



## **CSAC Excess Insurance Authority Policy Statement Regarding Subsidy Funds**

The EIA's Risk Management Subsidy program is a voluntary program that was created to offset the direct costs members incur from securing external loss prevention or risk management services. A subsidy account will be established for each participating member.

### **Risk Management Subsidy Fund**

#### Deposits

Funds for such account may be generated from a variety of sources including, but not limited to:

- Allocations from a particular program
- Administrative dividends from the collection of Public Entity fees
- Dividends
- Payroll audit premium adjustments
- Member direction that funds be collected through their annual premiums

Such funds may be used by the member for any loss prevention or risk management matter. The amount and frequency of deposits into the fund shall be determined by the member, or applicable governing body.

#### Withdrawals

Members may request to be reimbursed for the actual cost of services rendered, or have payments made to a vendor, up to the limit of their subsidy balance.

Requests shall include supporting information in the form of receipts, purchase orders, proposals, or similar documentation, and will be processed by the EIA's Loss Prevention Department. All requests must be approved by the member's EIA Board representative, alternate or designated public entity representative, with regards to public entity (non-county) members. Distribution checks will be made payable to the member agency, unless otherwise warranted/requested. Checks cut for a purchase will be made payable to the vendor, but sent to the requestor to complete their transaction.

Members shall have the option to transfer their Risk Management Subsidy Funds in whole, or in part, to a third party (member JPA) for management, as long as: 1) a proper request has been submitted by the appropriate member representative, and documentation (written statement) has been received from the member JPA that the funds will be used solely for loss prevention/risk management purposes, and 2) the member JPA must be open to an audit by the EIA, at any time, to ensure funds are being used properly.

Withdrawal from the EIA *will* result in forfeiture of the Risk Management Subsidy Fund balance, unless the funds are disbursed in accordance with this policy, prior to the effective date of withdrawal.

Members withdrawing from the EIA to join a member JPA will be granted a two (2) year grace period to utilize their Risk Management Subsidy funds providing they remain with said member JPA for the entire (2) year period. Any funds remaining at the end of the grace period will be forfeited.

### Equity

Subsidy fund balances are not capped. Balances grow as long as the member continues to participate in a qualifying program, or elects to contribute to the fund.

Withdrawal from a *program* in which funds were collected does not equate to forfeiture of such funds. However, withdrawal from the EIA *will* result in forfeiture of the Risk Management Subsidy fund balance, if not used in accordance with this policy, prior to the effective date of withdrawal.

Any member submitting a notice of intent to withdraw from the EIA will be informed of their available balance.