

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

BOARD OF DIRECTORS

MEETING SUMMARY

Web Conference/Telephonic Meeting

Friday, March 3, 2023
8:30 a.m.
First Meeting – 2023

The PRISM Board of Directors has responsibility for the Excess Workers' Compensation (EWC) and General Liability 1 (GL1) Programs.

EWC Program

Highlights of the Board's review and actions for the EWC Program renewal are:

- Overall, the Program has an actuarially **projected equity of \$78M**, which is equivalent to the 95% confidence level.
- Based on the Target Funding Guidelines, the Board approved pool rates for 2023/24 based on the **80% confidence level, discounted at 3.5%**.
- Pool rate changes will vary for each member based on their rating group. On average, **county rates are up 13.1%, school rates up 2.6%, low safety rates up 12.3%**, and **high safety rates are up 14.3%**.
- The Board **approved renewal terms** from **Safety National** on the Statutory layer of the Education Tower. They did not have reinsurance proposals for the other layers of the Program for consideration and it is anticipated that proposals will be received shortly. The Board **delegated authority to the Underwriting Committee to approve final renewal terms within specified parameters**.
- The pool allocation was set and the administrative charges for the Program, in the amount of \$11M, were set for 2023/24 and a **deadline of May 1, 2023** was set for members to make **decisions on changes to their SIR**.
- The Board approved a **policy that requires members to provide loss data to PRISM on a monthly basis**, effective July 1, 2023. However, penalties for late or lack of reporting will not go into effect until January 1, 2024.
- **Amendments to the Premium Allocation Methodology** were approved to give flexibility to the Underwriting Committee to determine best use of funds collected through premium surcharges.

GL1 Program

Highlights of the Board's review and actions for the GL1 Program are as follows:

- The Board reviewed the Program's financial position, noting the **estimated Net Position at June 30, 2023 is \$19.7M**.
- The Board approved pool rates for 2023/24 based on the **85% confidence level**, discounted at 2.5% for investment income.
- Pool rate changes will vary for each member based on their rating group. On average, **county/other rates will be up 31.8% and** rates for **schools not in SELF will be up 26.8%**, and **schools in SELF will be up 46.4%** (which includes the expected increase as a result of the additional year of claims-made exposure).

- The Board did not have reinsurance proposals for consideration, but it is anticipated that proposals will be received shortly. The Board **delegated authority to the Underwriting Committee to approve final renewal terms within specified parameters.**
- The pool allocation was set and the administrative charges for the Program, in the amount of \$7.1M, were set for 2023/24 and a **deadline of May 1, 2023** was set for members to make **decisions on changes to their SIR.**
- The Board approved a **policy that requires members to provide loss data to PRISM on a monthly basis**, effective July 1, 2023. However, penalties for late or lack of reporting will not go into effect until January 1, 2024.
- **Amendments to the Memorandum of Coverage** were proposed to **amend the Appeals section.** The Board directed staff to circulate the proposed amendments to the members for review and comment. Final action on the proposed amendments will be considered at the June Board meeting for a July 1, 2023 effective date. The Board also delegated authority to the Executive Committee to authorize review and comment on potential amendments to other governing documents coming from the Ad Hoc Sub-Committee evaluating claims control issues.
- The Board approved **amendments to the GL1 Recapture Policy** and to make the exposure adjustments retroactively. As a result \$6.3M will be transferred from the GL1 Program to PRISM ARC.

Informational Reports

The Board received several informational reports, a few of which are noted below:

- Reports were given by staff, Alliant and the various committee chairs on the status of the Program renewals and/or services they oversee; and
- An investment portfolio report was provided by Chandler Asset Management.

The **next meeting** of the Board will be **Friday, June 2, 2023** at the **Hilton Arden West** in Sacramento. We are not planning for a virtual option for this meeting.