



Casualty Market Coverage, Cost Drivers & Primary Coverage Change

for Lake County Board of Supervisors

Presenters
Gina Dean, PRISM CEO



About PRISM

We are a Member-Directed Risk Sharing Pool

- Established in 1979 – Name Change in July 2020 from CSAC EIA
- Joint Powers Authority with primary goal: serve CA public agencies
- Create cost effective/member directed insurance risk pools
- Contain costs & provide in-depth services
- 54 of 58 Counties; 311 California Public Entities (approx. 2k organizations); 11 Non-California Participants (approx. 260 organizations)

2.3B
Premium

67B
Payroll

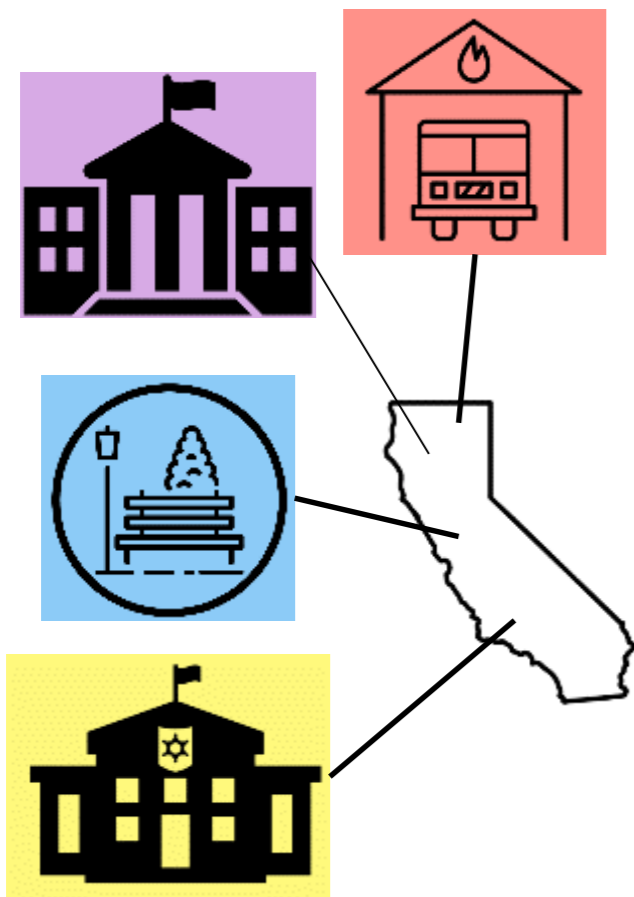
1.56M
Daily
Attendance

94B
Total Insured
Val.

140K
Employee
Lives

Risk Sharing

PRISM is not traditional insurance, it is a member-directed risk sharing pool.



Member contributions are pooled for:

- Payment of claims
- Purchase of reinsurance
- Member services
- Administration
- Investment

Contributions are based on annual budget.

Lake County Participation

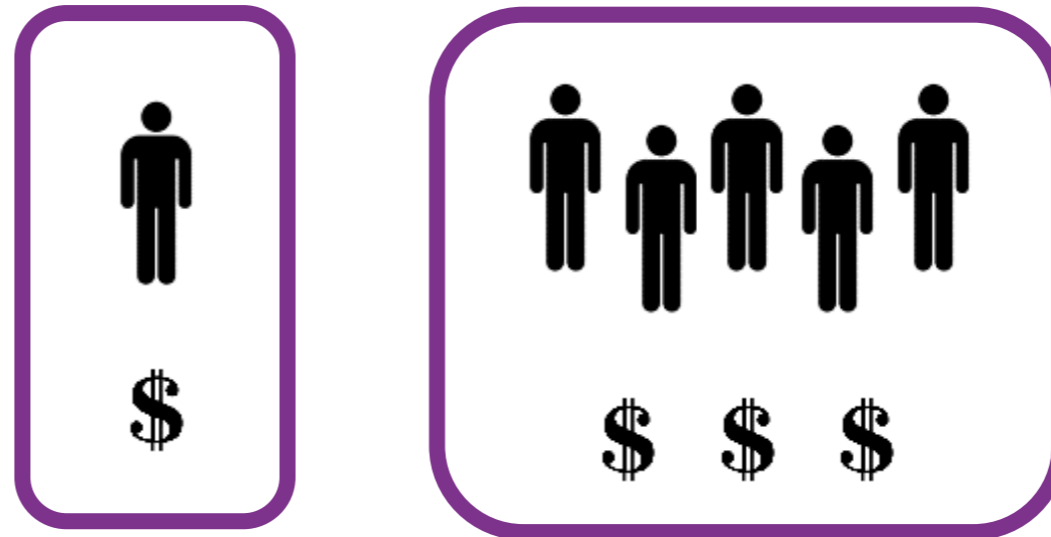
Founding Member in 1979

Program	Participant Since
Workers' Compensation	11/1/1979
Liability	7/1/1980
Property	1/1/1993
Health	1/1/2011

