EXHIBIT C

Arkansas Bureau of Legislative Research

Final Analysis, Results, & Transition

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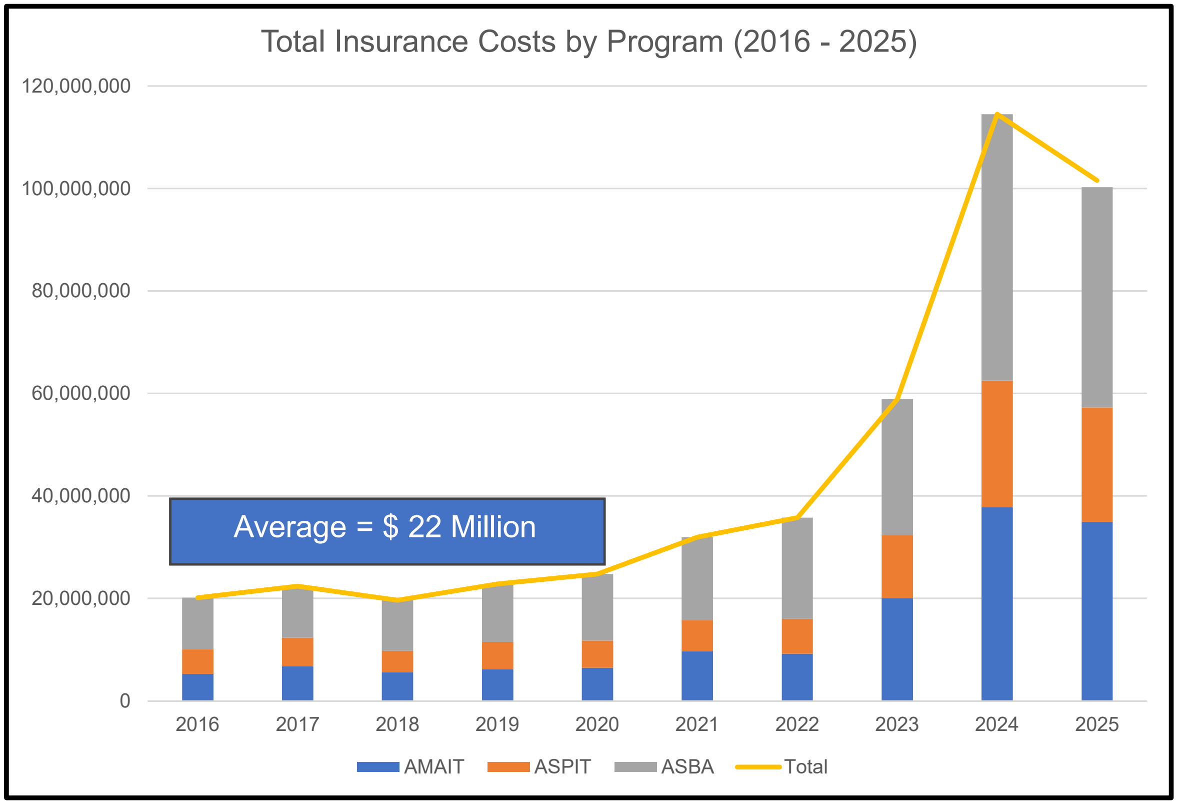
BACKGROUND

Historical Costs

1. 3 Agencies (AMAIT, ASPIT, & ASBA)
2. Commercial Property Insurance – K-12, Higher Education, & Public Buildings
3. Total Insured Value $54.5 Billion (2025)
4. Insurance Costs = Self-Insurance + Excess Insurance + Operating Expenses

