ARC

PRISM Affiliate Risk Captive

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2024 AND 2023

PRISM Affiliate Risk Captive

June 30, 2024 and 2023

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ARC
Affiliate Risk Captive

December 13, 2024

Members, Board of Directors
PRISM Affiliate Risk Captive

Ladies and Gentlemen:

PRISM Affiliate Risk Captive (ARC or the Captive), is a captive insurance company regulated by the Utah Insurance Department. The Captive is reported as a blended component unit of Public Risk Innovation, Solutions, and Management (PRISM), which is a California governmental Joint Powers Authority.

On June 30, 2024, the Captive celebrated the completion of its eighth year of operations. For the most part, the Captive took on the risk transferred from PRISM within fixed corridors (where the amount of coverage is a known dollar amount and there is no actuarial risk) in the workers' compensation, liability, medical malpractice, and property programs. In total, the Captive covered risks of $1.35B across all participating programs as of June 30, 2024. In 2018/19, PRISM transferred risk associated with a Loss Portfolio Transfer (LPT) from its General Liability 1 Program to ARC. The liability for this LPT is not limited to a specified corridor, and funding from PRISM to the Captive is reevaluated annually with respect to this risk. For the fiscal year ended June 30, 2024, ARC collected an additional $92.8M to fund the LPT risk while the corresponding increase in undiscounted ultimate losses were estimated at $133.4M. Accordingly, the LPT activity accounted for the majority of the $39M in operating loss for the year ended June 30, 2024.

The initial purpose for forming the Captive was to provide a better rate of return on investments by matching the long-term liabilities of PRISM with a more diversified portfolio of investments than what is afforded in the California regulatory framework. This had proved beneficial in the majority of the years of the Captive's operations. However, for the year ended June 30, 2022 the Captive recognized investment losses of $48.6M; $56.9M of which reflected unrealized losses on fair market value of investments on its equity and fixed income holdings. This was the result of volatility in the equities market coupled with rising interest rates in the bond market. These losses coincided with adverse claims development in prior program years and resulted in a large drop to the Captive's net position. In response, PRISM made an additional capital contribution of $3.5M to ARC at June 30, 2022. Financial markets and interest rates have since stabilized. Investment returns were positive in the two most recent fiscal years with $46.5M in recognized investment income, including $20.4M of unrealized gains for the fiscal year ending June 30, 2024 and $16M in recognized investment income, including $2.5M of unrealized losses on fair market value of investments for the fiscal year ending June 30, 2023. During 2023/24, ARC returned the additional capital contribution of $3.5M to PRISM.

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In October 2018, expansion of operations beyond California was authorized. National expansion will enable PRISM to spread and diversify risk, add volume, and leverage reinsurance markets. Actual implementation has been on a program-by-program basis. In all, ARC has welcomed nine participants from outside of California: Pima County, Arizona; Cook County, Illinois; City of Glendale, Arizona; City of Portland, Oregon; City of Waukegan, Illinois; Arizona School Risk Retention Trust; Oklahoma School Insurance Group; and Housing Authorities Risk Retention Program, and Water & Sewer Risk Management Pool, both based out of Washington state.

Based upon our comprehensive framework of internal control, we believe our report is accurate in all material respects, that it fairly sets forth the financial position and results of operations of the Captive, and that all necessary disclosures for understanding the report have been included. Because the cost of control should not exceed the benefits to be derived, our objective is to provide reasonable, rather than absolute assurance, that our financial statements are free of any material misstatements.

Gilbert CPAs, Certified Public Accountants, has issued an unmodified opinion that the Captive's financial statements, for the fiscal years ended June 30, 2024 and 2023, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented in this document.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The preparation of this report would not have been possible without the best efforts of PRISM's Finance and Administrative Departments, and we thank them for their contribution. We commend the Captive's Board of Directors for their support in maintaining the highest standards of professionalism in the management of the Captive's finances and operations.

Respectfully Submitted,

Gina Dean

Gina Dean
President

Puneet Behl

Puneet Behl, CPA
Chief Financial Officer

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GILBERT
Relax. We got this.SM

INDEPENDENT AUDITOR'S REPORT

Board of Directors
PRISM Affiliate Risk Captive
Salt Lake City, Utah

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of PRISM Affiliate Risk Captive (the Captive) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Captive's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Captive as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Captive and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Captive's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

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standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Captive's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Captive's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, reconciliation of unpaid claims liabilities, schedule of earned premiums and claims development on pages 8-16, 36-37 and 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors and Members
PRISM Affiliate Risk Captive
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Other Information

Management is responsible for the other information included in the annual report. The other information comprises the letter of transmittal but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the Captive's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Captive's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Captive's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

December 9, 2024

PRISM AFFILIATE RISK CAPTIVE
MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis provides an overview of the financial position of the PRISM Affiliate Risk Captive (ARC or the Captive, formerly Excess Insurance Organization, Inc.) and its activities for the fiscal years ended June 30, 2024 and 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Captive, a component unit of Public Risk Innovation, Solutions, and Management (PRISM), provides insurance coverages to PRISM. As part of PRISM, the assets, liabilities, revenues, expenses, and changes in net position of the Captive are included in the consolidated financial statements of PRISM. The Captive is a not-for-profit corporation formed under the State of Utah Revised Nonprofit Corporation Act, and is governed by its Board of Directors and regulated by the State of Utah Insurance Department.

Overview of the Financial Statements

The financial statements report information about the Captive as a whole, in accordance with U.S. Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, which have also been used in the preparation of the Annual Statement filed with the State of Utah Insurance Department. Financial statements include the Statement of Net Position, which provides information about the Captive's financial condition at June 30, 2024 and 2023; the Statement of Revenues, Expenses, and Changes in Net Position, which presents information regarding the results of operations and changes in net position for the years ended June 30, 2024 and 2023; the Statement of Cash Flows, which displays information pertaining to cash receipts and disbursements for the years ended June 30, 2024 and 2023; and the notes to the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements, and can be found beginning on page 17 of this report.

Insurance Activity

Effective July 1, 2016, the Captive reinsures portions of various PRISM programs. For the most part, the Captive underwrites aggregated risk corridors of PRISM for certain layers within its property and casualty programs including excess workers' compensation, general liability, medical malpractice and property programs. In fiscal year 2016/17, a loss portfolio was also transferred and covered by the Captive for PRISM's older claims in the Excess Workers' Compensation Program. In the 2019/20 and 2020/21 fiscal years, PRISM's Property Program transferred $10M of aggregated earthquake risk to the Captive, which was not fully funded; however, the expected loss for that risk was zero based on the very high attachment point (excess of $340M). Discounted liabilities of $283M are from the risk transfer resulting from PRISM's Loss Portfolio Transfer deal with MultiStrat Re and are included in these financial statements at June 30, 2024.

Following is the breakdown of undiscounted ultimate losses (excluding the development in GL1 MS Re corridor which is accounted for as one corridor in fiscal year 2018/19) of the Captive for the 2023/24, 2022/23, and 2021/22 program years:

	Ultimate Losses		
Programs	**2023/24**	**2022/23**	**2021/22**
Primary Workers' Compensation Program	$ 15,514,187	$ 15,297,035	$ 15,554,869
Excess Workers' Compensation Program	80,090,130	74,994,266	68,388,863
General Liability 1 Program	12,756,917	6,018,787	1,016,952
General Liability 2 Program	15,000,000	15,000,000	-
Medical Malpractice Program	2,000,000	2,000,000	1,495,891
PRISM Internal Guarantee Account	414,806	-	-
Property Program	-	-	37,200,000
Total	**$ 125,776,040**	**$ 113,310,088**	**$ 123,656,575**

Expanded/Amended Business Plan

From time-to-time, a regulatory approval may be sought for amendments to the business plan, modification of pool limits, PRISM's carrier changes, or other changes to risk transferred to the Captive. A proposal for Changes in Lines and/or Limits of Coverage is filed with the Utah Insurance Department for every new program year. In 2020/21, the Captive filed for a business plan amendment to provide Controlled Unaffiliated Business (CUB) coverage to other governmental entities outside of California in its Property, Excess Workers' Compensation, General Liability 1, and General Liability 2 Programs. In 2019/20, the Captive filed for approval to take on a corridor risk in PRISM's Medical Malpractice Program from October 1, 2019 to September 30, 2020. In 2018/19, the Captive filed for approval to take on an earthquake quota share risk in PRISM's Property Program. The Captive also filed for approval of an additional corridor in PRISM's General Liability 1 Program resulting from a Loss Portfolio Transfer deal entered into by PRISM with MultiStrat Re in fiscal year 2018/19. All of these were approved by the State of Utah Insurance Department. In 2023/24, PRISM transferred risk for its PRISM Internal Guarantee Account (PIGA) program to ARC. PIGA was initiated to act as a backstop to participating programs in the event of carrier insolvency and is not considered a new line of coverage, just an extension of those already offered.

Beginning July 1, 2023 ARC entered into a fronting agreement with Starstone National Insurance Company wherein Starstone writes coverage to out-of-state GL1 participants to be reinsured by ARC which then cedes the assumed risk to PRISM. ARC continues to write the policy to the sole out-of-state participant in the Property Program directly.