Cost Drivers

Specifics vary by program, but generally:

- Exposure base (property values, payroll, etc.)
- Actuarial estimates of losses for pool layers
- Insurance market
- Investment returns



Lake County's Experience

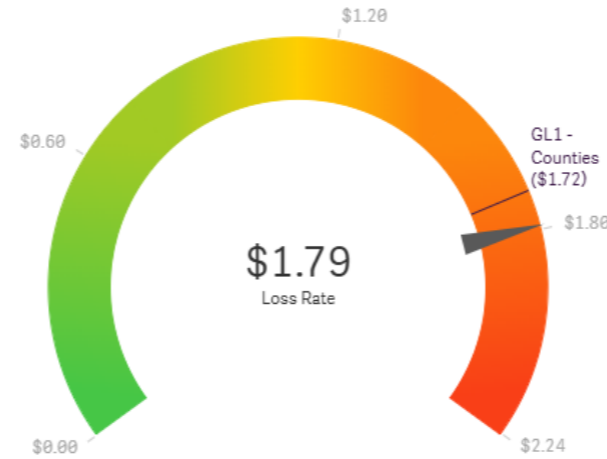
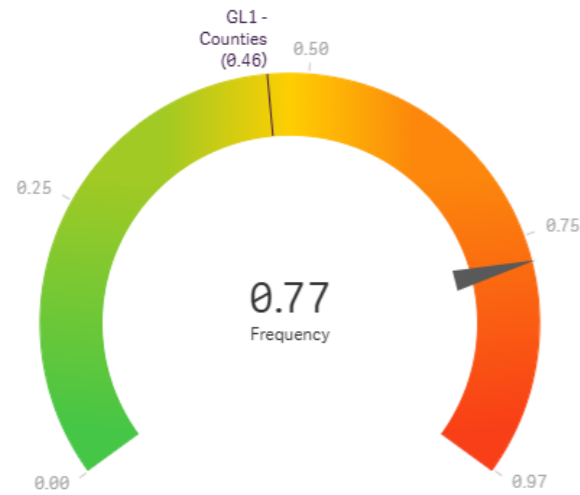
Current and Past 10 Years

GL1 - All Members

GL1 - Counties

Liability - All Members

Liability - Northern California



Frequency = Number of Claims per \$1,000,000 of Payroll

Loss Rate = Losses per \$100 of Payroll

Average Cost per Claim = Total Incurred/Total Number of Claims

	Lake County	Other PRISM Counties
Frequency	.77	.46
Loss Rate	\$1.79	\$1.72
Avg. Cost Per Claim	\$23,125	\$36,981

Why Are Costs Continuing to Increase?

Social Inflation's Interrelated Factors



Increasing Propensity to Sue



Size of Jury Awards



Courts/Juries Favoring Plaintiffs



Growing Distrust of Large Corps.