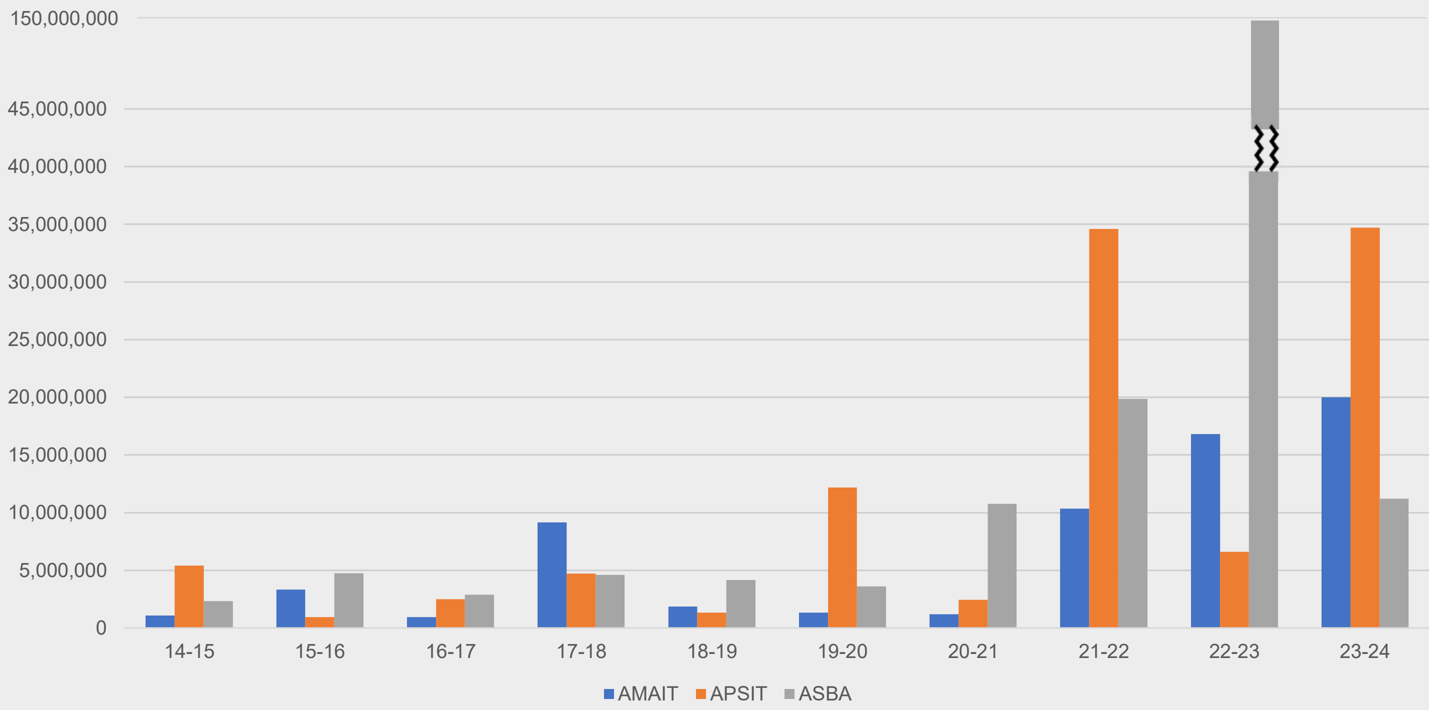


INDEPENDENT ANALYSIS

Select States' Self-Insured Programs – Overview

State	Program Name & Function	Coverages	Assets	SIR * Highest SIR
Louisiana	ORM – State owned buildings LCPIC – Insurance of last resort	Property and workers' comp. Residential and commercial property	$ (17.7M) $ 973M	$ 50M
Mississippi	MDFA – State owned buildings IHL – Public universities MDE – K-12 Schools MCCB – Community colleges	Property and workers' comp. Purchase insurance open market Purchase insurance open market Purchase insurance open market	$ 33.5M $ 8.5M --- ---	None
Missouri	MOA – State property preservation fund MOPERM – Membership risk pool local governments	Workers' comp, liability, property, auto Liability, property, cyber (until 2021)	--- $ 163M	$ 500K
Oklahoma	OSIG – School risk pool OMES – State owned buildings / assets	Property, liability, auto Property, human resource, cyber	$ 40M $ 20M	$ 30M
Tennessee	TCIC – State owned buildings and contents LGIP – General fund, highway, schools and other PEP – Membership building and personal	Property and cyber. Workers' comp, property, liability Liability, workers' comp., property	$ 40M $ 49M $ 264M	$ 25M
Texas	SORM – State owned buildings, personal property TWIA – Coastal county property (Residential and commercial)	Auto and property Property (Wind and Hail)	$ 8M $ 713M	$ 5M