For the 2023/24 program year, ARC offered coverage to seven public entity CUBs: Pima County, Arizona; Cook County, Illinois; City of Portland, Oregon; City of Waukegan, Illinois; Arizona School Risk Retention Trust; and Housing Authorities Risk Retention Program, and Water & Sewer Risk Management Pool, both based out of Washington state.

Condensed Statement of Net Position

The Condensed Statement of Net Position in this MD&A presents the financial position of the Captive at June 30, 2024, 2023, and 2022. The difference between total assets and total liabilities – net position – is one indicator of the current financial condition of the Captive, while the change in net position is an indication of whether the overall financial condition has improved or worsened during the year.

The Captive's assets, liabilities, and net position at June 30, 2024, 2023, and 2022 are summarized as follows:

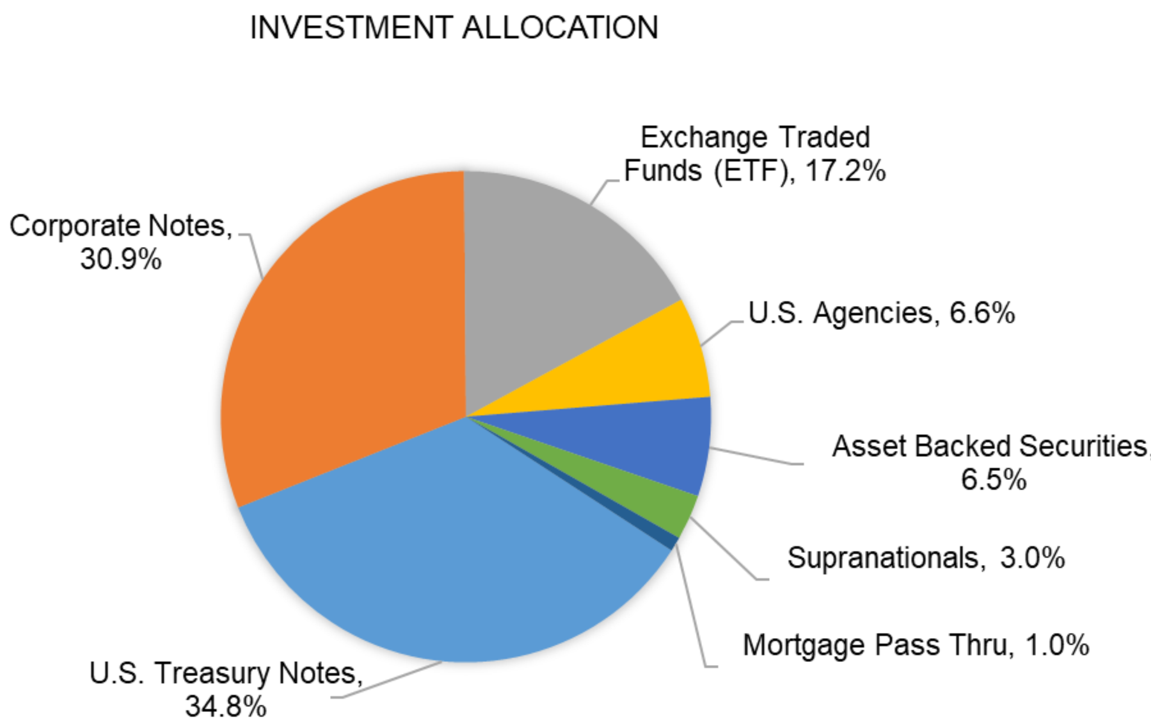
	June 30, 2024	June 30, 2023	June 30, 2022
Cash and Cash Equivalents	$ 1,890,840	$ 14,964,431	$ 5,132,649
Investments	686,021,641	590,658,242	504,526,582
Other Assets	28,876,938	38,494,461	31,100,755
Total Assets	716,789,419	644,117,134	540,759,986
Current Liabilities	175,523,620	169,258,187	221,670,939
Noncurrent Liabilities	462,119,055	398,874,784	318,782,882
Total Liabilities	637,642,675	568,132,971	540,453,821
Capital Stock	5,000,000	8,500,000	8,500,000
Unrestricted Net Position	74,146,744	67,484,163	(8,193,835)
Total Net Position	$ 79,146,744	$ 75,984,163	$ 306,165

Assets: The assets of the Captive totaled $717M at June 30, 2024 as compared to $644M at June 30, 2023, and $541M at June 30, 2022. The majority of assets are in cash or investments and are provided by current year operating activities, which includes the collection of premiums of $221M in fiscal year 2023/24, $219M in fiscal year 2022/23, and $176M in fiscal year 2021/22, much of which could then be invested as claims are paid over a longer period. Current assets typically include investment income receivable, prepaid expenses, and amounts due from carriers. A prefunded deposit fronted by the Captive to PRISM for claim payments in the Property Program totaling $2.5M was returned by PRISM in 2022/23 as the related corridors covered by ARC are exhausted. This prefunded deposit was an element of assets at June 30, 2022. At June 30, 2024, current assets included $20M due from PRISM to ARC for contributions for retained risk. At June 30, 2023, current assets included $35M due from PRISM to ARC for contributions for retained risk.

At June 30, 2024, 2023, and 2022, all cash was held in a bank, a money market account, or investment portfolios managed by Chandler Asset Management (CAM or Chandler), a professional investment management firm. The basic investment objective of the Captive is to foster a prudent and systematic investment program designed to seek ARC objectives through a diversified investment program. The Captive investments are comprised of four portfolios. The Liquidity, Core Fixed, and Equity portfolios, are separated not only to identify the cash flow needs of the Captive, but to also track the maturity and returns on different categories of investments separately. The fourth and newest portfolio is the Starstone Reinsurance Trust. This account was established to meet contractual requirements for ARC's fronting agreement with Starstone. The fronting agreement mandates that a minimum of $10M be held in a reinsurance trust account. Total return strategies are employed to take advantage of disparities in the market to improve quality and yield, while maintaining liquidity.

The Liquidity Portfolio is structured to provide safety of principal, liquidity to meet the PRISM ARC's cash needs, and generate a competitive return/yield. The Core Fixed Income and Equity Portfolios are managed to an asset allocation target in line with the Captive's risk parameters and return objectives.

The Captive's investments at June 30, 2024 are summarized as follows:



Liabilities: The liabilities of the Captive totaled $638M, $568M, and $540M at June 30, 2024, 2023, and 2022, respectively. The liabilities are mainly comprised of reserves for losses and Loss Adjustment Expenses (LAE) incurred from current and prior period operations and the loss portfolios transferred to the Captive in fiscal year 2016/17 and 2018/19. Liabilities include discounted Loss Portfolio Transfer for the General Liability 1 Program estimated at $283M, $223M, and $212M at June 30, 2024, 2023, and 2022, respectively.

Accounts Payable balances include claims paid by PRISM billed back to the Captive, and amounts payable to PRISM for its coverage of Out of State Participants for the latter part of fiscal years 2024, 2023, and 2022, among other items.

The reserves for losses and LAE reported in the financial statements include case-based reserves and supplemental amounts for Incurred But Not Reported (IBNR) losses up to the discounted maximum limit of the corridor. The reserves for losses and LAE are stated on a discounted basis, meaning they reflect an adjustment for net present value. Unallocated Loss Adjustment Expenses (ULAE) costs are not reserved by the Captive as they are paid by PRISM.

Management believes that its aggregate liability for unpaid losses and LAE at period-end represents its best estimate of the amount necessary to cover the ultimate cost of losses, based upon the available data and an actuarial analysis prepared by an actuary.

Reserves for losses, including IBNR and LAE, by line of business at June 30, 2024, 2023, and 2022 are summarized as follows:

Reserves and IBNR As of June 30,						
Programs		**2024**		**2023**		**2022**
Primary Workers' Compensation Program	$	17,126,119	$	19,587,315	$	21,188,925
Excess Workers' Compensation Program		254,784,740		221,962,672		185,974,932
General Liability 1 Program		295,653,064		230,243,044		214,723,154
General Liability 2 Program		60,910,561		70,883,927		69,024,923
Medical Malpractice Program		720,000		4,415,801		3,167,218
PRISM Internal Guarantee Account		414,806		-		-
Property Program		74,320		74,320		3,360,891
Total	**$**	**629,683,610**	**$**	**547,167,079**	**$**	**497,440,043**

Net Position: Net position was in a surplus and totaled $79M at June 30, 2024, $76M at June 30, 2023, and $306k at June 30, 2022. These amounts include $5M of Capital Stock issued by the Captive for the paid in capital contributed by PRISM at June 30, 2024 and $8.5M at June 30, 2023 and 2022.

