



Board of Directors Standard Operating Procedures

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Introduction

In every conversation we have, every initiative we explore, and every action we take, we must hold them up against PRISM's Mission, Vision and Core Values. Together, the Mission, Vision and Core Values are our strategic framework and clarify why PRISM exists and what we aim to be. As you review this document, please keep these in mind:

Mission:

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:

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.

Composition

The Board consists of a combination of county and public entity members. There are currently 62 board members, 55 of which are county representatives and 7 are public entity representatives. Pursuant to the Joint Powers Agreement, the county members must maintain a minimum of 80% of the eligible voting seats on the board. Therefore, the number of public entity board seats could be reduced in the future if the number of county board members is reduced to 27 or less.

County Members:

One member and one alternate from each member county are appointed by the member county's board of supervisors. A director or alternate can be a county supervisor, other county official or staff member of the member county. Upon termination of office or employment with the county, their position on PRISM's board will also terminate. In some cases, the Board of Supervisors appoints by name and in other cases they appoint by position.

Public Entity Members:

The public entity membership elects 10 public entity directors, of which 7 are voting and 3 are alternates. Of the 7 voting seats, one is designated for a city representative, one for a school representative, and one for a special district representative. The director or alternate can be an official or staff person of the public entity. Upon termination of office or employment with the public entity, their position on PRISM's board will also terminate. If a vacancy occurs within 6 months of a regular election, the results from that election will be used to fill the vacancy. If a vacancy occurs more than 6 months after a regular election, the Executive Committee may call for a special election of the Public Entity members to fill the vacancy.

Votes on program matters are restricted to only members participating in the affected program. For purposes of a program vote, if there are public entity members participating in the program, the public entity board members shall have at least 1 and not more than 20% of the total number of county votes.

Reference: [Joint Powers Agreement, Article 7](#)

Reference: [Bylaws, Article XIII](#)

Reference: [Policy Regarding Public Entity Board Vacancies 11/21/13](#)

Roles

The Board is responsible for conducting the business of PRISM. Since the Board only meets 3 times per year, many of the day-to-day business matters have been delegated to the Executive Committee (JPA Article 8 and Article 11 and Bylaws Article IV and VII). The Board maintains authority for the following:

- Adopt an annual budget (this responsibility cannot be delegated)
- Election of officers of PRISM

- Approval of funding decisions, including the declaration of dividends and assessments, and insurance placements for the Excess Workers' Compensation and General Liability 1 Programs
- Approval for declaration of an assessment in the Primary Workers' Compensation Program (PWC MOU, Section 5)
- Provide policy direction to the CEO

Reference: [JPA, Article 8 and Article 11](#)

Reference: [Bylaws, Article IV and VII](#)

Reference: [PWC MOU, Section 5](#)

President:

- Serves as the Chair of the Board
- Call/Authorize non-regularly scheduled meetings as needed
 - Staff will contact the President to arrange date, time, location (in-person or WebEx)
 - Once authorized, staff will notify the Board members via e-mail
- Call the meeting to order
- Orchestrate agenda items
- Recognize members to facilitate orderly debate
- Preside over voting
- Enforce rules of the group
- Expedite the business of the group
- Declare meeting adjournment
- Serves on the Executive Committee, Personnel Sub-Committee and Governance Committee

Vice President:

- The Vice President's role is to assume the responsibilities of the President in their absence; and
- Serves on the Executive Committee, Personnel Sub-Committee and Governance Committee.