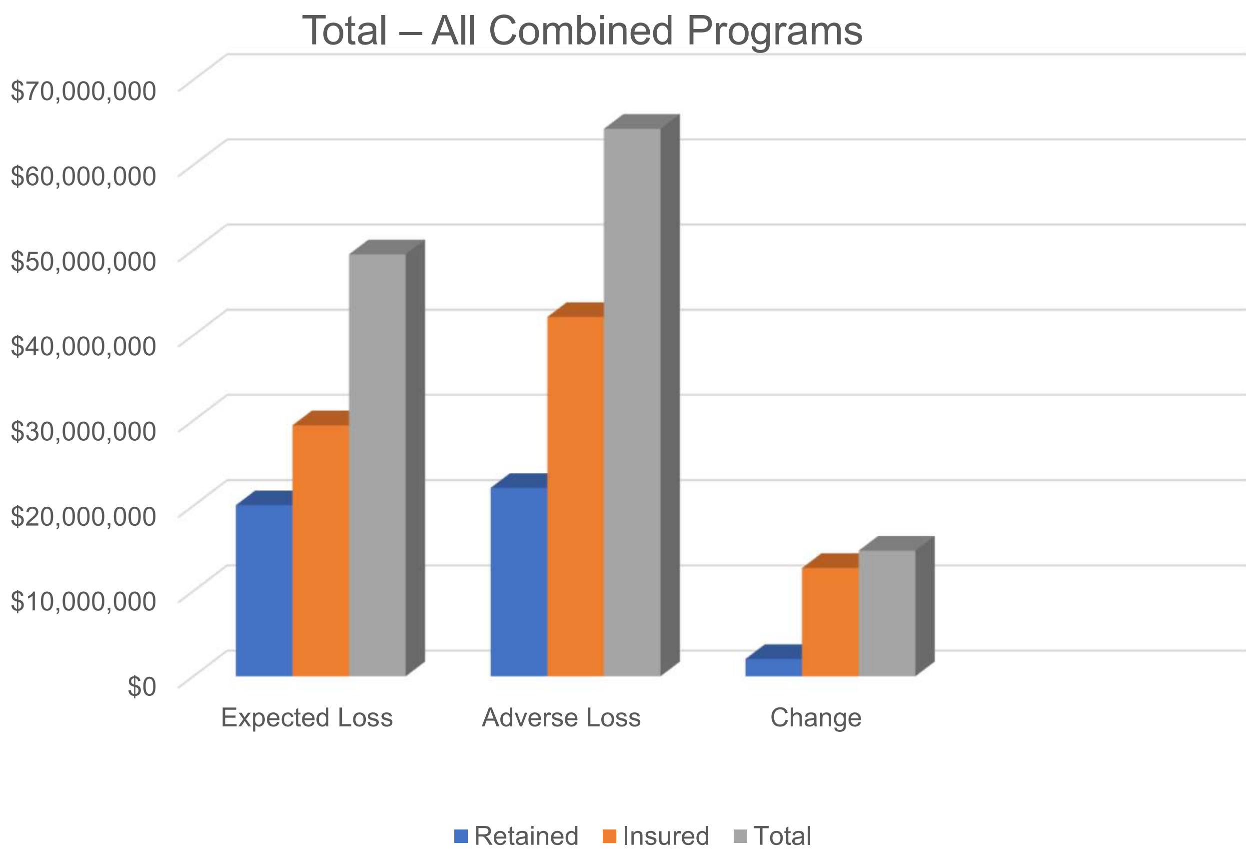
Summary of Historical Results



* Note: The 23-24 ultimate incurred loss includes IBNR.