Litigation Financing

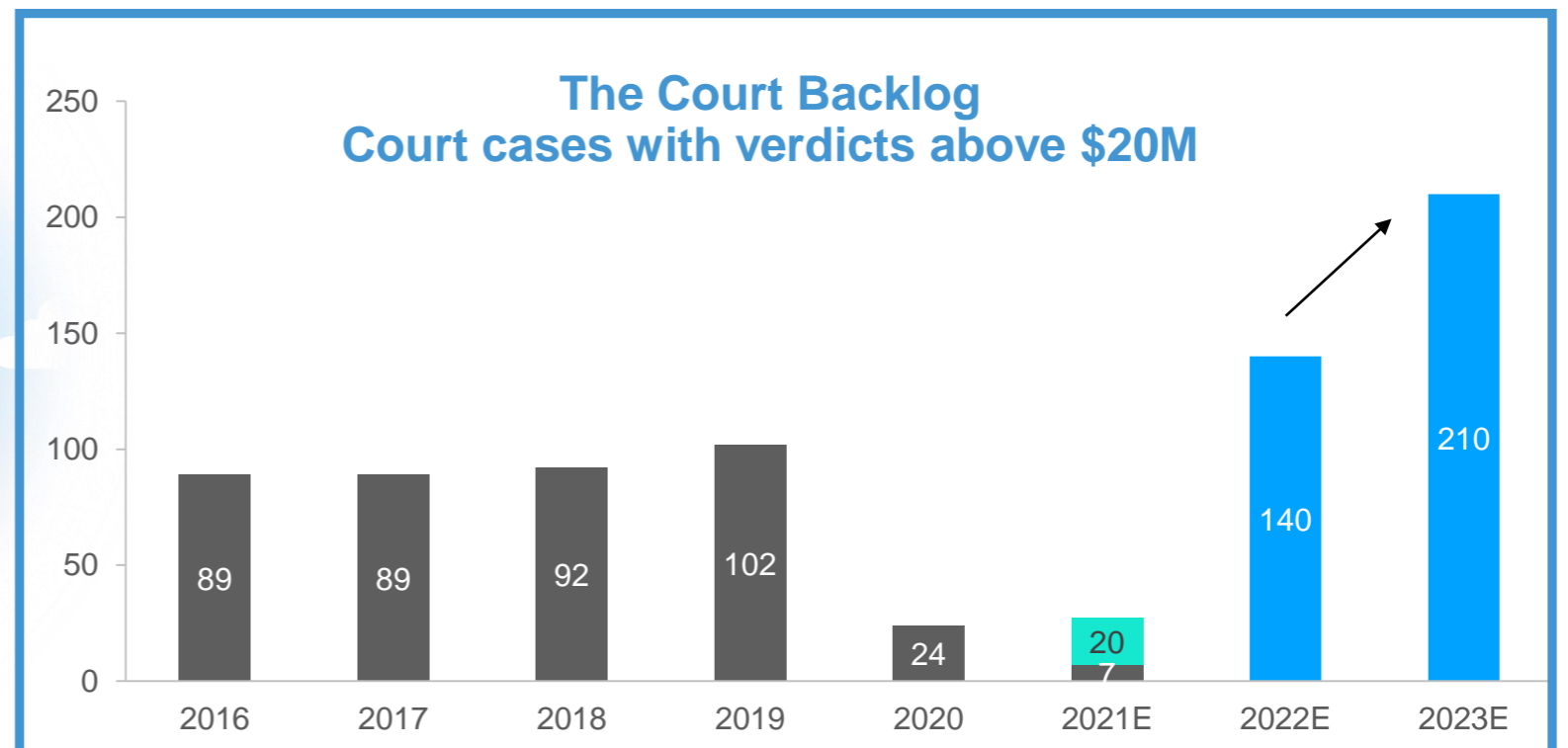


Aggressive Plaintiff Bar Ads



Changes in Regulatory and Legal Environment

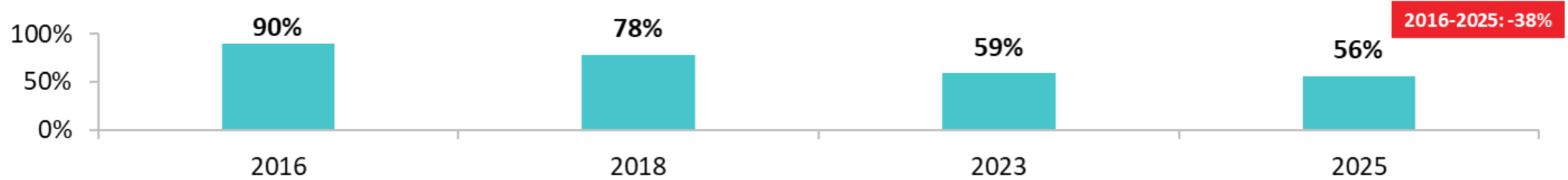
Social Inflation and Nuclear Verdicts



Why Are Costs Continuing to Increase?