Executive Committee:

The Executive Committee is responsible for conducting the business of PRISM between meetings of the Board and as delegated to the Committee by the Board (JPA Article 8 and 11 and Bylaws Article IV and VII). In general, the Executive Committee is responsible for:

- Setting the strategic direction of the organization
- Ensuring the policies adopted by the Board are implemented
- Oversight of the operations of all EIA programs and services
- Oversight of personnel matters

- Oversight on financial matters
- Oversight of the Excess Workers' Compensation, General Liability 1 Programs, Master Rolling Owner Controlled Insurance Program (per MR OCIP MOU), and all Miscellaneous Programs

Reference: [JPA, Article 8 and 11](#)

Reference: [Bylaws, Article IV and VII](#)

Reference: [PRISM Strategic Plan](#)

Reference: [Business Continuity Plan](#)

Reference: [MR OCIP MOU](#)

Advisory Committees to Support Executive Committee:

The following committees have been established to provide support to the Executive Committee. Unless authority has been delegated, the committees make recommendations to the Executive Committee.

- [Underwriting Committee](#) – Responsible for all underwriting functions for the Excess Workers' Compensation and General Liability 1 Programs.
- [Claims Review Committee](#) – Responsible for all claim matters for the Excess Workers' Compensation and General Liability 1 Programs.
- [Finance Committee](#) – Responsible for all financial matters; including budgets, internal controls, and investments.
- [Legislative Committee](#) – Responsible for monitoring pending legislation, taking positions and authorizing the provision of data and testimony.
- [Technology Committee](#) – Responsible for technology related products and services provided for staff and the members.
- [Governance Sub-Committee](#) – Responsible for to acting as an advisory committee to the CEO and EIA staff, make recommendations on committee appointments, and perform any other tasks delegated by the Executive Committee (1/8/09 Executive Committee Minute Order, item 8.A. and 1/10/13 Executive Committee Minute Order, item 6.B.).
- [Personnel Sub-Committee](#) – Responsible for addressing personnel matters such as the CEO contract, staff salaries, benefits and staff positions.
- [Member Services Committee](#) – Responsible for risk management and other services offered to the members, responsible for oversight and contractor selection for the Enterprise Risk Consultants Program, and responsible for the EAGLE Awards Program.

Reference: [1/8/09 Executive Committee Minute Order.](#)

Reference: [1/10/13 Executive Committee Minute Order](#)

Staff:

- Assist the President in facilitating meetings, prepare agendas, take minutes and summarize meetings for those not in attendance

- Advisory to the Board
- Will make recommendations to assist the Board
- The staff liaison for the Board is [Gina Dean](#)

Broker:

- Advisory to the Board
- Will make recommendations to assist the Board

Reference: [Alliant Brokerage Contract](#)

Legal Advisor:

In accordance with the Bylaws, Michael Pott and Steve Underwood have been designated as EIA's General Counsel. The General Counsel responsibilities are shared between Mike Pott, on staff, and Steve Underwood through a contract. The Executive Committee has determined that Steve Underwood's travel expenses are reimbursed for attendance at meetings.

Reference: [10/5/84 Board of Directors Minute Order](#)

Reference: [Steve Underwood Contract](#)

Reference: [General Counsel Responsibilities](#)

Consultants:

PRISM utilizes consultants for various services, including but not limited to legal advice, third party claims administration and underwriting. Their roles are:

- Advisory to the Board
- May make recommendations to assist the Board

Organizational Responsibilities

Annual Budget:

The Board adopts a budget at their June meeting each year. If revisions are recommended, they are proposed to the Board for consideration, usually at the March Board meeting. The budget and any revisions are thoroughly reviewed by the Finance Committee, with recommendations for adoption coming from Finance, to the Executive Committee, and then to the Board for final approval.

The Board may include funds, within the budget designated for the Committees, should an unforeseen need arise (Resolution B22-001). The Board may transfer funds from a contingency category by a 4/5ths vote.

Reference: [2022/23 Budget](#)

Reference: [Resolution No. B22-001 Delegating Budget Authority to Committees](#)

Investment Policy:

The Board, with assistance from the Finance and Executive Committees, oversees PRISM's investment program and has developed an Investment Policy and guidelines, which are reviewed annually, to guide the investment decisions for PRISM. The Board also delegates investment authority annually to the CEO/Treasurer, in accordance with Government Code Section 53607.

