Alpine - Colusa - Del Norte - Lassen - Modoc - Mono - Plumas - San Benito - Sierra - Trinity
A Joint Powers Authority Established in 1980
www.trindel.org

UNDERWRITING POLICY

Resolution 14 - 02

Objective

Trindel Insurance Fund has established underwriting criteria for the purpose of marketing to prospective members. Underwriting information is also used for rate making/premium calculation, measuring member performance, and calculating return of funds or assessments based upon equity levels. Underwriting standards and guidelines are outlined in various governing documents, including the JPA Agreement, By-Laws, Resolutions, and Trindel Insurance Fund Policies. This Underwriting Policy provides a summary and highlights much of the criteria utilized to complete the underwriting process.

Underwriting Function/Mission

Establishing underwriting criteria ensures that all Trindel Insurance Fund coverage programs are analyzed for risk exposures, funding requirements, dividend and assessment calculations, risk retention levels, compatibility between members and serviceability by staff. Adherence to these Board approved standards and guidelines guarantees the continued financial viability and security of Trindel Insurance Fund.

New Members

The guidelines for admittance of new members to Trindel Insurance Fund are set forth in the Joint Powers Agreement and By-Laws. Membership eligibility is reserved for California Counties and requires a favorable two-thirds vote of the Trindel Board. Applicants accepted for membership must participate in Trindel's Liability, Property, and Workers' Compensation Programs. All members shall also participate in all safety and risk management programs, as established by the Trindel Board.

Application Process

A letter of interest must be submitted to Trindel by the applicant. Direction from the board will be given to the Executive Director at the next available Board meeting to engage in the application process or not.

The Executive Director solicits specific information to assess the applicant's risk exposures. Included is the following information:

a. Underwriting data for the current year, including payroll, audited financial statements, budget and other financial data as requested;
b. Loss history for the previous five years for Liability, Property, and Workers' Compensation programs;
c. Comparison of experience modification factors for Liability, Property, and Workers' Compensation programs;
d. Any recent claim or actuarial studies; if executive director deems it necessary the applicant must submit and pay for an actuarial study in the format required by Trindel Insurance Fund;
e. Demographic information to assess compatibility with existing members;
f. Loss prevention evaluation.

The applicant takes the JPA membership agreement to their Board for approval and signature. Trindel Board then approves the JPA membership agreement and signs or not.

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Underwriting Guidelines

Any prospective member must meet the following minimum underwriting guidelines:

a. The financial ability to fund their self insured retention obligation for each program/policy;
b. Have a loss rate calculated for the past three years that does not exceed the loss rate of the current members for most programs;
c. Demonstrate a commitment to support risk management and safety programs to control or prevent claims;
c. Assume the self insured retentions set by the Trindel Board;
d. If not moving from a fully insured program the applicant must submit claims data to Trindel in a format that can be imported in Trindel's claims software.

Rate Setting/Funding Requirements
The Liability, Property, and Workers Compensation programs will be fully funded each year after completion of an independent actuarial study. Rates are established based upon multiple factors, including:
• Payroll exposure
• Loss rates
• Excess rates
• Administrative expense
• A margin for contingency as prescribed in Trindel Insurance Fund's Target Funding Resolution (minimum 90% confidence level and one half of a SIR)

Trindel Insurance Fund's coverage programs are based upon a banking arrangement, members have the ultimate accountability for losses. Premiums are built by use of third party actuary results by program for the group and adjusted by member with experience and exposure factors calculated by the Executive Director.

Dividend/Assessment
The Joint Powers Agreement authorizes the distribution of dividends or collection of assessments based upon the financial position of each fund at the close of the fiscal year. The Board has adopted a Target Funding Resolution that governs the minimum equity balances required before consideration of any dividend or return of funds. Excess funding is calculated and available on an annual basis.

Periodic Review
This Underwriting Policy is hereby established as set forth above, and will be periodically reviewed by the Board at least once every three years. *Under this review the board or committee will consider*

a. Is the process adequately measuring the risks?
b. Is the process adequately allocating costs?