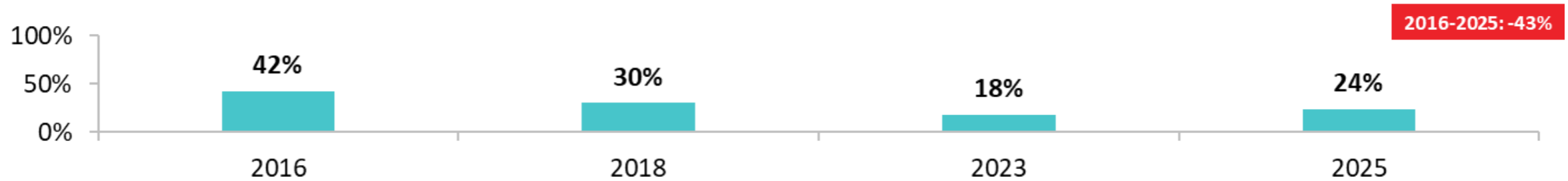
Significantly Fewer People Think that There are Too Many Lawsuits in the US

There are too many lawsuits filed in the US (% agreeing)



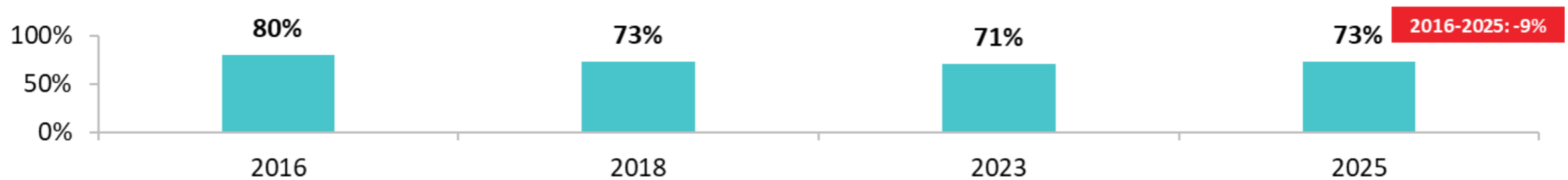
Compared to 2023, More People Think that Damages Awarded are Too High

Damages awarded in lawsuits are too high (% agreeing)

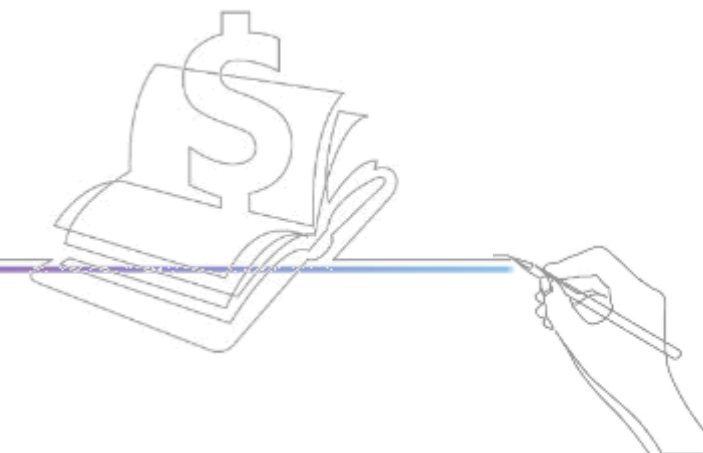


Attitudes Around Punitive Damages are Approximately Stable

Punitive damages against companies are the best way to deter them from wrongdoing (% agreeing)

