

TRI-COUNTY SCHOOLS INSURANCE GROUP

Administrative Procedure

Authorized Withdrawal Assessment Formula

1. Purpose

To establish the formula as provided for in the Joint Powers Agreement and Bylaws for calculating the additional assessment due from any Member or employee group upon the Member's or group's withdrawal from any benefit program. A separate calculation shall be made for each benefit program, i.e. medical, dental, vision.

2. Formula

A. Program audited deficit at the end of the fiscal year in which a Member or employee group withdraws, multiplied by the percentage which the withdrawing Member's or employee group's contribution for the fiscal year in which the Member withdraws, comprises of the total contributions of all Members of the program for the same period of time. The number thus obtained will be the program deficit assessment, which the withdrawing Member or employee group will be required to pay Tri-County Schools Insurance Group (TCSIG).

B. The Member or employee group shall remain obligated for any and all of the Member's or group's actual run-out claims which exceed the Member or group's proportionate share of the incurred but not reported (IBNR) reserve. The Member or group's proportionate share of IBNR shall be the percentage which the withdrawing Member's or employee group's contribution for the fiscal year in which the Member or group withdraws comprises, of the total contributions of all the Members of the program for the same period of time, multiplied by the audited IBNR balance at the end of the fiscal year in which the Member withdrew.

C. The withdrawing Member or employee group will be assessed a program stabilization reserve of 2.5% of the Member's or group's total claims paid during the fiscal year in which the Member or group withdraws regardless of whether there is a program deficit or not. (Percentage as determined by TCSIG's actuary, based on total Membership and claims data.)

3. Payment

Within sixty (60) days from the date of withdrawal TCSIG will estimate the withdrawal fees and will invoice the Member. Payment is due upon receipt of the invoice and shall be considered past due on the eleventh (11) day of the month following the month in which the invoice was issued, at which point interest shall begin to accrue at the rate of twelve percent (12%) per annum. Final calculation for the medical, dental, and vision programs will be made at the end of the fiscal year

following the date of withdrawal, and any amount of the withdrawal fees due the Member will be refunded or any additional amount owed to TCSIG will be invoiced within thirty (30) days following the completion of TCSIG's independent audit for that fiscal year.

Definitions

Authorized Withdrawal occurs when a Member or employee group terminates participation in TCSIG program (s) in accordance with the Joint Powers Agreement, Bylaws, TCSIG's policies, plan provisions or any other agreement between TCSIG and the Member.

Member (s) means a Public Agency with the State of California which is a signatory to the Agreement and, accordingly, belongs to TCSIG.

Employee Group is any group defined under existing applicable collective bargaining law. The board of trustees, superintendent, management employees and retirees are considered individual Employee Groups even when an agency has no organized bargaining groups.

Fiscal Year means the period of time commencing on July 1 of each year and ending on June 30 of the following year.

Program Deficit is the Program's Audited Retained Earnings balance at the end of the fiscal year.

Contribution means money paid or owing by the Member to TCSIG.

Program means protection and /or services for any major risk or peril, as determined by the TCSIG Executive Committee.

Audited refers to information obtained from TCSIG's financial statements which have been audited by TCSIG's independent auditors.

Run-out Claims are claims incurred prior to but paid after the effective date of withdrawal.

Program Stabilization Reserve is the margin to account for the fluctuation of claims, the increased risk incurred by the remaining Members as a result of a Member's withdrawal and ongoing administrative costs.

TRI-COUNTY SCHOOLS INSURANCE GROUP

Administrative Procedure

Unauthorized Withdrawal Assessment Formula

1. Purpose

To establish the formula as provided for in the Joint Powers Agreement and Bylaws for calculating the additional assessment due from any Member or employee group upon the Member's or group's withdrawal from any benefit program. A separate calculation shall be made for each benefit program, i.e. medical, dental, vision.

2. Formula

A. Program audited deficit at the end of the fiscal year in which a Member or employee group withdraws, multiplied by the percentage which the withdrawing Member's or employee group's contribution for the fiscal year in which the Member withdraws, comprises of the total contributions of all Members of the program for the same period of time. The number thus obtained will be the program deficit assessment, which the withdrawing Member or employee group will be required to pay Tri-County Schools Insurance Group (TCSIG).

B. The Member or employee group shall remain obligated for any and all of the Member's or group's actual run-out claims which exceed the Member's or group's proportionate share of the incurred but not reported (IBNR) reserve. The Member or group's proportionate share of IBNR shall be the percentage which the withdrawing Member's or employee group's contribution for the fiscal year in which the Member or group withdraws comprises, of the total contributions of all the Members of the program for the same period of time, multiplied by the audited IBNR balance at the end of the fiscal year in which the Member withdrew.

C. The withdrawing Member or employee group will be assessed a program stabilization reserve of 2.5% of the Member's or group's total claims paid during the fiscal year in which the Member or group withdraws regardless of whether there is a program deficit or not. (Percentage as determined by TCSIG's actuary, based on total Membership and claims data.)