The Captive’s unrestricted net position was in excess of the $250k minimum, unimpaired paid-in capital, and surplus required by the State of Utah Insurance Department (the Department) for single parent captive insurance companies at June 30, 2024. The Department may require additional capital based on the volume and type of risk to be retained. At inception, the Captive was capitalized with paid-in capital of $5M based on its approved business plan. An additional $3.5M was contributed to ARC by PRISM during the 2021/22 fiscal year and returned during the 2023/24 fiscal year. No dividends were declared or paid during the years ended June 30, 2024, 2023, and 2022.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

The Condensed Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024, 2023, and, 2022 are summarized as follows:

	June 30, 2024	June 30, 2023	June 30, 2022
Operating Revenues:			
Premiums for Transferred Risk			
Admin & Broker Fees	$ 5,639,398	$ 2,729,234	$ 2,174,368
Contributions for Retained Risk	214,854,863	215,829,609	173,482,134
Other Income	8,500	-	-
Total Operating Revenues	220,502,761	218,558,843	175,656,502
Operating Expenses:			
Insurance Expense & Broker Fees	5,639,398	2,729,234	2,101,292
Provisions for Claims	253,679,077	155,219,005	156,007,827
Other Expenses	211,276	195,182	260,983
*Total Operating Expenses	259,529,751	158,143,421	158,370,102
Operating Income (Loss)	(39,026,990)	60,415,422	17,286,400
Nonoperating Revenues (Expenses):			
Investment Income (Loss) & Financing Fees	45,689,571	15,262,576	(49,331,869)
Total Nonoperating Revenues (Expenses)	45,689,571	15,262,576	(49,331,869)
Changes in Net Position	6,662,581	75,677,998	(32,045,469)
Net Position Beginning of Year	67,484,163	(8,193,835)	23,851,634
Additional Paid in Capital	5,000,000	8,500,000	8,500,000
Ending Balance	$ 79,146,744	$ 75,984,163	$ 306,165

*Does not match basic Financial Statement due to presentation of transfers to PRISM

The Captive's operating revenues totaled $221M for the year ended June 30, 2024, compared to $219M for the year ended June 30, 2023, and $176M for the year ended June 30, 2022. Premiums collected for retained risk totaled $215M, $216M, and $173M for the 2023/24, 2022/23 and 2021/22 fiscal years, respectively. Transferred risk for out of state entities generated income of $5.6M, $2.7M and $2.2M in fiscal years 2023/24, 2022/23, and 2021/22, respectively. The lines of coverage included workers' compensation, general liability, and property in all three years. The workers' compensation corridors are subject to a payroll audit adjustment after the end of a program year. Direct written premiums charged to PRISM are set based on fixed corridor risks of PRISM covered by the Captive, conservatively discounted at rates set by PRISM's governing bodies and the Captive's Boards of Directors.

Premiums collected for retained risk by line of business in the fiscal years 2023/24, 2022/23, and 2021/22 are summarized as follows:

	Contributions for Retained Risk		
Programs	**FY 2023/24**	**FY 2022/23**	**FY 2021/22**
Primary Workers' Compensation Program*	$ 15,910,687	$ 14,780,715	$ 15,547,599
Excess Workers' Compensation Program*	77,202,228	71,302,800	67,030,313
General Liability 1 Program**	104,663,142	114,306,093	73,343,370
General Liability 2 Program	14,724,000	13,500,000	-
Medical Malpractice Program	1,940,000	1,940,000	1,451,014
PRISM Internal Guarantee Account	414,806	-	-
Property Program	-	-	16,109,838
Total	**$ 214,854,863**	**$ 215,829,608**	**$ 173,482,134**

*Includes premiums from prior policy year payroll audit

**Includes premiums for GL1 LPT corridor included in 2018/19 program year

Under the fronting agreement starting July 1, 2023 Starstone wrote coverage to out-of-state GL1 participants to be reinsured by ARC which then ceded the assumed risk to PRISM. Premiums assumed by ARC under the fronting agreement, but not written directly by ARC were $3.8M for 2023/24.

The Captive's total net incurred losses and LAE, excluding IBNR, totaled $970M as of June 30, 2024, as compared to $753M as of June 30, 2023, and $510M as of June 30, 2022. Total incurred losses and LAE at the years ended June 30, 2023, 2022, and 2021 by line of coverage are summarized as follows:

	Incurred Losses, and LAE as of June 30,		
Programs	**2024**	**2023**	**2022**
Primary Workers' Compensation Program	$ 115,527,045	$ 99,751,471	$ 81,400,091
Excess Workers' Compensation Program	366,133,934	271,899,243	223,231,718
General Liability 1 Program	271,244,109	178,700,005	26,176,637
General Liability 2 Program	124,164,720	113,731,295	92,953,504
Medical Malpractice Program	9,465,891	5,746,506	3,949,689
PRISM Internal Guarantee Account	-	-	-
Property Program	83,425,680	83,425,680	82,742,056
Total	**$ 969,961,379**	**$ 753,254,200**	**$ 510,453,695**

Beginning with the 2020/21 policy year, the Captive began to provide coverage to out-of-state participants, which it ceded in full to be reinsured by PRISM. Accounting under GASB 10 requires that risk assumed is reported net of the amount ceded unless there is doubt as to the reinsurer's ability to pay the ceded claims. Since ARC transferred all risk to PRISM for the out-of-state participants, and it is believed that PRISM is able to pay the ceded claims, there are no claim liabilities reported in the Captive for the out-of-state participants. Estimated risk ceded to PRISM from ARC for the out-state-participants is show in the table below and is included in claim liabilities in the applicable PRISM Programs.

Policy Year	General Liability 1	Property	Total
2020/21	$ 278,875	$ -	$ 278,875
2021/22	929,542	194,555	1,124,097
2022/23	1,101,641	809,184	1,910,825
2023/24	2,938,459	1,055,046	3,993,505
Total	$ 5,248,517	$ 2,058,785	$ 7,307,302

The Captive's claims expenses including reinsurance expenses increased in 2023/24 to $259M from $158M in each of the two prior years ended June 30, 2023 and 2022. Adverse development in the GL1 MS Re corridor, part of which was offset with additional premiums collected form PRISM, was a major contributor to that increase. The Captive's other operating expenses totaled $211k for the year ended June 30, 2024 as compared to $195k for the year ended June 30, 2023, and $261k for the year ended June 30, 2022. These expenses included licensing fees, travel, legal, supplies, and reimbursement to PRISM for use of its staff to carry on the Captive's operations.

Non-operating revenues consist of investment income earned in the amount of $46.5M for fiscal year 2023/24, as compared to $16M for fiscal year 2022/23, and ($48.6M) for fiscal year 2021/22. The investment expense for the year ended June 30, 2024 was $815k, reducing the total non-operating revenue to $45.7M. Investment expense for the year ended June 30, 2023 was $707k, reducing the total non-operating revenue to $15.3M. Investment expense for the year ended June 30, 2022 was $692k, reducing the total non-operating revenue to ($49.3M). The increase in investment expense is a result of a growing investment portfolio. Included in the investment income is an unrealized gain of $20.4M recorded in fiscal year 2023/24, and unrealized losses of ($2.5M) and ($56.9M) recorded in fiscal years 2022/23 and 2021/22, respectively. These resulted from fluctuations in fair market values of the Captive's securities at the end of each fiscal year.

Budget to Actual Comparison

The Captive's fiscal year 2023/24 operating budget was approved in June 2023. The Captive's actual revenues totaled $267M, differed by 42% to budgeted revenues of $188M, for the year ended June 30, 2024. The budgeted revenue did not anticipate the adverse development in the corridor risk transfer to ARC for the GL1 Program's LPT or the inception of the PIGA program. The lines of coverage included workers' compensation, general liability, property, medical malpractice and miscellaneous programs. Investment income, included in the revenues, was over budget by $36.5M, reflecting earnings in the ARC portfolio. Actual expenses, including claims expenses for the current and prior years, were higher by 76% over the budgeted expenses. While there was no budgeted amount for Provision for Claims Prior Year, adverse claim development drove the FY 2023/24 expense of $145.7M; this included adverse development in the GL1 Program's multiyear LPT. An additional premium of $32.2M was collected for this LPT in the 2023/24 fiscal year. Program administration costs include: investment management fee, legal fees, travel, State of Utah Captive fees, and banking and custody services. Actual investment management fees and bank fees, include in total expenses, totaling $1M were $39k below the amount budgeted for services.

	Budget	Actual Results	Variance ($)
Revenues:			
Premiums for Transferred Risk	$ -	$ 5,639,398	$ 5,639,398
Contributions for Retained Risk	178,215,829	214,854,863	36,639,034
Investment Income	10,000,000	46,505,037	36,505,037
Other Income	-	8,500	8,500
Total Revenues	188,215,829	267,007,798	78,791,969
Expenses:			
Transferred Risk & Insurance Expense	-	5,639,398	(5,639,398)
Provision for Claims Current Year	146,896,018	108,007,801	38,888,217
Provision for Claims Prior Year	-	145,671,276	(145,671,276)
Program Administration	1,065,400	1,026,742	38,658
Appropriation for Contingencies	25,000	-	25,000
Total Expenses	147,986,418	260,345,217	(112,358,799)
Change in Net Position	40,229,411	6,662,581	
Beginning Net Position Balance July 1, 2023	68,259,504	72,484,163	
Ending Net Position Balance, June 30, 2024	$ 108,488,915	$ 79,146,744	

Economic Factors that will affect the Future

Investment Factors

The Captive faces many factors that can affect the value of investments including concentration of credit risk, the current state of the US and global economic outlook, geopolitical risks, and systemic risks, which may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual Captive earnings performance, and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates.