Reference: [Investment Policy](#)

Reference: [California Government Code Section 53607](#)

Inter-Fund Borrowing Policy:

In 2002, the Board implemented a process where members could finance their premiums with finance charges equivalent to what the programs would have earned on average if they were being invested. The Policy was formalized in 2008. The internal borrowing rate is set by the Board each March. The 2021/22 rate is 1.4% and the rate for 2022/23 will be 1.2%.

Reference: [Interfund Borrowing Policy 10/3/08](#)

Late Payment Policy:

The Board has established a Policy to address premium or other payments that are made late to PRISM. Generally, invoices are due and payable within 30 days. If payment is not received by the due date, a 15-day grace period is provided. If payment is not received by the end of the grace period, late fees and finance charges will accrue effective from the due date of the invoice. Staff has no authority to waive late fees or finance charges. If there is a dispute, the member can request a waiver from the Executive Committee.

Reference: [Resolution No. B12-002 Invoice & Payment Procedures](#)

Bidding Policy:

The Board has delegated authority to the CEO to make all purchases and enter into contracts on behalf of PRISM. A Policy has been established, which provides that any purchases or contracts over \$10k shall be based on competitive bidding. The CEO can waive the competitive bidding requirements, where there are limitations on the source of supply. If the cost will exceed \$25k, the Executive Committee must make the waiver. Additionally, the Executive Committee has adopted a policy regarding the process and authorities related to competitive bidding for service contracts.

Reference: [Resolution No. 10-002 Bidding Procedures Policy](#)

Reference: [Service Provider Contracting Policy](#)

Authority Property:

The Board has established a Policy regarding the disposition of Authority property. Any item that has a salvage value of more than \$1k requires the Executive Committee to declare it surplus. If it is declared surplus, the item will be made available to the members for sale via auction.

Anything with a salvage value of more than \$50, but less than \$1k, can be declared surplus by the CEO. Items will be offered to the members on a first come, first serve basis.

Items with a salvage value of less than \$50 will be disposed of according to law or donated to charity.

Reference: [Resolution No. 10-003 Disposition of Property](#)

Service Providers:

The Board has established a Policy outlining the expectations for service providers, including what they can expect from doing business with PRISM. This Policy is made an exhibit to each of EIA's contracts with its service providers.

Reference: [Pool Service Provider Bill of Rights 6/1/07](#)

Captive Insurance Company:

Effective July 1, 2016, the Board authorized establishment of a captive insurance company, PRISM Affiliate Risk Captive (ARC). PRISM ARC is a pure captive, domiciled in the State of Utah. The Board's desire is to invest conservatively within the ARC portfolio as respects the equity portfolio. The Board determined to limit the investment in equities to 50% of the combined PRISM/ARC surplus (at the time of purchase) and 50% of the ARC's portfolio (10/1/21 Minutes, Item 4.A.). The Board has also approved transferring aggregated risks in the EWC and GL1 Programs to PRISM ARC as part of its annual renewal decisions.

In June 2022, ARC's surplus level fell below the State of Utah's required minimum of \$250k, necessitating an additional capital contribution to ARC. In the event further contributions would be necessary, the Executive Committee adopted a policy to delegate authority to staff to make any required transfers, with disclosure to the Executive Committee and all other affected program committees at their next meeting.

Reference: [Resolution B16-001 Authorizing Establishment of a Captive Insurance Company in the State of Utah](#)

Reference: [10/1/21 Minute Order](#)

Reference: [ARC Reinsurance Agreement – 2022/23 EWC Program](#)

Reference: [ARC Reinsurance Agreement – 2022/23 GL1 Program](#)

Reference: [Policy Regarding ARC Capital Contributions](#)

Program Responsibilities

Program committees, consisting of GL2, PWC, Property, Medical Malpractice, EIAHealth, Employee Benefits as respects the Dental Program, and the Executive Committee as respects the MR OCIP and the Miscellaneous Programs, have authority to make all decisions regarding their respective programs. Information regarding the status of these programs is reported to the Board, who maintains general oversight of all PRISM Programs. Occasionally, the Board or Executive Committee may be asked to decide, or take action on an item affecting a program, when the implications may affect other aspects of the organization.

