

ADMINISTRATIVE POLICY AND PROCEDURE

SUBJECT: UNDERWRITING STANDARDS REGARDING NEW EXPOSURES

DATE: March 30, 2026

AMENDED DATE:

REVIEWED DATE:

POLICY STATEMENT

The Monterey Bay Area Self Insurance Authority (MBASIA) Board of Directors acknowledges that some California cities are involved in (i) joint powers agreements and intergovernmental agreements with other government entities, and, in some cases, (ii) other agreements with non-government entities, under which a city is contractually agreeing to provide certain services to the other party (collectively herein, “Service Agreements” plural, “Service Agreement” singular). Members of MBASIA may also be considering new activities that will increase the risk shared with MBASIA.

Because of the increased exposure to MBASIA as a result of these new activities, MBASIA has outlined the following procedure to bring these exposures to it for review.

For service agreements and new exposures that take effect subsequent to the date of this Policy, this Policy provides requirements for when a Member Agency shall bring a Service Agreement to the attention of MBASIA.

PROCEDURE

Service Agreements and new exposures that must be brought to MBASIA for consideration by the Underwriting Committee and, as necessary, the Board of Directors, are those for any service, activity, or program that “significantly” increases a Member Agency’s exposure to loss. When submitting a new exposure to MBASIA for consideration, the New Exposure Questionnaire should be completed and submitted to the Program Administrators with all related proposed contracts.

It is the intent of the Board of Directors to define “significantly” by using the following criteria. New or proposed exposures that must be brought to MBASIA for consideration are those in which the new exposure is in any one or more of the following:

1. A service for another entity that the Member Agency does not currently provide or conduct for itself.
2. A new service within the Member Agency that would not be considered traditional for the majority of cities in California.
3. A high-risk recreational service.
4. An increase of 25% or more in the Member Agency's current payroll cost (excluding benefits) for providing or conducting such service within its own organization.
5. Services for a government entity that is not geographically adjacent to the Member Agency.
6. Services for an organization that is not a government entity.
7. A situation or arrangement in which the Member Agency shares management staff (by position, such as a battalion chief, not necessarily any named individuals) with another entity in (i) non-emergency situations or circumstances, or (ii) other circumstances which may give rise to employment practices liability exposures for the Member Agency (unless there exists in the Service Agreement at least adequate indemnification allocation language between the parties).
8. Any service agreement situation or arrangement that brings about an increased exposure to loss that is concerning, or reasonably should be concerning, to the risk management personnel/function of the Member Agency.