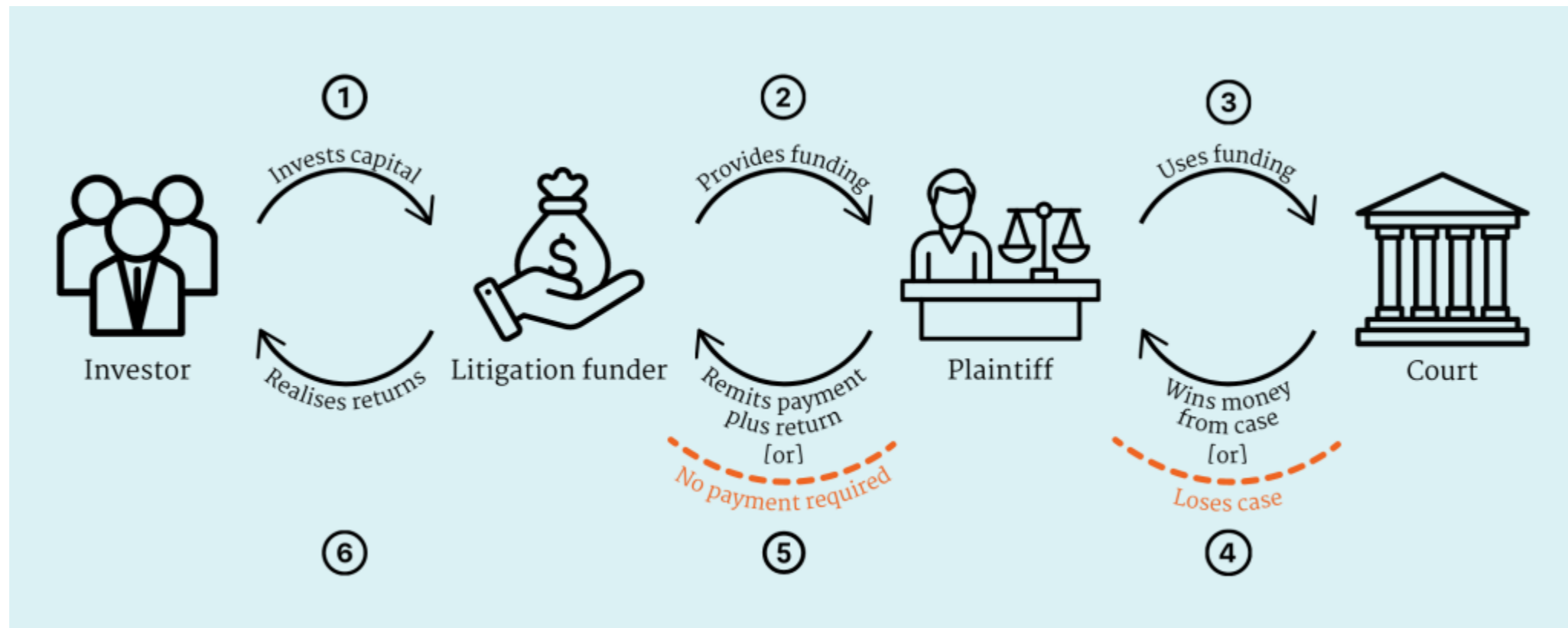


Source: Decision Quest (2016 and 2018 data), Swiss Re (2023 and 2025 data)

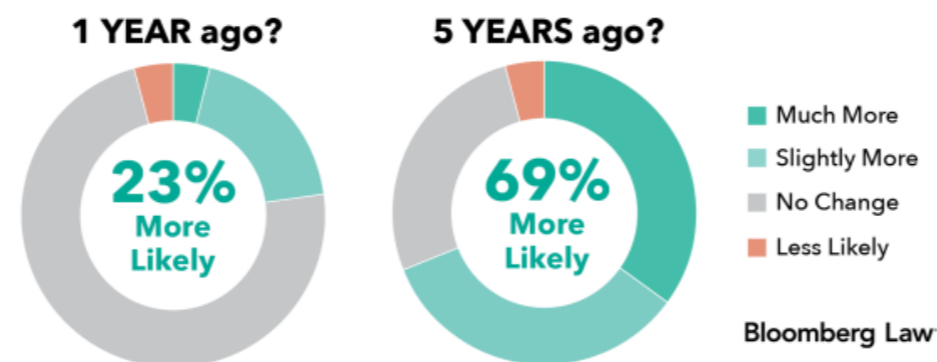


Why Are Costs Continuing to Increase?

Litigation Funding



How likely is your firm to seek litigation funding compared to...



Source: Bloomberg Law Litigation Finance Survey 2021

Why Are Costs Continuing to Increase?

Jurisdiction



**\$2,458 Per Person, Per Year
Statewide in CA!**

ECONOMIC IMPACTS
of excessive tort costs

#1 LOS ANGELES

TORT TAX **\$3,658**
Per Person, Per Year
in Los Angeles

\$2,458 **4th Highest in the Nation**
Per Person, Per Year
Statewide in California

Excessive tort costs result in an annual "tort tax" paid by each resident.

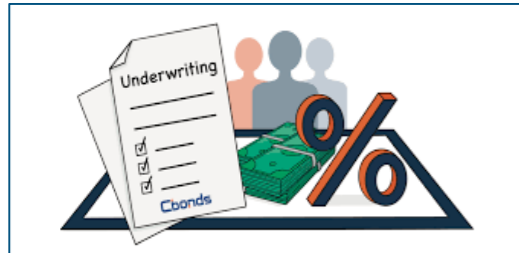
407,584 JOBS LOST
annually when dynamic effects are considered

\$30 BILLION LOST IN PERSONAL INCOME
Excessive litigation costs don't just affect perceived deep-pocketed defendants.