Withdrawal Provisions:

Pursuant to the JPA, a member may withdraw from a Program at the end of a coverage period, as long as they have provided PRISM with at least 60-days advance written notice. The Board has established a Policy, delegating authority to the Executive Committee, to waive the withdrawal provisions on a case-by-case basis, if deemed appropriate.

Reference: [Resolution No. 03-002 Delegating Authority to the Executive Committee to Waive the Withdrawal Provisions](#)

Risk Tolerance:

Each EIA program has determined its own appetite for risk, which generally ranges between very low to neutral (EIA Risk Tolerance). A low tolerance for risk creates a bias towards transfer of risk. A high tolerance for risk is characterized by a bias toward retention of risk.

Reference: [PRISM Risk Tolerance](#)

Subsidy Funds:

Over the years, PRISM has established different types of subsidy funds for the benefit of the members. There were previously two types of subsidies: a loss prevention subsidy and a risk management subsidy. However, in 2012 those were merged into one Risk Management Subsidy. Members can request to use their funds for any loss prevention and/or risk management purpose.

Reference: [Policy Statement Regarding Subsidy Funds 6/1/12](#)

Claims Audits and Actuarial Studies:

The Board has established a Policy that specifies that for all self-funded programs, an actuarial study will be conducted annually. In order to monitor claims administration practices, a claims audit will be conducted for the program's claims handling every other year.

Reference: [Policy Statement on Claims Audits and Actuarial Studies 9/28/98](#)

EWC & GL1 Program Responsibilities

The EWC and GL1 Programs are ultimately governed by the Board, with assistance from the Executive, Underwriting and Claims Review Committees. Provisions relating to these 2 programs are summarized below.

Governing Documents:

Underwriting & Claims Admin Guidelines

The Underwriting Committee oversees the provisions of the Underwriting Guidelines and the Claims Review Committee oversees the provisions of the Claims Administration Guidelines. From time to time, they may recommend changes to the Executive Committee and Board. These guidelines address such topics as:

- Risk management liaison
- Maintaining a loss prevention program
- Responsibilities for claims handling and specific claims handling guidelines
- Reporting of claims
- Maintaining property schedules of values and conducting appraisals
- The requirement for members to have an actuarial review at least once every 3 years
- Maintaining and providing loss data to PRISM upon request
- Frequency of claims audits

The Underwriting and Claims Review Committees have established a Policy regarding the application of the guidelines.

Reference: [JPA, Article 18\(b\)](#)

Reference: [Bylaws, Article X.1.\(b\)](#).

Reference: [Underwriting & Claims Admin Standards](#)

Reference: [WC Claims Standards \(Addendum A\)](#)

Reference: [Liability Claims Standards \(Addendum B\)](#)

Reference: [EWC Standards & Guidelines Policy Statement 9/27/02 & 11/15/02](#)

Memorandums of Understanding:

The Underwriting Committee oversees the provisions of the EWC & GL1 Program MOUs and will recommend changes to the Executive Committee and Board from time to time.

Reference: [EWC MOU 3/6/09](#)

Reference: [GL1 MOU 3/6/09](#)

Controlled Unaffiliated Business (CUB) Agreements

The Executive Committee oversees the provisions of the EWC & GL1 CUB Agreements. The CUBs are a service agreement between PRISM and non-California participants, and are a requirement of Utah regulators to establish a relationship between PRISM and the participant. Amendments may be made from time to time, with approval from Utah regulators, and execution of the amended CUB will be a condition of the participant's renewal, similar to the process when PRISM MOUs are amended.

Reference: [EWC CUB 1/1/22](#)

Reference: [GL1 CUB 1/1/22](#)

Membership:

Approval of New Members

The Board has adopted a resolution delegating authority to the Executive Committee to approve new members in the EWC and GL1 Programs, and the Executive Committee has further delegated such authority to the Underwriting Committee. The Underwriting Committee evaluates each prospective member and approves, denies, or approves with contingencies. The applicable governing committee approves members for participation in the other EIA programs.

