

## **UNDERWRITING GUIDELINES**

The Board of Trustees hereby delegates to the Group Administrator the responsibility to process applications of any proposed Group Member to join the Group. Membership is subject to approval by the Board of Trustees, and thereafter the application and granting of an Affiliate Certificate of Consent to Self-Insure to the Group Member by the Manager of the Department of Industrial Relations, Office of Self-Insurance Plans (DIR OSIP). Proposed Group Members will satisfy the following guidelines:

### **A. ADMINISTRATIVE GUIDELINES**

1. Proposed Group Members shall be employers organized and operated exclusively for one or more of the purposes set forth in the IRC Section 501(c)(3).
2. Proposed Group Members shall be private sector employers in the state of California having a primary three (3) digit North American Industry Classification Code of 624. This industry is defined, in terms of their activities, as providing social assistance services directly to their clients and providing special needs transportation to the infirm, elderly, or handicapped.

### **B. FINANCIAL GUIDELINES**

1. Proposed Group Members shall submit currently valued (within 90 days) incurred industry standard loss runs for the most recent five (5) years to the Group Administrator.
2. Proposed Group Members shall submit with their application three (3) years of financial statements; with the most recent full year being reviewed or certified and independently audited financial statements complete with all schedules and notes, and the two (2) most prior years being either audited or unedited year end financial statements.
3. Proposed Group Members shall submit a copy of their most recent un-audited quarterly financial statement (balance sheet and income statement), dated not less than (3) months from the date of the application.
4. Proposed Group Members must not have a negative average net worth for the three (3) year period preceding proposed participation in the Group.
5. Proposed Group Members shall have a minimum annual contribution of twenty-five thousand dollars and zero cents (\$25,000).



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### **C. SAFETY AND LOSS CONTROL GUIDELINES**

1. Proposed Group Members shall have a current workers' compensation insurance loss experience modification factor equal to or below 1.25. However, subject to the Board of Trustees' approval, a proposed member with a higher experience modification factor may be accepted provided the proposed member submits a written plan, acceptable to the Board of Trustees and the Manager of the DIR OSIP, describing the risk control activities directed at reducing the proposed Group Member's loss experience frequency and severity over the upcoming three (3) years.
2. Proposed Group Members shall meet the approval of the Group's excess insurance carrier if requested as a condition to risk acceptance.
3. Proposed Group Members shall agree to a safety inspection under the direction, supervision, and control of the Group Administrator within six (6) months of receiving approval from the Manager of the DIR OSIP.
4. Proposed Group Members may be rejected by the Board of Trustees based on unusual exposures outside of the usual workers' compensation insurance risk classification codes normally associated with social services and special needs transportation.

### **D. REGULATORY AND BOARD REVIEW**

1. The approval by the Board of Trustees of the application of any proposed Group Member to join the Group is subject to subsequent application and approval of the Group Member by the Manager of the DIR OSIP by granting an Affiliate Certificate of Consent to Self-Insure as a member of the Group.
2. At periodic meetings of the Board of Trustees, the Group Administrator shall submit to the Board of Trustees a current listing of all Group Members that have been approved by the Board of Trustees and by the Manager of the DIR OSIP.

These Underwriting Guidelines adopted by the Board of Trustees, and any subsequent changes thereto, are subject to the approval of the Manager of the DIR OSIP.