Risk and Uncertainty

Short-term interest rates remain in restrictive territory as the Federal Reserve materially increased the Federal Funds rate between March 2022 and July 2023 from close to zero to a range of 5.25% to 5.50% as of July 2023. Despite the aggregate US economy continue to grow above trend, the increase in interest rates created enough restriction in the economy to allow for inflation to trend lower, although still above the Federal Reserve's target of 2.0% on a year-over-year basis. Large changes in interest rates are a risk for the PRISM portfolios, however it is likely that interest rates have already peaked for the cycle and should be trending moderately lower over the coming fiscal year which should lead to lower volatility in the mark to market impact of the net position linked to the investment portfolio. If the trends in inflation were to reverse and trend materially higher, which is not part of our base case outlook and a lower probability risk, a further deterioration in the fixed income assets is possible.

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PRISM AFFILIATE RISK CAPTIVE
STATEMENT OF NET POSITION
JUNE 30, 2024 AND 2023

	June 30, 2024	June 30, 2023
ASSETS:		
Current Assets:		
Cash in Banks	$ 284,357	$ 417,646
Cash in the PRISM Treasury	1,606,483	14,546,785
TOTAL CASH & CASH EQUIVALENTS	1,890,840	14,964,431
Investments	26,615,377	31,988,617
Accounts Receivable		
Due from Members	23,374,645	434,992
Investment Income Receivable	4,392,089	2,891,887
Reinsurance Claims, Deposit with Carrier and Other	106,722	35,160,082
Prepaid Insurance and Expenses	1,003,482	7,500
TOTAL CURRENT ASSETS	57,383,155	85,447,509
Noncurrent Assets:		
Investments	659,406,264	558,669,625
TOTAL NONCURRENT ASSETS	659,406,264	558,669,625
TOTAL ASSETS	716,789,419	644,117,134
LIABILITIES:		
Current Liabilities:		
Accounts Payable	7,497,121	20,965,892
Unearned Income	461,944	-
Claim Liabilities		
Claims Reported	167,490,235	148,217,975
Claims Incurred But Not Reported	74,320	74,320
TOTAL CURRENT LIABILITIES	175,523,620	169,258,187
Noncurrent Liabilities:		
Claims Reported	185,470,363	159,197,992
Claims Incurred But Not Reported	276,648,692	239,676,792
TOTAL NONCURRENT LIABILITIES	462,119,055	398,874,784
TOTAL LIABILITIES	637,642,675	568,132,971
NET POSITION:		
Capital Stock	5,000,000	8,500,000
Unrestricted	74,146,744	67,484,163
TOTAL NET POSITION	$ 79,146,744	$ 75,984,163

The notes to the financial statements are
an integral part of this statement.

PRISM AFFILIATE RISK CAPTIVE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024	June 30, 2023
OPERATING REVENUES:		
Premiums for Transferred Risk	$ 5,639,398	$ 2,671,817
Broker Fees	-	57,417
Contributions for Retained Risk	214,854,863	215,829,609
Other Income	8,500	-
TOTAL OPERATING REVENUES	220,502,761	218,558,843
OPERATING EXPENSES:		
Insurance and Provision for Losses		
Transferred Risk & Insurance Expense	5,639,398	2,671,817
Broker Fees	-	57,417
Provision for Claims		
Current Year Claims	108,007,801	95,387,016
Prior Year Claims	145,671,276	59,831,989
Program Services	61,276	45,182
TOTAL OPERATING EXPENSES	259,379,751	157,993,421
TRANSFERS IN OR (OUT):		
Transfer Out	(150,000)	(150,000)
TOTAL TRANSFERS	(150,000)	(150,000)
OPERATING INCOME (LOSS)	(39,026,990)	60,415,422
NONOPERATING REVENUES (EXPENSES):		
Investment Income (Loss) & Financing Fees, net of Investment Expense		
Investment Income (Loss)	46,505,037	15,969,911
Investment Expense	(815,466)	(707,335)
TOTAL NONOPERATING REVENUES (EXPENSES)	45,689,571	15,262,576
CHANGE IN NET POSITION	6,662,581	75,677,998
NET POSITION:		
Beginning of Year	67,484,163	(8,193,835)
Additional Paid in Capital	5,000,000	8,500,000
NET POSITION, END OF YEAR	$ 79,146,744	$ 75,984,163

The notes to the financial statements are an integral part of this statement.

PRISM AFFILIATE RISK CAPTIVE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024	June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	$ 236,758,506	$ 208,306,916
Receipts from Others	8,500	-
Claims Paid	(187,873,666)	(126,637,830)
Insurance Purchased	(7,070,372)	(3,362,563)
Payments to Suppliers	(72,529)	(47,344)
Internal Activities	(150,000)	(150,000)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	41,600,439	78,109,179
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(505,180,617)	(414,697,469)
Sales of Securities	430,181,482	326,033,627
Cash from Investment Earnings	24,640,571	17,593,780
Investment Expenses	(815,466)	(707,335)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(51,174,030)	(71,777,397)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
(Purchase)/Sale of Capital Stock	(3,500,000)	3,500,000
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(3,500,000)	3,500,000
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,073,591)	9,831,782
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	14,964,431	5,132,649
END OF YEAR	$ 1,890,840	$ 14,964,431
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	(39,026,990)	60,415,422
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in		
Accounts Receivable, Net	12,113,707	(10,962,711)
Prepaid Expenses	(995,982)	977,318
Unearned Premium from Members	461,944	-
Accounts and Other Payables	(13,468,771)	(22,047,886)
Claim Liabilities	82,516,531	49,727,036
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 41,600,439	$ 78,109,179
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	$ 20,364,264	$ (2,532,182)

The notes to the financial statements are
an integral part of this statement.

PRISM AFFILIATE RISK CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 and 2023

(1) Organization

The Captive, a component unit of Public Risk Innovation, Solutions, and Management (PRISM), provides insurance coverage to PRISM. As part of PRISM, the assets, liabilities, revenues, expenses, and changes in net position of the Captive are included in the consolidated financial statements of PRISM. The Captive is a not-for-profit corporation formed on June 24, 2016 under the State of Utah rules for nonprofit entities and is governed by its Board of Directors and regulated by the State of Utah Insurance Department.

The Captive provides coverages for corridors assumed by PRISM within the excess and reinsurance layers of PRISM's various programs. The Captive underwrites fixed corridors of PRISM providing coverages for certain lines of coverage within its property and casualty programs including workers' compensation, general liability, property and Medical Malpractice. In fiscal year 2016/17, a loss portfolio transfer (LPT) was approved transferring the risk to the Captive for PRISM's older claims in the Primary Workers' Compensation Program. All coverages are provided on an occurrence basis except for Medical Malpractice which is on a claims-made basis. All coverages feature aggregate loss limits - also known as corridors - with the exception of the GL1 LPT discussed below.

The Captive insures a GL1 LPT multiyear corridor, which is recorded in program year 2018/19 for accounting purposes. This undiscounted corridor was $296.6M at June 30, 2023, and it increased to $430M at June 30, 2024 as a result of adding in program year 2023/24 and an actuarial reevaluation of losses. The Captive collected a total premium of $385.8M over six years for this corridor.

For program year 2023/24, apart from taking on another program year 2023/24 in the GL1 MS Re corridor, the Captive underwrote PRISM's programs, providing coverage of $125.8M to the corridors spread amongst various programs of PRISM, as follows:

- The Captive retained $15.5M for a corridor in the PRISM's $10k to $125k layer in their Primary Workers' Compensation Program.
- The Captive retained $63M for a corridor in PRISM's layer between members' self-insured retentions to the pool limit ($5M limit for the Core Tower and $2.5M for the Educational Tower) in their Excess Workers' Compensation Program, and for two corridors totaling $10M, one in the $45M excess $5M layer and one in the $40M excess $10M layer.
- The Captive retained $7.1M for a corridor in PRISM's $0-$125k primary layer dedicated to CSURMA in the Excess Workers' Compensation Program's Educational Tower.
- The Captive retained a $915k corridor for the Deductible Buy-Down Program within PRISM's General Liability 1 Program.
- The Captive retained a $11.8M corridor within PRISM's $9M excess $10M layer in the General Liability 1 Program.
- The Captive retained a $15M corridor within PRISM's $5M excess $10M layer in the General Liability 2 Program.
- The Captive retained $2M for a corridor in PRISM's Medical Malpractice Program.
- The Captive assumed $415k of risk from PRISM for the PIGA program.

PRISM AFFILIATE RISK CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 and 2023

For program year 2022/23, , apart from taking on another program year 2022/23 in the GL1 MS Re corridor, the Captive underwrote PRISM's programs, providing coverage of $114.3M to the corridors spread amongst various programs of PRISM, as follows:

- The Captive retained $16.3M for a corridor in the PRISM's $10k to $125k layer in their Primary Workers' Compensation Program.
- The Captive retained $58.1M for a corridor in PRISM's layer between members' self-insured retentions to the pool limit ($5M limit for the Core Tower and $2.5M for the Educational Tower) in their Excess Workers' Compensation Program, and for two corridors totaling $10M, one in the $45M excess $5M layer and one in the $40M excess $10M layer.
- The Captive retained $6.9M for a corridor in PRISM's $0-$125k primary layer dedicated to CSURMA in the Excess Workers' Compensation Program's Educational Tower.
- The Captive retained a $1M corridor for the Deductible Buy-Down Program within PRISM's General Liability 1 Program.
- The Captive retained a $5M corridor within PRISM's $9M excess $10M layer in the General Liability 1 Program
- The Captive retained a $15M corridor within PRISM's $15M excess $10M layer in the General Liability 2 Program.
- The Captive retained $2M for a corridor in PRISM's Medical Malpractice Program.

