

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

**BOARD OF DIRECTORS**

**MEETING SUMMARY**

---

Web Conference/Telephonic Meeting  
<https://zoom.us>  
Meeting Number: 927 2519 2661

Friday, June 5, 2020  
8:30 a.m.  
Second Meeting – 2020

---

**2020/21 Annual Budget**

The Board **approved the 2020/21 budget** as proposed, along with the publicly available pay schedule. Both documents will be posted to the PRISM website shortly. Total budgeted revenues are \$1.310B, budgeted expenses are \$1.271B, and budgeted Net Position is \$189M by the end of the fiscal year.

**Excess Workers' Compensation (EWC) Program**

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

- COVID-19 has significantly changed the workers' compensation marketplace.
- ACE/Chubb rescinded their quote, which had been bound, in order to **modify communicable disease coverage to a per-employee basis** instead of per-occurrence. The coverage change also required revised terms with Great American on the pool reinsurance layer. Revised terms for both placements were reviewed and approved by the Board at this meeting.
- The Board approved the communicable disease language on a per-employee basis (Endorsement U-7).
- The allocated administrative fees were reduced to match the Program budget.
- The Board determined not to commute the 2019/20 excess policy with Liberty Mutual.

**General Liability 1 (GL1) Program**

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

- Approval was given to **self-insure the Deductible Buy-Down Layer**.
- The Board approved **retaining the remaining 10% of the \$10M xs \$10M layer**, based on a \$2.5M premium, and with half of the risk (aggregated at \$1.25M) to be transferred to the EIO at a 5% premium discount. The GL1 Program will retain the 5% discount rather than pass that on to the members since the risk transferred to the EIO will be aggregated.
- Approve terms with **AWAC for the remaining 45% of the \$5M xs \$20M layer**, acknowledging that there will be a communicable disease exclusion and the risk will be retained by the Program.
- Continue to charge the administrative fees as set at the March meeting. The final budget came in more than 2.5% lower than the admin charges set in March. However some members will be withdrawing at renewal and any extra collected will help to bolster the Program's Net Position.

- In order to address aggregated limits that are likely, authorization was given to **combine the Optional Excess Liability layers into the GL1 Program**, still giving the members the option to secure additional limits.
- A **recapture policy** was adopted which provides for the **GL1 Program to reimburse the EIO** at least one half (\$7.3M) of the 12/31/19 experience adjustment to the LPT Corridor, subject to the EIO having a minimum of \$10M in surplus for the 2020/21 year and subject to a maximum of the entire experience adjustment (\$14.6M).
- The Board approved **amendments to the Memorandum of Coverage** to clarify coverage.

### **Informational Reports**

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

- Staff reported that only one more executed document is needed for the **JPA to be officially amended. Update:** one more signature page was received later that day, so the JPA is now amended. Staff will continue to work on collecting the documents from the remaining members.
- A report was provided on the **financial impact of COVID-19 on PRISM operations**, which was fairly minimal at approximately **\$73k**.
- Written summaries were provided on the status of each of the Programs and their upcoming renewals, the EIO and the status of national expansion, recent legislative activity related to COVID-19, and the newly developed COVID-19 services being provided to members.
- Chandler Asset Management provided an overview of the PRISM investment portfolio.
- The Board was updated on the progress of developing a proprietary claims system.

**Mike Fleming was also acknowledged** during the meeting, as well as the afternoon before, on his **36 years of service** to PRISM and his **retirement on 6/30/20**.

The **next meeting** of the Board is currently scheduled for **Friday, October 2, 2020** at the **Hilton Arden West** in **Sacramento**. If we are not able to meet in person, it will be changed to a web-based meeting.