



General Liability 2 Committee 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:

Public Risk Innovation, Solutions and Management (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 Committee is comprised of 1 representative from each participating county member and 1 representative from each public entity member, subject to the county members maintaining at least 60% of the committee voting seats. The county representative is either the county's appointed Board Member or Alternate Board Member (see 6/4/92

Minutes, Item VII). The public entity representatives are appointed by the Executive Committee. Each public entity representative designates an alternate to vote in their absence.

Reference: [Committee Composition](#)

Reference: [GL2 MOU 07/01/2019](#)

Roles

Committee:

The General Liability (GL2) Committee is responsible for all matters pertaining to the GL2 Program, including but not limited to approval of funding mechanisms, reinsurance placements, and new member applications. The GL2 Committee has delegated settlement of claims in excess of the members' SIRs to the CRC2 Committee. The GL2 Committee is responsible for appointing members to the CRC2 and appointing legal counsel if necessary to the CRC2. The GL2 Committee may delegate additional responsibilities to CRC2.

From time to time, the Committee may consider contracting with outside parties for services. PRISM's Executive Committee has adopted a Service Provider Contracting Policy which outlines the process for competitive bidding as well as protocols and authorities for entering into such contracts. The GL2 Committee is responsible for determining whether a competitive selection process should be used for procurement of any new member service offerings or a new service provider for an existing member service in excess of \$50,000. Any renewal contract must go to the Committee for approval of the vendor and the amount to be expended.

The GL2 Committee has oversight of the following contracts:

- Trinity Adjustors dba Risk Management Services (RMS)
- Praxis Claims Consulting
- GL2 Scope of Services – Addendum to Alliant Agreement

Reference: [Service Provider Contracting Policy Statement](#)

Chair:

- Call/Authorize meeting to be scheduled
 - Staff will contact Chair to arrange date, time, location (in-person or Web/Video Meeting)
 - Once authorized, staff will notify the Committee 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

Vice Chair

- Assume the responsibilities of the Chair in their absence

Staff

- Assist Chair in facilitating meeting, prepare agenda, take minutes, summarize meeting for those not in attendance
- Advisory to the Committee
- Will make recommendations to assist Committee
- [Brian Kelley](#) is the staff liaison for this Committee

Broker

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

Reference: [GL2 Scope of Services from Alliant Contract](#)

Consultants

PRISM may utilize consultants for various services, including but not limited to, actuarial, legal advice, and underwriting. Their role is:

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

Responsibilities

Memorandum of Understanding (MOU)

The GL2 Committee oversees the provisions of the GL2 Program MOU and will make amendments from time to time. When amendments are made, each participating member must execute the amended MOU to signify their agreement to the terms.

Reference: [GL2 MOU](#)

Controlled Unaffiliated Business (CUB) Agreement

The GL2 Committee oversees the provisions of the GL2 CUB Agreement. The CUB agreement is 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: GL2 CUB](#)

Underwriting & Claims Administration Standards

The GL2 Committee oversees the provisions of the guidelines that pertain to the GL2 Program, and may recommend changes to the Executive Committee and Board from time to time in regards to:

- Requirement for members to have an actuarial review at least once every 3 years.
- Provision of loss data to PRISM.

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

Premium Allocation Methodologies

Pursuant to the MOU, the GL2 Committee determines the premium allocation. Allocation methodologies are reviewed by the Committee annually and changes are made periodically. The annual premium allocation is typically approved by the excess underwriters following the Committee's approval. The current methodology is to utilize a market-based allocation formula (4/26/11 Minutes, item 3.B.). The Committee has also approved budget policies which are reviewed annually.

Reference: [GL2 MOU, Items 3 - 6](#)

Reference: [4/26/11 GL2 Committee Minute Order](#)

Risk Tolerance

Each PRISM program has determined its own appetite for risk, which generally ranges between very low to neutral (PRISM 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. The GL2 Committee has determined that the risk tolerance for the GL2 Program is low, with a strong preference towards risk transfer.

Reference: [PRISM Risk Tolerance](#)

Reinsurance Placements

The GL2 Committee is responsible for review and approval of the Program's reinsurance placements, including the transfer of risk to PRISM's captive, PRISM ARC (Affiliated Risk Captive). When the Program was developed in 1991, it was developed as a joint purchase program for those members who desired to retain more of their own risk and not pool with other members. With that philosophy, the Program has largely transferred risk to reinsurance carriers, funding an

aggregated Program deductible, previously known as a Mega Fund and currently referred to as an aggregate corridor deductible, when the reinsurance market was not willing to provide coverage directly excess of member's retentions.

The Program has changed reinsurance partners over the years as well.