Reference: [Resolution 01-001 Authority to Add Public Entities to EWC & GL1](#)

Reference: [Executive Committee Delegation of Authority Policy Statement](#)

Coverage Matters:

Memorandums of Coverage

The Underwriting Committee oversees the provisions of the EWC and GL1 Program Memorandums of Coverage (MOC) and may recommend changes to the Executive Committee and Board from time to time.

The Program purchased reinsurance from CastlePoint for the 2010/11 and 2011/12 years. Castlepoint has since filed for bankruptcy. Castlepoint's claim responsibilities have been turned over to CIGA, who have denied coverage in some situations where they believe other coverage is available. The Board has adopted a policy that if, after pursuing CIGA and/or any excess insurer that might be deemed to provide other coverage, PRISM is unable to obtain a reimbursement from those sources and/or the other insurance is determined to require additional contribution from a member from their SIR fund, the EWC Program will assume the liability for the amount and/or any amount that would otherwise fall to the member.

PRISM was fortunate to have broad coverage for communicable disease which resulted in a covered EWC occurrence for COVID-19, with claims falling in the 2019/20 program year. In March 2022, the Board took action to set an end date to the occurrence of June 30, 2022. The Board also set the Program loss retention with the reinsurers and determined that each member must satisfy their

full SIR for all of their COVID-19 claims combined before coverage would apply and that no reduction of SIRs would apply. In addition, they acknowledged that the available limit for the Core Tower is \$50M and that the limit will be allocated on a proportional basis for all losses above members' SIRs. Their intention is to use a similar approach for the Educational Tower. Coverage for communicable disease was changed to apply on a "per employee" basis effective 7/1/20 for the Core Tower and 7/1/21 for the Education Tower.

Reference: [EWC MOC 7/1/22](#)

Reference: [GLI MOC 7/1/22](#)

Reference: [Policy Regarding Disputed Claims with CIGA](#)

MOC Endorsements

The Board has delegated authority to staff to issue non-premium bearing MOC endorsements including additional insured endorsements, racing exclusion endorsements and underlying insurance endorsements (1/6/00 Minutes, item IV.A.3.). Staff is also authorized to re-issue all endorsements properly added on a previous MOC at renewal.

The Board has delegated authority to the Executive Committee to approve additional named insureds, pursuant to JPA Article 3(b). However, the Executive Committee has further delegated authority for this responsibility to the Underwriting Committee.

Reference: [Executive Committee Delegation of Authority Policy Statement](#)

Reference: [1/6/00 Executive Committee Minute Order](#)

Claims Administration Policies

The Board periodically adopts policies regarding claims administration matters, with input from the Underwriting, Claims Review and Executive Committees. Below is a summary of policies that have been adopted:

- In EWC, when a loss involves more than one member, the limit and SIR will be adjusted based on each member's proportion of the loss
- In EWC, member can opt for an alternative dispute resolution process with their employees, commonly called a Carve Out
- In EWC, members will ensure they evaluate claim payments for possible allocation amongst multiple injuries/claims for the same employee, in order to ensure expenditures are accounted towards the proper occurrence
- In GL1, prior to 10/1/18, if a claim could involve both PRISM's liability and Medical Malpractice Programs, then Medical Malpractice coverage will apply first (policy statement referenced below). This was modified as of 10/1/18 in both the liability and medical malpractice programs such that coverage is afforded based on the gravamen of the claim.

