Dental	171	170	174	178	185	191
Paid Family Leave	*	*	*	*	8	11
Vision	**	**	**	**	**	116
Total Member Units	752	747	772	777	807	935
Member California Counties	55	55	55	55	54	54
Member Public Entities	305	305	308	315	314	315
Total Members	360	360	363	370	368	369
Located in California	357	357	360	364	357	358
Located outside California	3	3	3	6	11	11
Total Members	360	360	363	370	368	369

*Paid Family Leave is a major program effective 1/1/2025.

**Vision is a major program effective 7/1/2025.

GLOSSARY

Accrual: Accounting method that records revenues and expenses when they are incurred, regardless of when cash is exchanged.

Additional Named Covered Party (ANCP): A party added to a liability policy at the request of the named insured.

Aggregate: The cumulative amount of all losses for a period of time.

Aggregate Stop Loss: A financial arrangement with the JPA's excess carrier that caps the aggregate to a predetermined limit at which point the excess carrier would begin to reimburse for losses within the JPA's self-insured retention or pooled layer.

Amortization: The process of incrementally charging the cost of an asset to expense over its expected period of use.

Assessment: An additional amount charged a member if it is determined that the initial contribution paid is not adequate to fund the losses incurred.

Attachment Point: The dollar amount of a loss where the next layer of insurance begins to pay for the loss.

Balanced Budget: Budgeted revenues are equal to or exceed budgeted expenses.

Bonds: A fixed income instrument that represents a loan made by an investor to a borrower.

Budget: A formal statement of estimated income and expenses based on future plans and objectives.

Capital Expenditures/Capital Assets: Capital assets include furniture, equipment, and software, tenant improvements, building, with an individual cost of \$5,000 or more.

Captive Insurance Company: An insurance company that is wholly owned and controlled by its insureds; its primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer's underwriting and investment profits.

Ceded Premiums/Claims Costs: Premiums paid to an insurance company and claims costs that are transferred to another entity in connection with a reinsurance arrangement.

Claims Made: Method of determining whether or not coverage is available for a specific claim. A claims-made policy states that a claim must be made during the policy period or the extended reporting period, if applicable.

Commutation: A clause in a reinsurance agreement which provides for estimation, payment and complete discharge of all future obligations for reinsurance losses incurred, regardless of the continuing nature of certain losses.

Confidence Level: The confidence level is a percentage estimate of the ultimate pool layer costs. The actuary's expected costs are shown at slightly more than average (approximately 55%). About half the time, the actual costs will be lower than the actuary's estimates and half the time the actual costs will be higher. To be more conservative, pools set aside additional sums of money to increase the chance that enough funds are available to pay claims. For example, if the actuary's estimate at the 70% confidence level is \$1M, then there is a 30% chance that losses will exceed \$1M.

Contribution: The amount paid by a PRISM member to receive a specified type of insurance coverage for a defined period of time.

Corridor Retention or Deductible Pool: An aggregated pool layer above which a carrier will reimburse the Program for losses that exceed the aggregate attachment point on a per claim basis.

Deductible Buy-Down: An amount the insured must pay before payments for covered services begin. The deductible is usually a fixed amount. For example, an insurance plan might require the insured to pay the first \$50 of covered expense during a calendar year.

Deposit Premium: Amount of premium paid at the beginning of the coverage period, which is then adjusted to a final premium amount at the end of the coverage period. This is most common in workers' compensation, where premiums are based on estimated payroll amounts at inception and adjusted based on actual payroll amounts afterwards.

Discount Rate: The assumed interest rate used to calculate the present value of future claim liabilities. Also used in calculating premium needed to fund claim payments.

Dividend: An amount reimbursed to a member if it is determined that the initial contribution paid is greater to fund the losses incurred.

DOL (Date of Loss): The first date on which an insured event occurred.

EAP (Employee Assistance Program): A work-based intervention program designed to assist employees in resolving personal problems.

Enterprise Fund: Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

Excess Coverage: Insurance coverage which does not provide for payment to the insured until underlying insurance coverage has paid its limits or the insured has paid its self-insured retention.

Excess Insurance: Joint purchase insurance purchased to provide higher limits than the primary policy or pool layer provides. Policy terms may differ and policy covers the member not the pool.

First Dollar Coverage: Insurance coverage that begins with the first dollar of a covered loss. The insured does not have a deductible or self-insured retention to meet before coverage begins as long as the loss is for a covered peril.

Fund: A source of money that is allocated for a specific purpose.

General Liability Coverage (GL): Provides coverage for claims from third parties alleging damages due to negligence on the part of the member arising out of personal injury, property damage, public officials errors and omissions, employment practices liability, and automobile liability.

IBNR (Incurred but Not Reported): This is an actuarial term referring to the estimated future loss development, as well as the estimated cost of claims that have happened but are not yet included in the claims data. A reserve for IBNR is established by the actuary as part of the Ultimate Loss Costs to contemplate for these future estimated costs.