- From the Program's inception, until 2009, coverage was placed with various AIG companies.
- In 2009, Ironshore reinsured a portion of the Program directly above member's retentions.
- In 2010, AIG was replaced altogether by Ironshore and Torus.
- In 2011, AmTrust took the lead reinsurance position, with Ironshore providing the excess layer.
- In 2013, Ironshore reduced their position in the Program's excess layer and Markel Re, joined providing coverage excess of Ironshore.
- In 2014, the Program took on a Corridor Retention within AmTrust's layer and Ironshore split their middle layer on a 50/50 Quota Share basis with Markel Re, who also maintained their position in the excess layer.
- For 2015, the Corridor Retention was increased and Ironshore left the middle layer with Markel Re, Great American, and Brit splitting the layer on a 45/30/25 Quota Share basis.
- In 2016, the Program increased the Corridor Retention again and transferred it to PRISM ARC and the ANV Group joined Markel Re in the excess layer to provide coverage on a 50/50 Quota Share basis.
- During the 2017/18 – 2020/21 renewals, the program maintained a large corridor retention with QBE in the SIR to \$10M layer which has been transferred to PRISM ARC. In addition to the coverage with QBE, the program purchased additional limits from ACE American Insurance Company. In the 2019/20 and 2020/21 renewals, the program also maintained a corridor in the \$5M xs \$10M layer. At the 2021/22 renewal, no corridor retentions were included on any layers and the program renewed the SIR to \$10M layer with Starstone National Insurance Co. and ACE American Insurance Company.

Program Budget Policies

Each year, the GL2 Committee reviews its budget policies for any changes. As part of the process for obtaining the Government Finance Officer's Association (GFOA) Award for a Distinguished Budget, program budget policies, including both short and long term goals, have been incorporated.

Reference: [GL2 Budget Policies](#)

Approval of New Members

Pursuant to the MOU, the Committee has authority, subject to agreement by the underwriter, to approve new members for participation in the Program. Staff develops underwriting information for the Committee's review and consideration.

Reference: [GL2 MOU, Section 11](#)

External Underwriting Services

The GL2 Committee has approved a proposal from Alliant Underwriting Services (AUS) to provide additional expertise and professional underwriting services for the GL2 Program. The determination of whether to utilize the services is made on a case-by-case basis and generally is only used for prospective members with unusual exposures. The Committee can also determine if an annual AUS review will be required. The cost for the service is 2% of the premium, subject to a maximum of \$20k. The costs are passed on to the entity if they join the Program as part of their premium. There is no cost to PRISM if the entity does not join the Program.

Reference: [Addendum D to Alliant Contract](#)

SIR and Individual Member Corridor Deductible (IMCD) Changes

Pursuant to the MOU, the Committee has authority to approve SIR changes. The Committee may also approve the inclusion of a new IMCD and/or IMCD change where a member already has one in place. The Committee will also seek input and approval from underwriters for SIR or IMCD changes. The Committee has delegated authority to staff to approve SIR increases, up to and including, double the member's prior year SIR. Staff does not have authority to approve SIR reductions.

Reference: [GL2 MOU, Section 4](#)

Reference: [Delegation of Authority Policy Statement 12/19/07](#)

Cost for Claims Audits

The claims administration and oversight performed by PRISM staff is audited every other year by an outside auditor. The results of that audit are presented to the GL2 Committee. If any recommendations for improvement are noted, staff will provide the Committee with a response to those recommendations. The GL2 Committee has selected Risk Management Services and Praxis Claims Consulting to provide claims audit services for the program (5/2/14 Meeting, Item 4.F.)

Members are required to have a claims audit every other year. The GL2 Program will pay the cost of claim audits for the members. Members are required to use PRISM contracted claims auditors.

One of the Program's past lead reinsurers has asked that interim audits be performed to ensure that all reportable claims are being reported. This audit will be performed at reinsurer's expense.

Reference: [Frequency of Member Audits Policy Statement](#)

Reference: [PRISM Underwriting and Claims Administration Standards, Section III: General Liability Programs, Part C](#)

Reference: [5/2/14 GL2 Committee Minute Order](#)

Loss Data

The GL2 Committee has determined that members shall report their loss data monthly (10/11/18 Meeting, Item 3.A).

Reference: [10/11/18 GL2 Committee Minute Order](#)

Subsidies

The GL2 Program will subsidize the cost of actuarial studies for the members up to \$2k per member, per year (5/18/06 Minutes, Item 3.I.).

Reference: [5/18/06 GL2 Committee Minute Order](#)

The GL2 Program will also subsidize the cost of risk management and loss prevention activities for the members up to \$1k per member, per year (6/5/03 Minutes, Item 3.D.).