Reference: [EWC Policy Regarding Application and Limit and SIR When Multiple Members Are Involved in a Loss](#)

Reference: [EWC Policy Regarding Carve Outs](#)

Reference: [EWC Policy Regarding Claims Allocations](#)

Underwriting Matters:

Premium Allocation Methodologies

The Underwriting Committee oversees the provisions of the EWC and GL1 premium allocation methodologies and may recommend changes to the Executive Committee and Board from time to time. Most recently, the allocation methodologies were amended beginning with the 2011/12 year, and were completely phased in 2015/16. Beginning with the 2016/17 year, the EWC allocation methodology was amended to add a fourth rating group, by splitting the City/Other group in two: High Safety for those with more than 40% of their payroll for public safety classifications and Low Safety for those with less than 40% of their payroll for public safety classifications. This modification is also being phased in, and will be completely phased in by 2020/21.

The Executive Committee has established the following policies related to premium calculations:

- Determining the process for payroll audits in the EWC Program and determining that a payroll audit is not required in the GL1 Program (10/3/02 Executive Committee Meeting, item 4.B.7.)
- Special exceptions for rating of schools in the GL1 Program
- GL1 premiums for lower pool limits

Reference: [EWC Premium Allocation Methodologies](#)

Reference: [GL1 Premium Allocation Methodologies](#)

Reference: [EWC Payroll Audit Process 3/6/09](#)

Reference: [10/3/02 Executive Committee Minute Order](#)

Reference: [GL1 School Support Groups Policy 6/4/03](#)

Reference: [GL1 School Premium Allocation Policy 6/5/03](#)

Reference: [GL1 Minimum Premium for Lower Pool Limits 2/4/10](#)

Target Funding Guidelines

The EWC and GL1 Target Funding Guidelines are reviewed annually by the Underwriting Committee, Executive Committee and the Board of Directors. The Underwriting Committee will recommend changes to the Executive Committee and Board from time to time.

Reference: [EWC Target Funding Guidelines 3/5/21](#)

Reference: [GL1 Target Funding Guidelines 3/5/21](#)

Actuarial Discount Assumption

The Board approves the actuarial discount assumption to be used in evaluating the outstanding portfolio of losses and the rates for future funding. This decision is based on the long-term investment projections so the assumption rate does not change frequently. The Underwriting and Executive Committees will make recommendations to the Board on the appropriate discount assumption. The assumption for the 2020/21 and 2021/22 year is 3% for the EWC Program and 1.75% for the GL1 Program.

Program Budget Policies

Each year, the Board reviews the Program budget policies and receives input from the Underwriting, Finance, and Executive Committees for any changes. As part of the process for obtaining the Government Finance Officers Association (GFOA) Award for a Distinguished Budget, it was recently recommended that the program budget policies include both short and long term goals, which have been incorporated.

Reference: [EWC Program Budget Policies](#)

Reference: [GL1 Program Budget Policies](#)

Premium Credit for CAJPA Accreditation

The Board has adopted a Policy to provide premium credits in the EWC and GL1 Programs, for member JPAs that have been granted accreditation status by the CAJPA. The premium credit is determined as of May 1st each year based on the level of accreditation. This policy was affirmed by the Underwriting Committee at their 12/19/13 meeting.

Reference: [EWC & GL1 Policy Statement Re CAJPA Accreditation Credits 3/4/05](#)

Delegation of Authority:

Additional Named Insureds

The Board has adopted a policy to delegate some authority to staff to approve additional named insureds. If the request falls outside of the parameters outlined for staff, the Underwriting Committee has authority to approve the additional named insured.

Reference: [Resolution 01-001 Authority to Add Public Entities to EWC & GL1](#)

Approval of Affiliated Non-Profit Named Insureds

The Underwriting Committee has been delegated authority by the Board to approve the addition of non-profit entities as additional named insureds in the EWC and GL1 Programs.

