

# **UTAH COUNTIES INDEMNITY POOL UNDERWRITING POLICY**

## **SECTION A EFFECTIVE DATE AND FREQUENCY OF REVIEW**

1. The effective date of this policy is June 21, 2019.
2. This policy should be reviewed annually, but not less than every three years by the Board of Directors.
3. This policy should also be reviewed at any time that changes to laws or rules governing Liability Reserve Funds are amended or recommendations are made by the UCIP CEO, which would require review and update to this policy.
4. Failure to review this policy in the frequency stated shall not nullify, void, limit or waive this policy or any action taken under this policy.
5. This policy is considered to be amended at the time any new federal or state law becomes effective which conflicts with this policy, but only to the extent necessary to come into compliance with new law.

## **SECTION B PURPOSE**

1. The purpose of this policy is to establish the Board's policy regarding eligibility of membership, assessing risk associated with the operations of current and prospective Members, the methods used to determine Member contributions to the Pool and provide stability of Member costs.

## **SECTION C AUTHORITY**

1. The Board has authority to adopt this policy under the UCIP Interlocal Agreement.

## **SECTION D APPLICABILITY AND SCOPE**

1. This policy is applicable to activities of staff related to determining membership eligibility, assessment of risk of current and potential Members and calculation of Member contributions to the Pool.

## **SECTION E DEFINITIONS**

1. Board: the Board of Directors of the Utah Counties Indemnity Pool.
2. CEO: the Chief Executive Officer of the Utah Counties Indemnity Pool.
3. Pool: the Utah Counties Indemnity Pool.

4. UCIP: the Utah Counties Indemnity Pool.

## **SECTION F POLICY STATEMENTS**

1. Membership in the Pool is limited to Utah counties and county related entities that properly enter into the Interlocal Cooperation Agreement. The Interlocal Cooperation Agreement provides the Board discretion to approve or deny membership in the Pool.
2. The Board has a fiduciary responsibility to assure adequate contributions are charged based on the risk a Member or prospective Member presents to the Pool to protect the financial wellbeing of UCIP.
3. The Board recognizes the homogeneity of its membership and believes that the underwriting process should be as simplified as possible to address the need for adequate underwriting of Members and prospective Members, while limiting the amount of time and effort required of Members in providing UCIP with underwriting data.
4. To maintain stability of costs of contributions of individual Members, individual Member experience will not be utilized in determining contributions to the Pool. Individual Member experience is considered as part of the UCIP Dividend Policy.
5. The Board believes the cost of Pool Membership should be equitable, therefore all Members will be charged the same rate for similar exposures. No crediting or debiting of rates or contributions is allowed unless special circumstances require such action, which must be approved by action of the Board. This policy statement does not prohibit the development of different rates for Members with specific operations to account for varying risks Members present to the Pool.

## **SECTION G PROCEDURES AND RESPONSIBILITIES**

1. Staff shall develop, maintain and follow the procedures of an Underwriting Manual to assure adherence to this Policy.
2. The Board shall no later than August 31 of each year adopt rates for the prospective Pool fiscal year based on an actuarial rate study and the recommendation of staff.
3. Staff shall utilize the rates approved by the Board each year and apply the guidelines of the Underwriting Manual to calculate contribution estimates for each Member for the prospective Pool fiscal year, and provide such estimates to the Members no later than September 30 of each year. Staff shall provide the Board with final Member contribution calculations based on approved rates, Underwriting Manual guidelines and updated Member exposure information no later than December 31 of each year for the Board's final approval of Member contributions in compliance with the UCIP Interlocal Agreement.

## **SECTION H REVISION HISTORY**

1. Adopted: June 21, 2019
2. Revised: June 18, 2020
3. Revised: June 20, 2024

## **SECTION I APPENDICES**

1. UCIP Underwriting Manual