Lawsuit abuse affects all of us.

Source: The Perryman Group "Economic Benefits of Tort Reform: An Assessment of Excessive US Tort Costs and Potential Economic Benefits of Reform (November, 2024)"

What is PRISM Doing About it?



Underwriting

- Development of efficient program structures
- Equitable allocations
- Assists with member retention analysis



Claims

- Assists in setting accurate reserves
- Recommends experts and other experts
- Assist in strategy and advise on settlement negotiations



Data & Analytics

- On staff actuarial and data analytics expertise, and a Data Scientist
- Predict future costs and establish appropriate funding
- Identify trends, emerging risks and opportunities for loss control



Loss Control/Member Services

- Tailored trainings and other services to address identified loss trends
- Identify and manage contracts with 3rd party resources for the members
- Manage the Enterprise Risk Consultant program available to the members

What is PRISM Doing About it?



Legislative Efforts

- Legislative Committee works with PRISM's lobbyist to support/oppose bills
- PRISM works with other JPAs to gather/analyze data to support legislation
- Support specific claims through Amicus briefs



Long Term Carrier Relationships

- PRISM and Alliant work throughout the year to maintain good carrier relationships
- Many have lasted over 25 years
- Incredibly valuable during difficult market conditions or complex claims situations



Captive Insurance Company

- PRISM developed a Captive Insurance Company
- PRISM Affiliated Risk Captive
- Allows for better investment returns thereby reducing the cost to the members

PRISM	Portfolio	ARC
4.73%	Liquidity	4.74%
6.39%	Core	6.99%
N/A	Equity	12.39%
5.73%	Consolidated	7.70%

Consolidated Earnings: 7.03%



What Can the County Continue Doing?

1. Take advantage of risk prevention and cost control programs offered through PRISM
2. Stay current on maintenance, inspections and training
3. Consider assuming more risk
4. Vigorously defend claims that are defensible
5. Ensure you can provide high-quality data
6. Support legislative change that is beneficial to defendants
7. Consider purchasing additional coverage limits
8. Help educate the public that the costs of nuclear verdicts are not borne by the insurance industry, but rather by public entities and ultimately the taxpayers



Lake County Options to Transition Primary Liability Coverage

Gina Dean, PRISM Chief Executive Officer

Scott Schimke, Golden State Risk Management Authority Executive Director



Why Transition is Needed

- PRISM formed a primary liability coverage option in 1998
 - The Primary General Liability Program grew slowly, and eventually larger members returned to a self-insured retention
 - To reduce administrative burden to continuing members, the Primary General Liability Program was merged into the General Liability 1 Program in 2018
 - Since then, additional members have returned to an SIR and the reduced volume and administrative load is no longer viable
 - Board determined to eliminate the primary liability option effective 6/30/26
 - Staff has been tasked with assisting the members with a transition
-

Alternatives

Join GSRMA

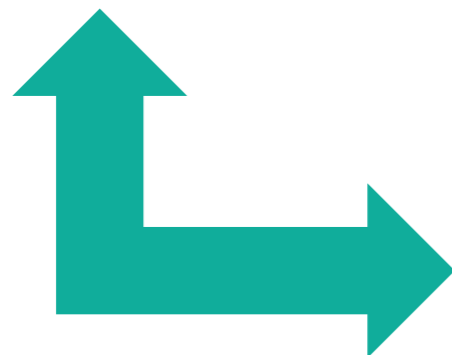
- Same coverage
- Potential for additional limits
- Eliminate \$10k deductible
- Claims handled by GSRMA staff

Assume Self Insured Retention

- Hire/contract claims administrator
- Fund for self-insured claim costs
- Requires more staff time & resources

Insurance Marketplace

- Least viable option = cost and coverage
- Not many options available



PRISM & Staff Recommend joining GSRMA

About GSRMA



We are a Member-Directed Risk Sharing Pool

- Est. in 1979 - Name Change in July 2000 from Glenn County JPA
 - Primary goal: Help CA public agencies Thrive
 - Sound, stable, well-funded
 - 351 members consisting of small to medium size public entities, including **Glenn County** and possibly **Siskiyou County**
 - GL Program funded above 90% confidence level
 - Continuously Accredited with Excellence by Calif. Association of Joint Powers Authority (CAJPA) since 1992
 - Stable rates with history of dividends and no assessments.
-