Reference: [Non-Profits Policy Statement Amended 5/31/12](#)

Other Policy Decisions:

Renewal Timeline Policy

The Underwriting Committee oversees the provisions of the Renewal Timeline Policy and will:

- Recommend changes to the Executive Committee and Board from time to time, in regard to established due dates and penalties
- Make the final decision on any appeals of penalties
- Determine how to proceed for any member that has not submitted data by December 31st

Reference: [EWC & GL1 Renewal Timeline Policy Statement 10-3-14](#)

GL1 PRISM ARC Recapture Provision

In 2019, the GL1 Program transferred a LPT Corridor to PRISM ARC (the captive). Although this Corridor risk is aggregated, it is adjusted for both exposure and experience. The GL1 Program experienced significant adverse development in the quarter ending December 31, 2019, resulting in a reduction in PRISM ARC's surplus. Because the GL1 Program presented all other programs with a significant loss, the Board adopted a policy for the GL1 Program to repay a portion of the loss. The exact amount of the reimbursement will be determined based upon the minimum PRISM ARC surplus requirement set by the PRISM ARC Board of Directors for the ensuing year. All additional capital contributions will be allocated amongst the PRISM Programs in the same proportion as the original capital contribution to ARC.

Reference: [GL1 PRISM ARC Recapture Provision Policy Statement](#)

Program Services

From time to time, the Board may determine to offer service and resource programs to the members.

- In 2015, the Board determined to provide Employment Legal Services to members of the GL1 Program. Services are provided by the Evers Law Group. Thus far, the costs for this service have been paid by using the Program's net position. However, in the future the Board could determine to pay the costs through the GL1 Administrative Fees collected from the members.
- In 2016, the Board determined to provide Crisis Incident Management Services to members of the EWC and GL1 Programs.

Reference: [EWC Crisis Incident Management Services Policy Statement](#)

Reference: [GL1 Crisis Incident Management Services Policy Statement](#)

Meetings

Meetings of the Board are conducted in accordance with Robert's Rules of Order. An agenda will be prepared for each meeting, and distributed to the Board 7 days prior to the meeting. The Board has also established the order of business to be conducted. Items requiring action are generally addressed before the bulk of informational reports, in order to ensure a quorum is present for items needing a vote.

Reference: [Resolution No. B18-001 – Agency Policy & Conduct of Meetings](#)

Code of Conduct/Ethics Policy:

The Board has adopted a Code of Conduct, which is applicable to all members, staff, committees and the Board.

Reference: [Code of Conduct](#)

Scheduling:

The Board meets at least 3 times per year. The meetings are scheduled for 8:30 a.m. on the first Friday of March, June, and October.

- **March**
 - Held in Sacramento area, primary topics include funding decisions for the EWC and GL1 Programs
- **June**
 - Held in Sacramento area, primary topics include adoption of the budget and the program renewals
- **October**
 - Location varies, primary topics include officer elections and status reports on the programs and services of PRISM

The day before the Board meeting, there is an Executive Committee meeting and a Board Workshop or Training Seminar. Board members are encouraged to attend all meetings. A group dinner for the Board and other attendees is also scheduled for Thursday evening. Also, in conjunction with the October Board meeting, PRISM holds an annual golf tournament the Wednesday before the meeting. Participants have varying skill levels, and the goal is to foster camaraderie and good working relationships. PRISM will reimburse members for expenses relating to attendance at EIA meetings.

Reference: [2023 Schedule of Meetings & Topics](#)

Reference: [Bylaws, Article III.](#)

Reference: [Travel Reimbursement Policy](#)

Quorum:

Pursuant to the Bylaws, a quorum consists of a majority of the directors (at least 32 members).

Voting:

Voting Requirements

From PRISM's perspective, either the Board or Alternate Board member can vote during the meeting. If both are in attendance, the designated Board member shall cast the vote.

If a voting public entity board member is absent, staff will coordinate with the alternate board members to determine which will vote. If there is not agreement, the President will determine which alternate(s) will vote.

Votes on insurance program matters are restricted to only members participating in the affected program. For purposes of an insurance program vote, if there are public entity members participating in the program, the public entity board members shall have at least 1 and not more than 20% of the total number of county votes.

