

**CSAC Excess Insurance Authority  
Employee Benefits Committee  
Life and LTD Stabilization Fund Policy Statement**

1. **PURPOSE.** To establish a policy regarding the Premium Stabilization Fund (PSF) to guide the Employee Benefits Committee in governance of the Basic Life and LTD Programs. This Fund may be used to help offset future rate increases in either the basic life or LTD program.
2. **ESTABLISHMENT OF THE PREMIUM STABILIZATION FUND.** The Employee Benefits Committee informally implemented the PSF as of January 1, 2004, and formally authorized the establishment of a PSF as of July 1, 2005. The PSF was created from the reallocation of premium from certain members resulting in additional funds being collected in excess of the premium being remitted to the insurance carrier.

From time to time, the Employee Benefits Committee may authorize premiums that are different from the premiums being charged by the insurance carrier for any member in the Basic Life and LTD programs. Any difference in premium charged versus premium paid will either go into or come out of the PSF.

3. **OPERATIONS OF THE PREMIUM STABILIZATION FUND.** Members participating in the EIA's Basic Life and LTD program shall pay premiums as established annually for each member. To the extent that premiums charged to members exceed the payment to the insurance carrier, such excess premium shall be placed into the PSF in order to help offset future program rate increases or premium payments. Annually, the PSF shall be evaluated by the Employee Benefits Committee to consider whether or not the balance should be reduced by prospectively reducing monthly premium charges to all, or certain members, of the particular program.
4. **ACCOUNTING FOR THE PREMIUM STABILIZATION FUND.** The Basic Life and LTD programs are separate and distinct programs. Therefore, the two programs will be accounted for separately within the PSF and money from one program will not be available for use in the other program. At all times, any funds placed into the PSF shall be considered funds of either the Basic Life or LTD program and will not be considered funds of any particular member. The Employee Benefits Committee reserves the right to reallocate premiums for individual members based upon the best interest of the Basic Life and LTD programs.
5. **ADMINISTRATIVE FEES FOR THE EIA.** The stabilization fund is going to generate substantial earned interest. The EIA does monthly accounting for the stabilization fund as well as the Life and Disability programs. The EIA will keep

10% of the annual interest with a minimum of \$5,000 and maximum of \$10,000 for each fund per fiscal year.

6. **AMENDMENT.** This policy statement will be reviewed from time to time and may be amended by a majority vote of the Employee Benefits Committee.