Incurred Loss: This is the expected value of any claim. It includes the amount already paid plus the estimated amount yet to be paid (reserves).

Investment Gap: The difference between what PRISM is currently earning and what was actuarially projected would be earned on funds when premium was calculated, that is the difference between actual earnings rate and discount rate.

Joint Powers Agreement: This is a formal, legal agreement between two or more public agencies that share a common power and want to jointly implement programs or deliver services.

Joint Powers Authorities (JPA): Legally created entities that allow two or more public agencies to jointly exercise powers to work on a common problem, fund a project, or act as a representative body for a specific activity.

Limit of Liability: The most that will be paid in a loss.

Loss Adjustment Expense: the costs associated with settlement of a specific claim, other than the claim payment itself i.e., legal fees, appraisal fees and court costs.

Loss Development: The process of change in amount of losses as a policy or accident year matures, as measured by the difference between paid losses and estimated outstanding losses at one point in time, and paid losses and estimated outstanding losses at some previous point in time. In common usage, it might refer to development on reported cases only, whereas a broader definition also would take into account the IBNR claims.

Loss Portfolio Transfer (LPT): A financial reinsurance transaction in which loss obligations that are already incurred and will ultimately be paid are ceded to a reinsurer. In determining the premium paid to the reinsurer, the time value of money is considered, and the premium is therefore less than the ultimate amount expected to be paid.

Mega Fund: An aggregated pool layer that caps the aggregate to a predetermined limit at which point the excess carrier would “drop down” and begin to reimburse for losses within the JPA’s SIR or pooled layer.

Member: A County or Public Entity participating in the PRISM pool.

MOC (Memorandum of Coverage): The policy or coverage document outlining the terms and conditions of coverage, similar to an insurance policy.

Net Position: Assets plus Deferred Outflow of Resources less Liabilities and Deferred Inflow of Resources. Net Position represents investment in capital assets as well as unrestricted fund balance available for future operations or distribution.

Non-Admitted Insurer: An insurance company not licensed in a state.

Occurrence: An accident or event which triggers coverage.

Occurrence Basis: Method of determining whether or not coverage is available for a specific claim. An occurrence basis policy covers events that occur while the policy is in force, regardless of when a claim is actually made.

Pool Layer: The insurance coverage retained by PRISM. Losses within this layer are paid by PRISM.

Pooled Loss: The portion of a loss that is allocated to, or paid by, the self-insured pool. For example, the General Liability Program I pools, or self-insures the difference between a member’s SIR and \$5M of each occurrence. Loss costs exceeding this amount are paid by excess insurance.

Premium: The amount paid by a PRISM member to receive a specified type of insurance coverage for a defined period of time-see also Contribution.

Provision for Insured Events: The expense amount for pooled claims on the Statement of Revenues, Expenses and Changes in Net Assets (Income Statement).

Quota-share arrangement: An agreement between two insurers to split the cost of claims within a coverage layer based upon a certain formula or percentage.

Reinsurance: Insurance purchased by PRISM from other insurers to reimburse the pool for covered losses. Losses revert to PRISM if the reinsurer is unable to meet its obligations. Reinsurance provides coverage to the pool, and is identical to what the pool covers.

Retained Risk: The portion of risk that the pool self-funds.

Reserves: The estimate of the total cost of a claim. Reserves may be estimated by category, such as personal injury, property damage, or medical costs.

Risk Pools: A group of entities collectively purchasing a certain type and level of insurance to protect them from claims covered by that insurance. Pooling is designed to help provide more stable rates over the long-term horizon and also helps to reduce the cost of insurance by spreading fixed administrative costs over a larger group.

Self-Insurance: Practice of an individual, group of individuals, employer or organization to pay for losses rather than transfer the cost to another. The entity may self-insure all or a portion of the expected losses.

SIR (Self Insured Retention): This is the amount of each loss for which the member is responsible. Once the value of the claim has exceeded their SIR, the member may seek reimbursement for those expenses in excess of their SIR.

Target Equity: The range of net position that various governing committees decide is appropriate. Committees use an actuarially determined confidence level discounted for investment income and a variety of target ratios (such as gross premium to equity target ratio) to determine the target equity range.

Third-party Administrator (TPA): An entity that is hired to handle the administration of claims processing.

Tower: Various programs have many different insurance placements or segregation of members into types, which PRISM categorizes as “towers” to illustrate the separation or layering of the various placements.

Transferred Risk: The portion of risk, insured or reinsured, by a private insurer or reinsurer and not retained by the pool.

ULAE (Unallocated Loss Adjustment Expenses): In the context of risk financing, costs that cannot be associated with specific claims, but are related to claims paid or in the process of settlement, such as salaries and other internal costs of the pool’s claims department. This amount is calculated for the entire life of the claim.

Ultimate Net Loss: The total cost of a claim. The difference between incurred loss and Ultimate Net Loss is the loss development or IBNR-the actuary may estimate that losses may develop or become larger because of inflation, changes in law etc.