(2) Summary of Significant Accounting Policies

A. *Basis of Presentation*

The accounts of the Captive are organized on the basis of governmental fund accounting. The Captive operates a single enterprise fund, which is considered a separate accounting entity. An enterprise fund is used to account for governmental activities where the intent is that the cost of providing goods or services is financed primarily through user charges.

The financial statements have been prepared in accordance with the U. S. Generally Accepted Accounting Principles (GAAP), including all applicable statements of the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a non-profit entity with a governmental entity as its sole member, the Captive follows the accounting standard hierarchy established by the GASB for a special purpose entity engaged solely in business-types activities. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The accounting records are maintained using the economic resources measurement focus and the accrual basis of accounting.

B. *Cash and Cash Equivalents*

The Captive considers cash in the bank and money market accounts to be cash and cash equivalents.

C. *Investments*

Investments are recorded (Note 4) at fair value. Investment income is recorded as earned.

PRISM AFFILIATE RISK CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 and 2023

D. ***Receivables***
All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Interest on investments is recorded in the year the interest is earned, and is considered 100% collectible. The June 30, 2024 and 2023 balances in the receivable accounts are considered 100% collectible.

E. ***Prefunded Deposit***
Prefunded Deposit represents upfront payments to PRISM for claims to be paid in the future. PRISM held $2.5M as a prefunded deposit from the Captive at June 30, 2022. The deposit was returned during the 2022/23 fiscal year, bringing the balance to zero at June 30, 2023.

F. ***Classification of Revenues***
The Captive has classified its revenue as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement 34 including investment income. Revenues and expenses are classified according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as insurance premiums, assessments for insured events, and administration fees.
- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources described in GASB Statement 34, such as investment income and finance charges.

G. ***Expenses***
Expenses are recognized when goods or services are received, or in the case of claims, when the insured event occurs. Expense accrual entries include liabilities for reported claims and liabilities for IBNR claims.

H. ***Premiums for Transferred Risk***
Premiums for transferred risk are resources collected to purchase commercial insurance; they are collected in advance and recognized as revenues in the period for which insurance protection is provided.

I. ***Contributions for Retained Risk***
Contributions for retained risk are collected from PRISM to fund the corridors and share in the cost of claims within those corridors.

Contributions for retained risk are collected in advance and recognized as revenues in the period for which insurance protection is provided. Workers' compensation program corridors are based on estimated payrolls and are adjusted in the subsequent fiscal year, based on actual payroll data.

PRISM AFFILIATE RISK CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 and 2023

J. ***Provision for Claims***
The reserves for losses and LAE include case basis estimates of reported losses, plus supplemental amounts related to IBNR losses. The reserves are based upon management's best estimate, claim adjusters' valuations, and actuarial determinations, and are discounted to present value using a 4.2% discount rate for fiscal years 2023/24 and 2022/23. Future adjustments to these amounts resulting from the continuous review process, as well as differences between estimates and ultimate losses, will be reflected in the statement of revenues, expenses, and changes in net position when such adjustments become known. Given the complexity of the reserve process, the ultimate liability may be significantly more or less than such estimates indicate. ULAEs are not reserved by the Captive as they are paid for by PRISM.

K. ***Services***
Services donated by many officers and directors are important to the activities of the Captive. The financial statements do not recognize the value of these donated services, since there is no basis for measuring and valuing these services.

L. ***Income Taxes***
The Captive is organized and operated substantially to provide insurance and reinsurance solely for its members which are all governmental entities, primarily PRISM. PRISM is a California Joint Powers Authority, and is considered a government entity under Section 115(1) of the Internal Revenue Code of 1986, as amended (or corresponding provisions of any future United States internal revenue law) (the "Code").The Captive provides an essential governmental function within the meaning of section 115(1) of the Code. Furthermore, the Captive is formed exclusively for the purposes for which a corporation may be formed under the Utah Revised Nonprofit Corporation Act, and not for pecuniary profit or financial gain. The net earnings of the Captive may only accrue to PRISM or, if said organization ceased to exist or to qualify as an entity, which may exclude its income from gross income under section 115 of the Code, to one or more state or local governments, political subdivisions thereof, or entities which may exclude its income from gross income under section 115 of the Code. The Captive itself is intended to qualify as such an entity and is therefore not subject to federal or state income taxes.

M. ***Management Estimates***
The preparation of financial statements, in conformity with the U.S. GAAP, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes these estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates. The most significant areas that require management estimates relate to the reserves for losses and loss adjustment expenses.

PRISM AFFILIATE RISK CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 and 2023

(3) Cash

A. *Cash and Cash Equivalents*

The Captive's cash and cash equivalents at June 30, 2024 and 2023 are reported at fair value and consist of the following:

	June 30, 2024	June 30, 2023
Cash in Bank, General Checking	$ 284,357	$ 417,646
Money Market	1,606,483	14,546,785
	$ 1,890,840	$ 14,964,431

B. *Custodial Credit Risk*

The carrying amount of the Captive's total cash in banks was $284,357 at June 30, 2024, and $417,646 at June 30, 2023. The bank balance was $284,357 at June 30, 2024 and $417,646 at June 30, 2023, and these balances were partially insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2024, and June 30, 2023, $34,357 and $167,646 are in excess of FDIC insured amounts, respectively. The Captive's investment policy does not address custodial credit risk.

(4) Investments

The investments in the financial statements are governed by the Captive's Investment Policy.

The Captive's Investment Policy identifies procedures that will foster a prudent and systematic investment program designed to seek the Captive's objectives through a diversified investment portfolio. An appropriate level of risk shall be maintained by purchasing investments within the context of a well-diversified portfolio. Adequate diversification between Equities and Fixed-Income securities shall be applied to prevent an undue amount of investment risk with any one area. The Captive strives to achieve returns and control risk by meeting certain asset allocation targets set forth in the Captive's Investment Policy. The classes of investments that most adequately meet the above-mentioned criteria shall be allowed for purchase. They are Equity and Fixed-Income investments of U.S. and non-U.S. issuers, Real Estate Investment Trusts and Commodities. The Investment Policy also lists some prohibited transactions such as direct short sales of individual securities, direct margin purchases, direct investment in commodities future contracts, direct investment in real estate or direct real estate lending, and hedge funds.

PRISM AFFILIATE RISK CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 and 2023

A. ***Investment Credit Risk***

The Captive's investments at June 30, 2024 and 2023 are summarized in the following table. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

		June 30, 2024			June 30, 2023		
Investments	Credit Quality Rating		Fair Value	%		Fair Value	%
U.S. Treasury Notes	AA+	$	238,774,580	34.7%	$	211,731,598	35.8%
U.S. Agencies	AA+ to A-1+		45,404,243	6.6%		49,064,512	8.3%
Asset Backed Securities	AAA		28,509,805	4.2%		25,773,970	4.4%
Asset Backed Securities	NR*		16,314,536	2.4%		13,313,221	2.3%
Corporate Notes	AAA to A+		25,214,536	3.7%		27,118,341	4.6%
Corporate Notes	A to BBB-		186,809,214	27.2%		146,781,010	24.9%
Supranationals	AA+ to A-1+		20,428,132	3.0%		13,392,766	2.3%
Mortgage Pass Thru	AAA to AA+		6,526,056	1.0%		1,099,222	0.2%
International Equity	NR		11,646,960	1.7%		10,324,601	1.7%
International Real Estate	NR		1,556,062	0.2%		1,758,513	0.3%
Large Cap US Equity	NR		40,698,042	5.9%		25,570,828	4.3%
Mid Cap US Equity	NR		23,444,868	3.4%		35,138,467	5.9%
Real Estate	NR		11,455,018	1.7%		9,363,734	1.6%
Emerging Market Equity	NR		6,110,996	0.9%		4,997,457	0.8%
Small Cap US Equity	NR		23,128,593	3.4%		15,230,002	2.6%
Total Investments		$	686,021,641	100%	$	590,658,242	100%

NR - Not Rated
NR* - Not rated by Standard & Poor's. However, rated Aaa by Moody's.

B. ***Investment Interest Rate Risk***

The Captive's Investment Policy limits the interest rate sensitivity of the fixed-income portfolio by stipulating the overall duration of the portfolio must be maintained within a range of +/- 20% of the duration, as specified by the Captive and consistent with the appropriate index.

Maturities of investments held at June 30, 2024 consist of the following:

	Fair Value	Less than 1 Year	One to Five Years	More than 5 Years	Time to Maturity
U.S. Treasury Notes	$ 238,774,580	$ 4,946,870	$ 132,561,728	$ 101,265,982	12.74
U.S. Agencies	45,404,243	13,053,362	25,821,451	6,529,430	2.20
Asset Backed Securities	44,824,341	-	44,824,341	-	3.50
Corporate Notes	212,023,750	7,034,306	123,264,138	81,725,306	5.04
Supranationals	20,428,132	1,580,839	18,847,293	-	2.53
Mortgage Pass Thru	6,526,056	-	-	6,526,056	8.66
Subtotals*	$ 567,981,102	$ 26,615,377	$ 345,318,951	$ 196,046,774	3.51
ETF	118,040,539	-	-	-	n/a
Totals	$ 686,021,641	$ 26,615,377	$ 345,318,951	$ 196,046,774	3.51

*Excludes Exchange Traded Funds (ETF) that have no maturity dates.