Reference: [6/5/03 GL2 Committee Minute Order](#)

Coverage Matters

Memorandum of Coverage (MOC)

The GL2 Committee oversees the provisions of the GL2 MOC and will make amendments from time to time. When amendments are proposed, they are circulated to the members and County Counsels for review and comment prior to the GL2 Committee taking final action. The GL2 Committee usually seeks input from excess underwriters on proposed amendments as well.

Reference: [GL2 MOC](#)

MOC Endorsements

The GL2 Committee has authority to approve various coverage endorsements upon request of the member. Some examples of the kinds of endorsements that may be considered are buy back of the fixed route transit exclusion, buy back of the racing exclusion, buy back of dam failure exclusion, or additional named covered parties.

The Committee has delegated authority to staff to approve non-premium bearing endorsements, including additional named covered party endorsements, waiver of subrogation endorsements, primary and non-contributory endorsements, and underlying insurance endorsements. They also have authority to reissue endorsements from the prior year if still applicable.

Reference: [Delegation of Authority Policy Statement 12/19/07](#)

Coverage Intentions

The GL2 Committee may, from time to time, make statements regarding their coverage intentions.

- Airport Exclusion – The Committee stated its intent is to cover normal law enforcement activities while at an airport, but not to cover any claims involving local law enforcement and a breakdown in the screening security process (11/4/02 Minutes, Item 3.E.)
- Coordination between GL2 and Medical Malpractice – The MOC states that if coverage may be applicable in both the GL2 and PRISM's Medical Malpractice Program, then primary coverage will be provided by the Program where the gravamen of the claim or suit falls.
- Pathogen exclusion – For the 2020/21 year, the Committee has stated its intent to cover any communicable disease claims in the SIR to \$10M layer, despite a difference in conditions on the increased limits due to a communicable disease exclusion from Chubb. QBE provides the first layer of coverage excess of the corridor retention and has not excluded the coverage. For 2020/21, the MOC contains pathogen exclusion on the \$5M xs \$10M layer to maintain consistency with reinsurance coverage for that layer. Members may be reimbursed for communicable disease claims up to \$10M and from \$15M to \$25M.

Reference: [11/4/02 GL2 Minute Order](#)

Reference: [6/18/20 GL2 Minute Order](#)

Additional Named Covered Parties

Pursuant to the MOU, the GL2 Committee has authority to approve requests for additional named covered parties. Staff has been delegated authority to approve additional named covered parties if the exposure for the entity (payroll) is less than 25% of the member's exposure and less than 5% of the entire Program's exposure.

Reference: [Delegation of Authority Policy Statement 12/19/07](#)

From time to time, the Committee has considered classes of entities to be added as additional named insureds. The following classes have been addressed:

- Law Libraries may be added as named insureds on an “as needed” basis (2/8/01 Minutes, Item IV.E.)
- Trial Courts can continue to be named insureds (2/8/01 Minutes, Item IV.F.).

Reference: [2/8/01 GL2 Minute Order](#)

Reference: [2/8/01 GL2 Minute Order](#)

Approval of Affiliated Non-Profit Named Covered Parties

The GL2 Committee has been delegated authority by the Board to approve the addition of non-profit entities as additional named covered parties subject to:

1. Receipt of a completed application, including a governing board resolution or minute order;
2. A determination that it is an acceptable risk;
3. The member must be willing to accept responsibility for the SIR, premium payment, and to act as a liaison for risk management and loss prevention issues;
4. The member must provide renewal information;
5. The member must agree to provide appropriate loss prevention services; and
6. A written agreement must exist between the member and the non-profit.

Reference: [NonProfits Policy Statement 5/31/12](#)

Claims Administration Matters

Coverage Determinations and Coverage Counsel

The GL2 Committee has established guidelines for determining coverage, including member county relationships, issuance of coverage alert letters and denial letters, retention and selection of Coverage Counsel, and settlement authority. These guidelines specify that staff’s role is to be an advocate for the Program (the group of members). Staff will advocate for an individual member when it is in the best interest of the Program.

The Committee has designated individuals as primary and secondary coverage counsel for the GL2 Program. Primary Coverage Counsel is Eric Brenneman and secondary Coverage Counsel is Douglas Alliston.

