

**PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT
(PRISM)**

BOARD OF DIRECTORS

MEETING SUMMARY

Web Conference/Telephonic Meeting

Thursday, December 15, 2022

2:00 p.m.

Fourth Meeting – 2022

A special meeting of the Board of Directors was held, since a decision needed to be made before the end of the calendar year.

GL1 Program – MS Re Extension

The GL1 Program entered into a reinsurance agreement involving the Program's Pool layer (SIR to \$5M) with MultiStrat Re, effective 7/1/19. The agreement involved a Loss Portfolio Transfer for the outstanding liabilities from 7/1/07 - 6/30/19 and included the transfer of pool losses for the 2019/20-2023/24 years. The structure of the agreement included a large corridor layer (some of which was transferred to PRISM ARC), a premium credit layer, and 2 different Ms Re layers.

This agreement was intended to address a deficit that had developed in the pooled layer over the prior couple of years, due to unprecedented loss experience and development that almost all general liability programs in California experienced the last few years. The idea was to then use the program structure to "buy time" and increase funding over the period of the agreement and thereby shore up the Program's overall funding position. Four years in, we know that the plan is working as designed, but continued adverse development has resulted in not rebuilding the Program funding position to a desirable level. To remedy this, staff and Alliant began working with MS Re on an extension of the current placement to give us more time to rebuild the funding.

At this meeting, the ***Board approved an extension with MS Re*** including the addition of two years to the placement, additional premium to be paid and limit to be provided, adjustments to the exposure and experience adjustment calculations going forward, increase in the investment rate to 2.75% on the Premium Rate Credit Layer, and broker commission of no more than 3%. The final terms are still subject to approval by MS Re and the execution of the documents by 12/31/22.

Future Meetings

The ***next meeting*** of the Board is currently scheduled for ***Friday, March 3, 2023*** at the ***Hilton Arden West*** in ***Sacramento***. Efforts will be made to offer this meeting via web-conference, as well.