PRISM AFFILIATE RISK CAPTIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 and 2023

Maturities of investments held at June 30, 2023 consist of the following:

	Fair Value	Less than 1 Year	One to Five Years	More than 5 Years	Time to Maturity
U.S. Treasury Notes	$ 211,731,598	$ 26,279,943	$ 114,991,467	$ 70,460,188	2.90
U.S. Agencies	49,064,512	2,979,911	39,534,103	6,550,498	1.71
Asset Backed Securities	39,087,191	811,896	38,275,295	-	1.43
Corporate Notes	173,899,351	1,916,867	107,811,097	64,171,387	3.78
Supranationals	13,392,766	-	13,392,766	-	1.45
Mortgage Pass Thru	1,099,222	-	-	1,099,222	24.42
Subtotals*	$ 488,274,640	$ 31,988,617	$ 314,004,728	$ 142,281,295	2.51
ETF	102,383,602	-	-	-	n/a
Totals	$ 590,658,242	$ 31,988,617	$ 314,004,728	$ 142,281,295	2.51

*Excludes Exchange Traded Funds (ETF) that have no maturity dates.

The Captive recognizes all investments at fair value in accordance with GASB Statement 31 and GASB Statement 72. Fair value equals estimated market values obtained from the Interactive Data Corporation (IDC) pricing system, a leading provider of financial information to global markets. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Investment income includes unrealized gains of $20.4M and unrealized losses of $2.5M for the years ended June 30, 2024 and 2023, respectively. Investment income includes realized gain of $1.8M and $4.7M for the years ended June 30, 2024 and 2023, respectively.

The calculation of unrealized gains and losses are shown in the following tables:

	2023/24	2022/23
Beginning Fair Value	$ 590,658,242	$ 504,526,582
Less: Proceeds of Investments Disposed	(430,181,482)	(326,033,627)
Add: Cost of Investments Purchased	505,180,617	414,697,469
Add: Unrealized Gain/(Loss) in the year	20,364,264	(2,532,182)
Ending Fair Value	$ 686,021,641	$ 590,658,242

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Unrealized gains and losses by Asset type for June 30, 2024 are shown below:

	Beginning Fair Value At July 1, 2023	Dispositions	Purchases	Subtotal	Ending Fair Value At June 30, 2024	Unrealized Gain/(Loss) in the year
U.S. Treasury Notes	$ 211,731,598	$ (366,028,019)	$ 390,212,498	$ 235,916,077	$ 238,774,580	$ 2,858,503
U.S. Agencies	49,064,512	(5,056,936)	-	44,007,576	45,404,243	1,396,667
Asset Backed Securities	39,087,191	(24,749,066)	29,686,159	44,024,284	44,824,341	800,057
Corporate Notes	173,899,351	(20,085,808)	52,687,584	206,501,127	212,023,750	5,522,623
Supranationals	13,392,766	6,227	6,630,383	20,029,376	20,428,132	398,756
Commercial Paper	-	(1,934,433)	1,934,433	-	-	-
Negotiable CDs	-	-	-	-	-	-
Mortgage Pass Thru	1,099,222	15,670	5,282,028	6,396,920	6,526,056	129,136
International Equity	10,324,601	-	600,388	10,924,989	11,646,960	721,971
International Real Estate	1,758,513	(222,912)	-	1,535,601	1,556,062	20,461
Large Cap US Equity	25,570,828	216	8,821,666	34,392,710	40,698,042	6,305,332
Mid Cap US Equity	35,138,467	(12,126,479)	-	23,011,988	23,444,868	432,880
Real Estate	9,363,734	-	2,104,709	11,468,443	11,455,018	(13,425)
Emerging Market Equity	4,997,457	-	698,434	5,695,891	6,110,996	415,105
Small Cap US Equity	15,230,002	58	6,522,335	21,752,395	23,128,593	1,376,198
Totals	$ 590,658,242	$ (430,181,482)	$ 505,180,617	$ 665,657,377	$ 686,021,641	$ 20,364,264

Unrealized gains and losses by Asset type for June 30, 2023 are shown below:

	Beginning Fair Value At July 1, 2022	Dispositions	Purchases	Subtotal	Ending Fair Value At June 30, 2023	Unrealized Gain/(Loss) in the year
U.S. Treasury Notes	$ 161,919,710	$ (215,999,223)	$ 270,154,330	$ 216,074,817	$ 211,731,598	$ (4,343,219)
U.S. Agencies	45,121,463	(44,290,072)	48,994,013	49,825,404	49,064,512	(760,892)
Asset Backed Securities	38,036,588	(10,469,816)	11,248,951	38,815,723	39,087,191	271,468
Corporate Notes	154,183,326	(22,098,479)	43,067,428	175,152,275	173,899,351	(1,252,924)
Supranationals	13,603,205	4,587	-	13,607,792	13,392,766	(215,026)
Commercial Paper	-	(10,860,405)	10,860,405	-	-	-
Negotiable CDs	-	(6,734,769)	6,734,769	-	-	-
Mortgage Pass Thru	1,323,442	(255,044)	-	1,068,398	1,099,222	30,824
International Equity	8,479,790	-	699,495	9,179,285	10,324,601	1,145,316
International Real Estate	1,410,825	(2,289,373)	2,307,654	1,429,106	1,758,513	329,407
Large Cap US Equity	32,241,399	(7,365,898)	-	24,875,501	25,570,828	695,327
Mid Cap US Equity	14,189,824	-	18,689,824	32,879,648	35,138,467	2,258,819
Real Estate	8,894,158	-	1,240,338	10,134,496	9,363,734	(770,762)
Emerging Market Equity	4,381,497	-	700,262	5,081,759	4,997,457	(84,302)
Small Cap US Equity	20,741,355	(5,675,135)	-	15,066,220	15,230,002	163,782
Totals	$ 504,526,582	$ (326,033,627)	$ 414,697,469	$ 593,190,424	$ 590,658,242	$ (2,532,182)

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C. ***Concentration of Credit Risk***

The Captive's Investment Policy places long-term asset allocation targets as stated below:

	Captive's Target
Equities	0% - 50%
Fixed Income	50% - 100%

1. The equity allocation limitation is specific to the surplus funds of the Captive.
2. The asset manager will be responsible for determining the asset allocation within the targets and rebalance as necessary.
3. The Fixed-Income allocation includes the liquidity portion to meet short-term cash flow requirements. The liquidity portfolio will maintain cash and cash equivalents of $250k, as required by the Utah Insurance Department.
4. It is further noted the maximum amount of equity exposure, at the time of purchase, will be limited to 50% of the aggregated surplus of PRISM and the Captive.

The investments in the Captive's portfolio, as of June 30, 2024 and 2023, conform to these guidelines.

D. ***Fair Value Measurements***

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis.

Level 1 – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1.

Level 2 – Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly are classified as Level 2.

Level 3 – Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment.

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The asset's, or liability's, fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Cash and cash equivalents are not measured at fair value and are not subject to the fair value disclosure requirements.

Following is a description of the valuation methodologies used for assets measured at fair value:

The U.S. Treasury Notes, U.S. Agencies, Asset Backed Securities, Corporate Notes, Supranationals, and Mortgage Pass Thru are valued using Level 2 inputs. International Equity, International Real Estate, Large Cap US Equity, Mid Cap US Equity, Real Estate, Emerging Market Equity and Small Cap US Equity are valued using Level 1 inputs.

The Level 2 investments are evaluated on market-based measurements that are processed through a rules-based pricing application and represent a good faith determination as to what the holder may receive in an orderly transaction (for an institutional round lot position typically $1M or greater current value U.S. dollar or local currency equivalent) under current market conditions.

The following table sets forth by level, within the fair value hierarchy, the Captive's assets at fair value as of June 30, 2024.

Investment type	**Assets at Fair Value as of June 30, 2024**		
	Level 1	**Level 2**	**Level 3**
U.S. Treasury Notes	$ -	$ 238,774,580	$ -
U.S. Agencies	-	45,404,243	-
Asset Backed Securities	-	44,824,341	-
Corporate Notes	-	212,023,750	-
Supranationals	-	20,428,132	-
Mortgage Pass Thru	-	6,526,056	-
International Equity	11,646,960	-	-
International Real Estate	1,556,062	-	-
Large Cap US Equity	40,698,042	-	-
Mid Cap US Equity	23,444,868	-	-
Real Estate	11,455,018	-	-
Emerging Market Equity	6,110,996	-	-
Small Cap US Equity	23,128,593	-	-
Total	$ 118,040,539	$ 567,981,102	$ -

PRISM AFFILIATE RISK CAPTIVE
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The following table sets forth by level, within the fair value hierarchy, the Captive's assets at fair value as of June 30, 2023.

