

GOLDEN STATE RISK MANAGEMENT AUTHORITY

Capital Target Policy

Approved
7/12/2000

It shall be the policy of Golden State Risk Management Authority to annually reserve the General Liability and Workers' Compensation Programs at the 85% confidence level as determined by the annual actuarial report, which funding shall include claims costs at the ultimate net loss amount as defined, discounted to reflect projected interest income. In addition, in order to protect the assets of the pool and to assure that the members receive the desired rate stability, the program shall, at all times, keep in a Capital Target Reserve Fund an additional two million dollars (\$2,000,000). Funds in excess of the amounts needed to fund prior years, the current year and the Capital Target Reserve Fund, as reported in the annual Actuarial Report, shall be eligible to be returned to the members in accordance with an adopted dividend plan.

DEFINITIONS:

Ultimate Net Loss = estimated cost of incurred claims plus allocated and unallocated loss adjustment expenses at full value.

President,
Golden State Risk Management Authority

Dated

