



**OHIO MUNICIPAL JOINT SELF-INSURANCE POOL
THREE-YEAR COMMITMENT PROGRAM ADDENDUM
For
The City of Gahanna**

Option One: Three year commitment with prepaid surplus year one

Effective: 04/01/2014 – 04/01/2015

Annual contribution: \$151,943

Surplus contribution: \$65,000

Total contribution year one: \$216,943

Option Two: Three year commitment with 50% of Three year surplus prepaid year one and annual surplus contribution of 25% for the next two years

Effective: 04/01/2014 – 04/01/2015

Annual contribution: \$151,943

Surplus contribution: \$32,500

Total contribution year one: \$184,443

The contract issued will continue to be rated on an annual basis. Should Option One or Option Two be selected, the OMJSP will guarantee that the rate will not change, subject to the requirements listed below:

- 1) The member must achieve a loss ratio of 55% or lower, reviewed annually.
- 2) Contribution will change if exposures change.
- 3) The availability of acceptable reinsurance terms to the Pool

We are attaching a sample calculation to show the difference between Option One and Option Two.

The City will need to sign the attached document in agreement that they have selected either Option One or Option Two.

Contributions are fully earned at inception and this is a three-year commitment that changes the member's participation agreement.

City of Gahanna

ThreeYear Commitment Program Example

	2014	2015	2016	Total
Annual Proposal				
Contribution	\$151,943	\$151,943	\$151,943	\$455,829
Surplus	<u>\$ 23,937</u>	<u>\$ 23,937</u>	<u>\$ 23,037</u>	<u>\$ 71,811</u>
Total	\$175,880	\$175,880	\$175,880	\$527,640

Option One

Three Year	Contribution	\$151,943	\$151,943	\$151,943	\$455,829
	Surplus	<u>\$ 65,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
	Total	\$216,943	\$151,943	\$151,943	\$520,829

Option Two

Three Year	Contribution	\$151,943	\$151,943	\$151,943	\$455,829
	Surplus	<u>\$ 32,500</u>	<u>\$ 16,250</u>	<u>\$ 16,250</u>	<u>\$ 65,000</u>
	Total	\$184,443	\$168,193	\$168,193	\$520,829

SAVINGS: \$6,811

Three Year Options

Option One Three year commitment with prepaid surplus year one

Option Two Three year commitment with 50% of three year surplus prepaid year one and annual surplus contributions of 25% for the next two years.

OHIO MUNICIPAL JOINT SELF-INSURANCE POOL

SELECTION OF

THREE YEAR COMMITMENT PROGRAM

Contract Number: OML001395305.14

Effective Date: 04/01/2014

Pool Member: City of Gahanna

It is understood and agreed that the undersigned Pool Member:

(Applicable item marked)

_____ Has reviewed the Three Year Commitment and selected Option One: Three Year Commitment with prepaid surplus year one

_____ Has reviewed the Three Year Commitment and selected Option Two: Three Year Commitment with 50% of Three Year Surplus Prepaid Year One. 25% Surplus Contributions Year Two and Year Three.

_____ Authorized Pool Member Representative

Title _____ Date _____

*The policy issued to the member will continue to be rated on an annual basis. Should the member select Option One or Option Two, the OMJSP will guarantee that the member's rate will not change, subject to the requirements listed below.

- 1) The member must achieve a loss ratio of 55% or lower, reviewed annually.
- 2) Premium will change if exposures change.
- 3) The availability of acceptable reinsurance terms to the Pool