Investment type	**Assets at Fair Value as of June 30, 2023**		
	Level 1	**Level 2**	**Level 3**
U.S. Treasury Notes	$ -	$ 211,731,598	$ -
U.S. Agencies	-	49,064,512	-
Asset Backed Securities	-	39,087,191	-
Corporate Notes	-	173,899,351	-
Supranationals	-	13,392,766	-
Mortgage Pass Thru	-	1,099,222	-
International Equity	10,324,601	-	-
International Real Estate	1,758,513	-	-
Large Cap US Equity	25,570,828	-	-
Mid Cap US Equity	35,138,467	-	-
Real Estate	9,363,734	-	-
Emerging Market Equity	4,997,457	-	-
Small Cap US Equity	15,230,002	-	-
Total	$ 102,383,602	$ 488,274,640	$ -

E. *Foreign Currency Risk*

Per the Investment Policy, fixed income investments must be denominated in U.S. dollars, but investments can be made in both U.S. and non-U.S. issuers. The equity portion of the portfolio has exposure to international investments and is exposed to some foreign currency risk; however, all returns are converted back into U.S. dollars.

(5) Reserves for Losses and Loss Adjustment Expenses

The Captive establishes claim liabilities based on estimates of the ultimate cost of claims (including claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. Claim liability estimates reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims cost is implicit in the calculation because reliance is placed both on actual historic data that reflects past inflation, and on other factors that are considered to be approximate modifiers of past experience. Adjustments to claim liabilities are charged, or credited, to expense in the period in which they are made.

The claim liabilities in all programs are established at a level which includes investment income on monies set aside to pay claims, that is, on a discounted basis. Total claim liabilities at June 30, 2024 of $737.2M have been presented at the net present value of $629.7M, using a 4.2% discount rate. For fiscal year ended on June 30, 2023 of $644M have been presented at the net present value of $547.2M, using a 4.2% discount rate.

In 2018/19, the PRISM Board of Directors approved a Loss Portfolio Transfer (LPT) deal in their GL1 Program. The transaction, effective April 1, 2019, transfers the Program's liabilities to a reinsurer, MultiStrat Re (MS Re), going back to July 1, 2007, thereby stabilizing the Program's funding position, and also providing coverage for liabilities over the next 5 years (through June 30, 2024). This agreement was extended during the 2022/23 fiscal year to

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cover claims through June 30, 2026. Part of that deal was the implementation of a corridor that sits from $171M to $317M in payments that was transferred to the Captive. Based on recent actuarial analysis, the upper limit of this corridor has increased to $638.1M as a result of adding two additional years to the original deal. The undiscounted ultimate losses in that corridor increased from $297M at June 30, 2023 to $430M at June 30, 2024. This corridor was transferred to the Captive for an original premium of $38.5M in 2018/19. Additional premiums were collected in the amount of $28.9M in 2019/20, $44.8M in 2020/21, $72.4M in 2021/22, $108.5M in 2022/23, and $92.8M in 2023/24 for a total premium of $385.8M for all claims from July 1, 2007 to June 30, 2026. More payments will be transferred for this layer as the Captive progresses through the years.

Annually, the actuaries and staff evaluate the discount rate to be used for the actuarial valuation of claim liabilities. This is of particular importance for the Excess Workers' Compensation Program and the General Liability 1 Program, because claim liabilities are paid over a longer period of time. The rates in each Program could vary because of the claims payout pattern. Liabilities for both the years below were discount at 4.2% investment return assumption.

The following represents undiscounted and discounted claim liabilities, as of June 30, 2024, by each line of coverage:

	Claim Liabilities As of June 30, 2024	
Programs	**Undiscounted**	**Discounted**
Primary Workers' Compensation Program	$ 18,062,600	$ 17,126,119
Excess Workers' Compensation Program	310,433,439	254,784,740
General Liability 1 Program	341,101,726	295,653,064
General Liability 2 Program	66,386,056	60,910,561
Medical Malpractice Program	750,000	720,000
PRISM Internal Guarantee Account	414,806	414,806
Property Program	74,320	74,320
Total	**$ 737,222,947**	**$ 629,683,610**

The following represents undiscounted and discounted claim liabilities, as of June 30, 2023, by each line of coverage:

	Claim Liabilities As of June 30, 2023	
Programs	**Undiscounted**	**Discounted**
Primary Workers' Compensation Program	$ 20,743,288	$ 19,587,315
Excess Workers' Compensation Program	272,721,006	221,962,672
General Liability 1 Program	269,395,869	230,243,044
General Liability 2 Program	76,391,475	70,883,927
Property Program	74,320	4,415,801
Medical Malpractice Program	4,645,625	74,320
Total	**$ 643,971,583**	**$ 547,167,079**

PRISM AFFILIATE RISK CAPTIVE
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The following represents changes in those aggregate liabilities on a discounted basis for the Captive for the years ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
A. Unpaid Claims and Claim Adjustment Expenses at the Beginning of the Fiscal Year	$ 547,167,079	$ 497,440,043
Incurred Claims and Claim Adjustment Expenses:		
Provision for Claims		
Current Fiscal Year	108,007,801	95,387,016
Prior Fiscal Years	145,671,276	59,831,989
B. Total Incurred	253,679,077	155,219,005
Payments:		
Attributable to insured events of the		
Current Fiscal Year	9,008,495	6,350,923
Prior Fiscal Years	162,154,051	99,141,046
C. Total Payments	171,162,546	105,491,969
D. Total Unpaid Claims and Claim Adjustment Expenses at end of the Fiscal Year (A+B-C)	$ 629,683,610	$ 547,167,079
Claims Reported	$ 352,960,598	$ 307,415,967
Claims Incurred But Not Reported	276,723,012	239,751,112
Unallocated Loss Adjustment Expenses	-	-
Total Claim Liabilities	$ 629,683,610	$ 547,167,079
Current Claim Liabilities	$ 167,564,555	$ 148,292,295
Noncurrent Claim Liabilities	462,119,055	398,874,784
Total Claim Liabilities	$ 629,683,610	$ 547,167,079

PRISM AFFILIATE RISK CAPTIVE
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Out of State Participants

Beginning with the 202/21 policy year, the Captive began to provide coverage to out-of-state participants, which it ceded in full to be reinsured by PRISM. Beginning July 1, 2023 ARC entered into a fronting agreement with Starstone National Insurance Company wherein Starstone writes coverage to out-of-state GL1 participants to be reinsured by ARC which then cedes the assumed risk to PRISM. ARC continues to write the policy to the sole out-of-state participant in the Property Program directly.

Accounting under GASB 10 requires that risk assumed is reported net of the amount ceded unless there is doubt as to the reinsurer's ability to pay the ceded claims. Since ARC transferred all risk to PRISM for the out-of-state participants, and it is believed that PRISM is able to pay the ceded claims, there are no claim liabilities reported in the Captive for the out-of-state participants. Estimated risk ceded to PRISM from ARC for the out-state-participants is show in the table below and is included in claim liabilities in the applicable PRISM Programs.

Policy Year	General Liability 1	Property	Total
2020/21	$ 278,875	$ -	$ 278,875
2021/22	929,542	194,555	1,124,097
2022/23	1,101,641	809,184	1,910,825
2023/24	2,938,459	1,055,046	3,993,505
Total	$ 5,248,517	$ 2,058,785	$ 7,307,302

(6) Net Position

Net position represents the capital stock of $5M, and unrestricted net position of $74.1M as of June 30, 2024, for a total of $79.1M. At June 30, 2023, net position represented the capital stock of $8.5M, and unrestricted net position of $67.5M, for a total of $76M. The unrestricted net position balances are available for future operations or distribution.

(7) Related Party Transactions

Related party transactions result from premiums written, losses, and loss adjustment expenses, incurred from insurance coverage provided to PRISM by the Captive. Total premiums written with PRISM were $211.1M and $215.8M for the fiscal years 2023/24 and 2022/23, respectively.

Various payments were made by PRISM on behalf of the Captive. The claims and services overhead allocation expense was $171.2M for the year ended June 30, 2024, of which $7.4M was unpaid as of June 30, 2024. For the year ended June 30, 2023, the claims and services overhead allocation expense was $102.2M, of which $20.9M is unpaid as of June 30, 2023. The unpaid amounts, as of June 30, 2024 and 2023, are reported as Accounts Payable in the statement of net position.

The Captive paid PRISM a prefunded deposit for the Property Program to front monies for the payment of claims. As of June 30, 2022, the Captive reflected $2.5M as the prefunded deposit in the financial statements. PRISM returned the $2.5M deposit in 2022/23 as the related corridors covered by ARC are near exhaustion.

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PRISM owed the Captive premiums of $20.3M and $34.4M for the GL1 Program LPT corridor at June 30, 2024 and 2023, respectively. In addition, PRISM owed the Captive reimbursement for overpayment on claims of $2.5M at June 30, 2024 and reimbursement for an invoice it paid on behalf of PRISM totaling $768k at June 30, 2023.These amounts are reflected in the Captive's accounts receivable at June 30, 2024 and 2023 as applicable.