Reference: [Liability Claims Administration Guidelines – Addendum B](#)

Reference: [GL2 Policy on Legal Opinions & Coverage Determinations 10/11/18](#)

Claim Reporting

PRISM is required to report to the reinsurer for claims that reach 50% of the SIR, claims involving any of the following:

- Death;
- Paralysis, paraplegia, or quadriplegia;
- Loss of eye(s) or limbs;
- Spinal cord or brain injury;
- Dismemberment or amputation;
- Sensory organ or nerve injury or neurological deficit;
- Serious burns;
- Severe scarring;
- Sexual assault or battery, including, but not limited to, rape, molestation, or sexual abuse;
- Substantial disability or disfigurement;
- Any class action
- Any claim or **suit** in which PRISM is named as a defendant; or
- Any injury caused by lead.

The GL2 Committee has therefore directed staff to also require members to report claims within the same parameters.

Reference: [GL2 Claim Reporting/Settlement/Reimbursement Procedures](#)

Settlements

The CRC2 Committee will approve claim settlement and the GL2 Committee shall resolve any member appeals for reconsideration of a CRC2 denial. However, the Committee has delegated authority to staff to approve claim settlements up to \$250k, inclusive of known defense costs, above the member's SIR. They have also authorized staff to incur expenses to have specific claims reviewed by independent legal counsel.

Reference: [Delegation of Authority Policy Statement 12/19/07](#)

Reference: [GL2 MOU, Item 10](#)

Reserves

The GL2 Program membership determines the reserves established on each of their exposures in accordance with the Addendum B Guidelines. At times, PRISM and the member may disagree regarding the amount of the reserves such that an appropriate reserve is not set for some time. In an effort to ensure adequate reserves are set in a timely manner and to ensure the solvency of the Program, the GL2 Committee has delegated authority to PRISM staff to set independent indemnity and expense reserves on liability claims. Staff is permitted to set its own reserves on claims where the discrepancy between the

member's reserve and PRISM's proposed reserve is at least 25%, subject to a minimum difference of \$1M.

Reference: [Liability Claims Administration Guidelines – Addendum B](#)

Reference: [GL2 Reserving Policy Statement](#)

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 GL2 Committee will meet as needed and at the call of the Chair. Below is generally when the Committee will meet to address certain matters:

- **Early May**
 - Renewal terms
 - Premium allocation
- **November/December**
 - Preliminary renewal updates

The CRC2 Committee will meet monthly to evaluate claims for settlement and address any other delegated business from the GL2 Committee.

Quorum

Pursuant to the Bylaws, a quorum consisting of a majority of the Committee (currently at least 6 members based on a Committee consisting of 11 voting members) must be present in order to conduct a meeting.

Voting

Voting Requirements

Pursuant to the Bylaws, the voting requirement is a majority of the Committee (currently at least 6 members based on a Committee consisting of 11 voting members) for all actions of the GL2 Committee.

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 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 GL2 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

Closed Session

Closed sessions may be held in accordance with the provisions of state law and the Brown Act. Information discussed in closed session is confidential. In addition to the GL2 Committee and Legal Counsel, only individuals necessary for the discussion will be present. The Executive Committee has appointed PRISM's Chief Legal Counsel to serve as legal counsel to PRISM's Board of Directors and all PRISM Committees. In addition to PRISM's Chief Legal Counsel, certain counsel from members of the GL2 program have been appointed for purposes of obtaining legal advice during closed sessions of the

CRC2 in accordance with the Brown Act (2/2/12 Executive Committee Meeting, Item 5.B.). All votes in closed session will be made by roll call.

Reference: [2/2/12 Executive Committee Minute Order](#)

The GL2 Committee has adopted a policy detailing when a Committee member and/or another representative of the member's entity is allowed to participate in the closed session discussion regarding a claim from that member's entity. The policy also sets forth whether and to what extent the member can participate in the closed session discussion on the claim, how the member should vote if they are participating in a vote on the claim, and under what circumstances the member must leave the discussion before a vote takes place.

[Reference: 9/21/21 General Liability 2 Committee Minute Order](#)

[Reference: Policy Discussing Member's Participation in Closed Session Discussion Regarding a Claim from that Member's Entity](#)

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 begin to reimburse for 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.

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

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).

Individual Member Corridor Retention (IMCD): The amount of aggregate annual losses in excess of a members' SIR for which the member will be responsible. While the SIR is per occurrence, the IMCD applies per occurrence and in aggregate.

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.

Law of Large Numbers: A mathematical concept which postulates that the more times an event is repeated (in insurance, the larger the number of homogeneous exposure units), the more predictable the outcome becomes. In a classic example, the more times one flips a coin, the more likely that the results will be 50% heads, 50% tails.

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.

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.

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.

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

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.

Trending: The necessary adjustment of historical statistics (both premium and losses) to present levels or expected future levels in order to reflect measurable changes in insurance experience over time, which is caused by dynamic economic and demographic forces, and to make the data useful for determining current and future expected cost levels.

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.