



PRISM Management and Oversight of Broker Contract with Alliant Insurance

Public Risk Innovations, Solutions, and Management (PRISM) maintains a significant contractual relationship with Alliant Insurance Services, Inc. (Alliant) for a wide variety of brokerage and consulting services. The scope of services and contractual requirements are set forth in a formal agreement between the parties. Day-to-day management and oversight of the contractual relationship is the responsibility of the Chief Executive Officer with significant involvement PRISM's committees and Board of Directors. The purpose of this document is to outline the processes utilized to oversee and manage the Alliant relationship.

1. Contract Review and Approval

Every 3-5 years, a new Brokerage Agreement is entered into preceded by a review by all oversight committees of the Scope of Tasks for each program, and a history of compensation for each program. Final approval of the new agreement falls under the jurisdiction of the Executive Committee. The last contractual review was conducted during fiscal 2017/18. The renewal agreement, with retroactively effective date of January 1, 2018 was approved at the February 1, 2018 Executive Committee meeting.

2. Annual Review and Approval of Commission Income / Fees

Annually, each program committee, Executive Committee and/or Board of Directors reviews and approves any/all insurance, or reinsurance, placements resulting in commission income or broker fees to Alliant. The proposal specifically outlines proposed compensation to Alliant consistent with the terms of the Brokerage Agreement. These approvals of compensation to Alliant are done annually on a program-by-program basis.

3. Broker Annual Stewardship Report

Each year at the October Board of Directors meeting, a significant portion of the agenda is set aside for Alliant to provide a stewardship report of their activities over the past year. In 2022 PRISM began incorporating the stewardship report as part of the State of PRISM report that is presented to the Membership. The last stewardship report was provided on October 7, 2022.

4. Annual Member Satisfaction Survey

Every spring, a satisfaction survey is sent to the membership seeking input from the entire membership on their satisfaction with the CEO and PRISM in general. A portion of this survey is dedicated to the members' satisfaction with the services provided by Alliant. The last survey conducted was in Spring 2023.

5. Annual Report of Income

Annually, Alliant reports to the CEO all commission income received from insurance markets on EIA programs. Staff has a process for verifying the income reported compared to the contractual income limitations and the specific income approvals by committees. If income exceeds approved amounts, the excess is rebated to PRISM in accordance with the terms of the Brokerage Agreement. The last reports of income were for the 2022/23 program year.

6. Annual Independent Income Verification

PRISM has instituted a process to independently verify that the income reportedly received by Alliant is accurate. A random sample of PRISM policies is selected for verification directly with the corresponding underwriting markets. The Finance Committee has approved the process of verification and the Executive Committee oversees the results of the process every year. The last independent verification process was conducted on the 2022/23 program year and reported to the Executive Committee in June 2023. The sample included one property policy, four casualty policies and one employee benefit policy. All income reported was verified as accurate.