Reference: [JPA, Article 7](#)

Reference: [Board Voting Practices Document](#)

Conflicts

Pertinent PRISM Code of Conduct Provisions:

2. We are committed to the concepts of democratic, effective and efficient governance by responsible, knowledgeable members of the Board of Directors and Committees with an understanding that official decisions made, and actions taken by PRISM, are always made in the best interests of PRISM's membership, as opposed to the interests of PRISM's staff, service providers, or other outside interests.

9. We are committed to the principle that conflicts of interest (defined as situations in which a person has a financial or other interest or the appearance of a conflicting interest that would call into question the person's ability to act in an impartial manner with respect to a matter affecting PRISM) should be avoided and where present shall be fully disclosed. This includes situations when a member of the Board, a Committee, staff, or vendor has personal interests (including those of his/her family) that are contrary to his/her loyalty to PRISM.

Vote on behalf of PRISM or the Entity I Represent?

Attorney General Opinion No. 00-708 dated 12/8/00, concluded that a member of the governing board (in this case the Executive Committee) of a joint powers

agency may cast a valid vote on a matter before the agency that is inconsistent with the position by the legislative body which appointed the member.

Reference: [Attorney General Opinion No. 00-708](#)

Voting When Conflict Arises

According to FPPC:

- Disqualification
 - For financial interest (exception when action required)
- Abstention
 - Conflicting loyalties
 - Perception you can't be fair
 - Ethical dilemmas (exception for necessity to take action)

According to Roberts Rules of Order:

- Duty to vote if you have an opinion
- Right to abstain
- Personal interest - must abstain except:
 - Vote for self in an election
 - Vote if other's interests are included in the motion

Glossary of Terms

Aggregate: The term used to describe 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 "drop down" and pay losses within the JPA's SIR or pooled layer.

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

CAJPA (California Association of Joint Powers Authorities): Association of insurance and risk management pools in California. CAJPA performs regulatory and legislative lobbying, as well as accreditation of JPAs, to promote financial stability and best management practices.

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.

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.

EWC: PRISM's Excess Workers' Compensation Program.

GL1: PRISM's General Liability 1 Program.

GL2: PRISM's General Liability 2 Program.

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).

Inverse Condemnation: Both the United States Constitution and the California Constitution require that a private citizen be compensated if property is "taken" by a public entity. When the property is taken proactively, it is called eminent domain. When the property is taken "accidentally," without due course, it is called inverse condemnation.

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

Loss Adjustment Expense: All expenditures of an insurer associated with its adjustment, recording, and settlement of claims, other than the claim payment itself.

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.

MOC (Memorandum of Coverage): The policy or coverage document issued by the JPA outlining coverage to its members.

Non-Admitted Insurer: An insurance company not licensed in a state may engage in business in the state if an admitted, properly filed company issues the policy and reinsures losses to the non-admitted reinsurer.

Occurrence: An accident or event, which results in personal injury or property damage, neither expected nor intended from the standpoint of the member.

PGL: PRISM's Primary General Liability Program.

Policy Year: The year commencing with the effective date of the policy or with an anniversary of that date.

Pooled Loss: The portion of a loss that is allocated to, or paid by, the self-insured pool. For example, the JPA Liability Program 1 pools, or self-insures the difference between a members' SIR and \$5M of each occurrence. Loss costs exceeding this amount are paid by excess insurance.

PWC: PRISM's Primary Workers' Compensation Program.

Outstanding Reserve: The claims administrator's estimate of the ultimate expected value of each claim. As monies are paid out for a claim, the outstanding reserve amount is decreased.

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

Surplus: The excess of assets over liabilities of an insurance carrier. Surplus determines an insurer's or reinsurer's ability to write business. PRISM refers to its "surplus" as Net Equity.

Ultimate Net Loss: The total sum that the insured, or any company as his insurer, or both, become obligated to pay either through adjudication or compromise.

Wholesale Broker: A licensed broker providing specialized insurance products to retail insurance agents and brokers. A wholesale broker will utilize insurers who can consider accounts that the retail agent cannot place with their standard markets. These insurers underwrite specialized or hard to place insurance.