(8) Service Agreements

The Captive has no employees. PRISM provides regulatory, accounting, records retention, and other related services. Expenses under this agreement are included in the Statement of Revenues, Expenses and Changes in Net Position transfers out for general administration, and totaled $150k for each of the years ended June 30, 2024 and June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

PRISM AFFILIATE RISK CAPTIVE
REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF UNPAID CLAIM LIABILITIES
JUNE 30, 2024 AND 2023

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability 1	General Liability 2	Property	Medical Malpractice	PRISM Internal Guarantee Account	Total June 30, 2024	Total June 30, 2023
A. Unpaid Claims and Claim Adjustment Expenses at the Beginning of the Fiscal Year	$ 19,587,315	$ 221,962,672	$ 230,243,044	$ 70,883,927	$ 74,320	$ 4,415,801	$ -	$ 547,167,079	$ 497,440,043
Incurred Claims and Claim Adjustment Expenses:									
Provision for Claims									
Current Fiscal Year	14,842,620	65,999,327	11,581,048	13,200,000	-	1,970,000	414,806	108,007,801	95,387,016
Prior Fiscal Years	1,779,644	13,505,885	128,323,869	1,832,053	-	229,825	-	145,671,276	59,831,989
B. Total Incurred	16,622,264	79,505,212	139,904,917	15,032,053	-	2,199,825	414,806	253,679,077	155,219,005
Payments:									
Attributable to insured events of the									
Current Fiscal Year	2,843,120	4,863,396	51,979	-	-	1,250,000	-	9,008,495	6,350,923
Prior Fiscal Years	16,240,340	41,819,748	74,442,918	25,005,419	-	4,645,626	-	162,154,051	99,141,046
C. Total Payments	19,083,460	46,683,144	74,494,897	25,005,419	-	5,895,626	-	171,162,546	105,491,969
D. Total Unpaid Claims and Claim Claim Adjustment Expenses at end of the Fiscal Year (A+B-C)	$ 17,126,119	$ 254,784,740	$ 295,653,064	$ 60,910,561	$ 74,320	$ 720,000	$ 414,806	$ 629,683,610	$ 547,167,079
Claims Reported	$ 15,672,835	$ 179,600,394	$ 135,302,450	$ 21,664,919	$ -	$ 720,000	$ -	$ 352,960,598	$ 307,415,967
Claims Incurred But Not Reported	1,453,284	75,184,346	160,350,614	39,245,642	74,320	-	414,806	276,723,012	239,751,112
Unallocated Loss Adjustment Expenses	-	-	-	-	-	-	-	-	-
Total Claim Liabilities	$ 17,126,119	$ 254,784,740	$ 295,653,064	$ 60,910,561	$ 74,320	$ 720,000	$ 414,806	$ 629,683,610	$ 547,167,079
Current Claim Liabilities	$ 13,782,242	$ 44,535,678	$ 65,836,428	$ 42,615,887	$ 74,320	$ 720,000	$ -	$ 167,564,555	$ 148,292,295
Noncurrent Claim Liabilities	3,343,877	210,249,062	229,816,636	18,294,674	-	-	414,806	462,119,055	398,874,784
Total Claim Liabilities	$ 17,126,119	$ 254,784,740	$ 295,653,064	$ 60,910,561	$ 74,320	$ 720,000	$ 414,806	$ 629,683,610	$ 547,167,079

PRISM AFFILIATE RISK CAPTIVE
REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF UNPAID CLAIM LIABILITIES
JUNE 30, 2023 AND 2022

	Primary Workers' Compensation	Excess Workers' Compensation	General Liability 1	General Liability 2	Property	Medical Malpractice	Total June 30, 2023	Total June 30, 2022
A. Unpaid Claims and Claim Adjustment Expenses at the Beginning of the Fiscal Year	$ 21,188,925	$ 185,974,932	$ 214,723,154	$ 69,024,923	$ 3,360,891	$ 3,167,218	$ 497,440,043	$ 432,140,821
Incurred Claims and Claim Adjustment Expenses:								
Provision for Claims								
Current Fiscal Year	14,703,558	60,250,223	5,462,235	13,095,000	-	1,876,000	95,387,016	87,930,853
Prior Fiscal Years	764,280	10,415,010	45,970,719	2,400,740	226,096	55,144	59,831,989	68,076,974
B. Total Incurred	15,467,838	70,665,233	51,432,954	15,495,740	226,096	1,931,144	155,219,005	156,007,827
Payments:								
Attributable to insured events of the								
Current Fiscal Year	3,073,334	3,223,327	54,262	-	-	-	6,350,923	23,760,627
Prior Fiscal Years	13,996,114	31,454,166	35,858,802	13,636,736	3,512,667	682,561	99,141,046	66,947,978
C. Total Payments	17,069,448	34,677,493	35,913,064	13,636,736	3,512,667	682,561	105,491,969	90,708,605
D. Total Unpaid Claims and Claim Claim Adjustment Expenses at end of the Fiscal Year (A+B-C)	$ 19,587,315	$ 221,962,672	$ 230,243,044	$ 70,883,927	$ 74,320	$ 4,415,801	$ 547,167,079	$ 497,440,043
Claims Reported	$ 18,980,722	$ 132,048,847	$ 117,253,245	$ 36,236,912	$ -	$ 2,896,241	$ 307,415,967	$ 170,107,430
Claims Incurred But Not Reported	606,593	89,913,825	112,989,799	34,647,015	74,320	1,519,560	239,751,112	327,332,613
Unallocated Loss Adjustment Expenses	-	-	-	-	-	-	-	-
Total Claim Liabilities	$ 19,587,315	$ 221,962,672	$ 230,243,044	$ 70,883,927	$ 74,320	$ 4,415,801	$ 547,167,079	$ 497,440,043
Current Claim Liabilities	$ 17,088,115	$ 36,022,654	$ 51,126,088	$ 40,436,887	$ 74,320	$ 3,544,231	$ 148,292,295	$ 178,657,161
Noncurrent Claim Liabilities	2,499,200	185,940,018	179,116,956	30,447,040	-	871,570	398,874,784	318,782,882
Total Claim Liabilities	$ 19,587,315	$ 221,962,672	$ 230,243,044	$ 70,883,927	$ 74,320	$ 4,415,801	$ 547,167,079	$ 497,440,043

PRISM AFFILIATE RISK CAPTIVE
SUPPLEMENTARY INFORMATION
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.

2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs not allocated to individual claims.

3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).

4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.

5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.

6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.

7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

PRISM AFFILIATE RISK CAPTIVE
SCHEDULE OF EARNED PREMIUMS AND CLAIMS DEVELOPMENT
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

POLICY YEAR	June 30, 2017*	June 30, 2018	June 30, 2019**	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Earned Premiums	$ 78,135,139	$ 97,047,480	$ 486,313,177	$ 116,919,308	$ 142,291,017	$ 100,701,884	$ 111,087,432	$ 122,943,905
Less Ceded	-	-	-	-	(1,599,257)	(2,101,293)	(1,507,606)	(5,639,398)
Investment Earnings	9,363,539	11,305,800	31,825,796	8,276,184	3,503,978	(3,407,818)	8,346,813	6,964,429
1. Total Revenues Available For Payment of Claims	87,498,678	108,353,280	518,138,973	125,195,492	144,195,738	95,192,773	117,926,639	124,268,936
2. Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims	75,803,096	93,571,460	136,235,191	115,460,318	126,941,559	90,032,146	96,894,622	113,647,199
Less Ceded Claims	-	-	-	-	(1,599,257)	(2,101,293)	(1,507,606)	(5,639,398)
Net Incurred Claims and Expenses, End of Policy Year	75,803,096	93,571,460	136,235,191	115,460,318	125,342,302	87,930,853	95,387,016	108,007,801
4. Cumulative Paid Claims as of:								
End of the Policy Year	15,161,362	14,402,517	15,791,866	15,800,219	20,379,129	23,760,627	6,350,923	9,008,495
One Year Later	25,087,580	34,315,031	31,499,850	34,032,022	35,135,227	35,654,146	28,233,683	
Two Years Later	49,070,991	48,376,052	56,452,674	52,745,455	65,520,110	47,860,994		
Three Years Later	61,901,911	65,867,160	78,892,048	60,228,568	77,914,226			
Four Years Later	72,906,676	74,319,643	120,434,767	91,934,190				
Five Years Later	75,493,265	80,759,329	198,352,375					
Six Years Later	76,890,390	84,758,901						
Seven Years Later	78,937,916							
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-
6. Reestimated Incurred Claims and Expenses								
End of the Policy Year	75,803,096	93,571,460	136,235,191	115,460,318	125,342,302	87,930,853	95,387,016	108,007,801
One Year Later	78,766,357	96,621,991	180,278,594	121,586,409	126,386,024	91,781,899	102,785,406	
Two Years Later	81,353,377	99,213,918	251,908,323	119,204,534	131,060,575	93,914,572		
Three Years Later	81,768,607	100,157,999	321,744,618	121,199,660	132,734,187			
Four Years Later	82,783,448	100,126,065	369,273,324	124,194,238				
Five Years Later	82,394,213	101,449,861	499,338,018					
Six Years Later	82,852,978	102,100,144						
Seven Years Later	83,610,023							
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	$ 7,806,927	$ 8,528,684	$ 363,102,827	$ 8,733,920	$ 7,391,885	$ 5,983,719	$ 7,398,390	$ -

*Affiliate Risk Captive established July 1, 2016
**GL1 LPT corridor included in 2018/19 program year