D. The withdrawing Member or employee group withdrawing from membership in a program shall be responsible for all contributions for the term of the Member's or group's commitment as though the Member or group had continued to participate in the program. The census for calculation of the contributions will be the average enrollment for the last twelve (12) months in which the Member or employee group participated in the program.

3. Payment

Within sixty (60) days from the date of withdrawal TCSIG will estimate the withdrawal fees and will invoice the Member. Payment is due upon receipt of the invoice and shall be considered past due on the eleventh (11) day of the month following the month in which the invoice was issued, at which point interest shall begin to accrue at the rate of twelve percent (12%) per annum. Final calculation for the medical, dental, and vision programs will be made at the end of the fiscal year following the date of withdrawal, and any amount of the withdrawal fees due the Member will be refunded or any additional amount owed to TCSIG will be invoiced within thirty (30) days following the completion of TCSIG's independent audit for that fiscal year.

Definitions

Authorized Withdrawal occurs when a Member or employee group terminates participation in TCSIG program (s) in accordance with the Joint Powers Agreement, Bylaws, TCSIG's policies, plan provisions or any other agreement between TCSIG and the Member.

Member (s) means a Public Agency with the State of California which is a signatory to the Agreement and, accordingly, belongs to TCSIG.

Employee Group is any group defined under existing applicable collective bargaining law. The board of trustees, superintendent, management employees and retirees are considered individual Employee Groups even when an agency has no organized bargaining groups.

Fiscal Year means the period of time commencing on July 1 of each year and ending on June 30 of the following year.

Program Deficit is the Program's Audited Retained Earnings balance at the end of the fiscal year.

Contribution means money paid or owing by the Member to TCSIG.

Program means protection and /or services for any major risk or peril, as determined by the TCSIG Executive Committee.

Audited refers to information obtained from TCSIG's financial statements which have been audited by TCSIG's independent auditors.

Run-out Claims are claims incurred prior to but paid after the effective date of withdrawal.

Program Stabilization Reserve is the margin to account for the fluctuation of claims, the increased risk incurred by the remaining Members as a result of a Member's withdrawal and ongoing administrative costs.

TRI-COUNTY SCHOOLS INSURANCE GROUP

Administrative Procedure

Withdrawal Assessment Formula

Property/Casualty Program

1. Purpose

To establish the formula as provided for in the Joint Powers Agreement and Bylaws for calculating the additional assessment due from any Member or employee group upon the Member's or group's withdrawal from the Property/Casualty Program.

2. Formula

A. Program audited deficit at the end of the fiscal year in which a Member withdraws, multiplied by the Member's pro-rata share thereof, which shall be determined by dividing the total contributions paid by the Member from and after July 1, 1994, by the total contributions paid by all Members and former Members from and after July 1, 1994, to the date on which the Member withdrew. The number thus obtained will be the program deficit assessment which the withdrawing Member will be required to pay Tri-County Schools Insurance Group (TCSIG).

B. The Member shall remain obligated for the self-insured retention amount of any and all claims which exceed their proportionate share if incurred but not reported (IBNR) reserve. The Member's proportionate share of IBNR shall be the Member's pro-rata share, which shall be determined by dividing the total contributions paid by the Member from and after July 1, 1994 by the total contributions paid by all Members and former Members from and after July 1, 1994, to the date on which the Member withdrew, multiplied by the audited IBNR balance at the end of the fiscal year in which the Member withdrew. The Member will remain obligated until all the claims for each fiscal year in which it participated are settled.

C. The withdrawing Member or employee group will be assessed a program stabilization reserve of 2.5% of the Member's or group's total claims paid during the fiscal year in which the Member or group withdraws regardless of whether there is a program deficit or not. (Percentage as determined by TCSIG's actuary, based on total Membership and claims data.)

3. Payment

Within thirty (30) days after completion of TCSIG's independent audit TCSIG will calculate the fees due and will invoice the withdrawing Member. Item 2B will be reviewed annually, and should there be any amount owing to TCSIG by the Member the amount will be invoiced after the completion of the independent audit for that year. Payment is due upon receipt of the invoice and shall be considered past due on the eleventh (11) day of the month following the month in which the invoice

was issued, at which point interest shall begin to accrue at the rate of twelve percent (12%) per annum.

Definitions

Member (s) means a Public Agency with the State of California which is a signatory to the Agreement and, accordingly, belongs to TCSIG.

Fiscal Year means the period of time commencing on July 1 of each year and ending on June 30 of the following year.

Program Deficit is the Program's Audited Retained Earnings balance at the end of the fiscal year.

Contribution means money paid or owing by the Member to TCSIG.

Program means protection and /or services for any major risk or peril, as determined by the TCSIG Executive Committee.

Audited refers to information obtained from TCSIG's financial statements which have been audited by TCSIG's independent auditors.

Program Stabilization Reserve is the margin to account for the fluctuation of claims, the increased risk incurred by the remaining Members as a result of a Member's withdrawal, and ongoing administrative costs.