About GSRMA

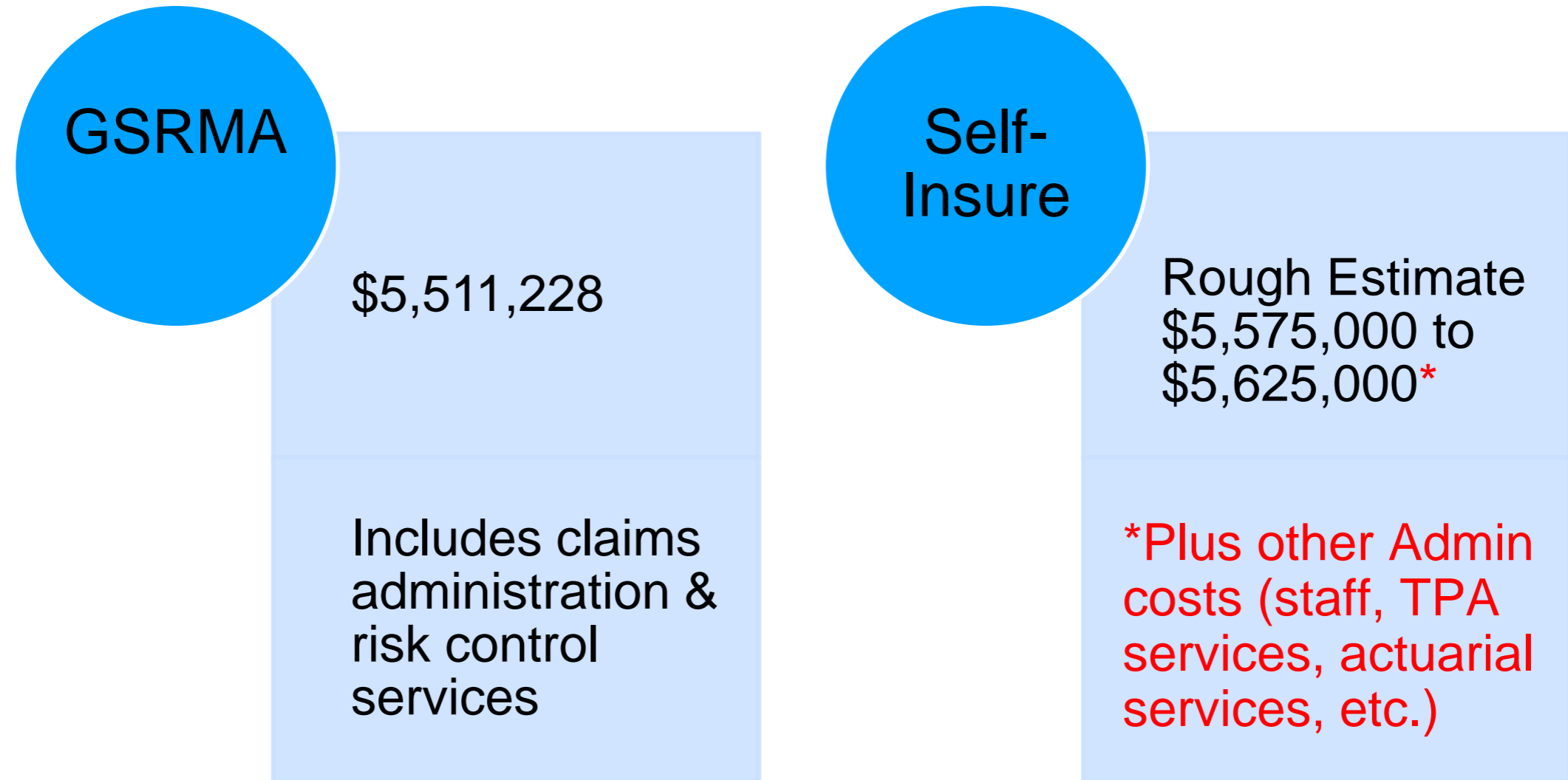


We are a Member-Directed Risk Sharing Pool

- Members receive personalized attention
 - Claims are managed by in-house professional claims staff
 - Proactive risk management services
 - RMAP, LPSF, beneficial funding options
- All the PRISM services will continue to be available, plus many more directly from GSRMA



2026/27 Costs



Process to Join GSRMA

- Lake County Board of Supervisors to approve joining GSRMA
- Direct Staff to execute required documents including Joint Powers Agreement
- Before end of June