Program Retained Risk vs Insurer Risk

- Risk is measured as the change in loss dollars retained versus change in lost dollars insured when an “adverse” year occurs
- Higher claim cost in recent years shifted to insurance market, i.e., not retained
- Not enough risk being retained in current insurance structure



OBSERVATIONS

Observations

Up through 2020, Everything Was Going Well …	Total insurance costs were increasing slightly Fund Balances / Net Positions (i.e. Surplus) were rising No actuarial studies performed
Warning Signs Began in 2021	Excess insurance premiums see unusual increases
Excess Insurance Market Hardens in 2022	No plan in place for hard market • Little choice but to pay soaring reinsurance premiums • Surplus could have been used to retain more risk vs. paying excess premiums
While Actuarial Studies in 2024 Addressed IBNR …	Didn’t consider higher retentions No actuarially appropriate rating plan developed Baseline comparisons from pre-2022 not possible
Need an Independent Wholistic Risk Management Plan	Assess the agencies’ capacity to retain more risk Pool SIRs Optimize participation in excess risk pools

RESULTS

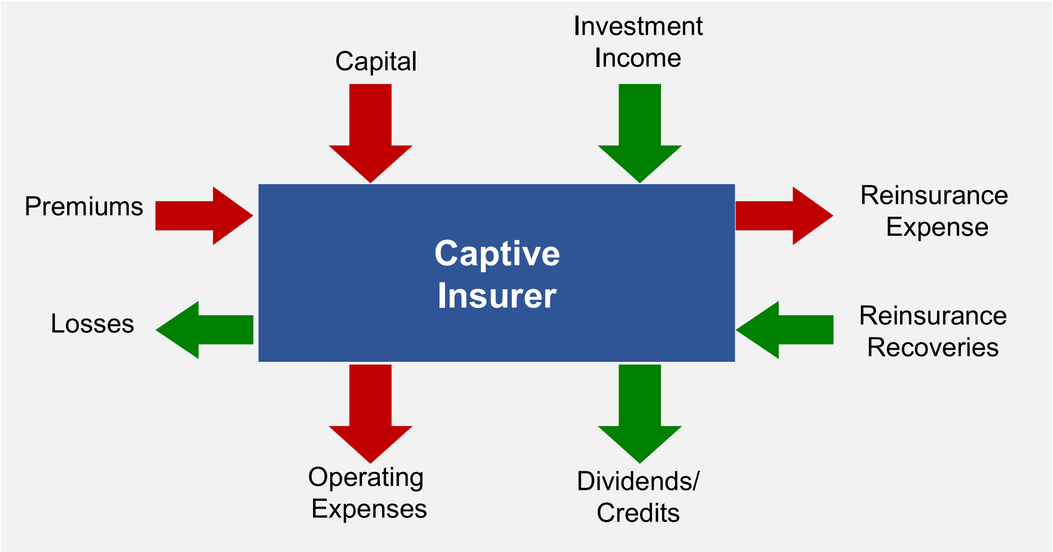
Final Results

- The General Assembly enacted Acts 560 and 779, which resulted in the creation of the State Captive Insurance Program (SCIP).
- Forms a Captive to Self-Insure the Entities' Property Coverage
- Combines the Insurance Operations for All Three Entities
- Annually Consult with an Independent Strategic Risk Consultant to Optimize the Use of the Captive
- Annually Perform Independent Actuarial Analyses

CAPTIVE

What is a “Captive” Insurance Company?

- Limited purpose insurer, owned by a non-insurance parent
- Exists to serve the risk management needs of its parent (the State of Arkansas)
- Can create an internal “risk pool” that harnesses the overall economic strength and size of the combined state organizations, while also recognizing the smaller risk appetites of its participating entities
- Makes it possible to trade more directly in the risk transfer market (e.g., with reinsurance companies



Captives insure nearly any risk which is self-insured, carries large deductibles / retentions, is commercially unavailable, or cost prohibitive

Insurance Structure Differences

Captive Insurance Company

- **Regulation**
  - Regulated as an insurance company
  - Afforded same protections as insurance company
  - Must meet AID requirements
    - Audit
    - Actuarial opinion
    - Min. capital & surplus requirements
- **Risk Pooling**
  - Strategically respond to shifts in market premiums

Certified Self-Insured

- **Regulation**
  - Less tightly regulated
- **Risk Pooling**
  - Typically not allowed

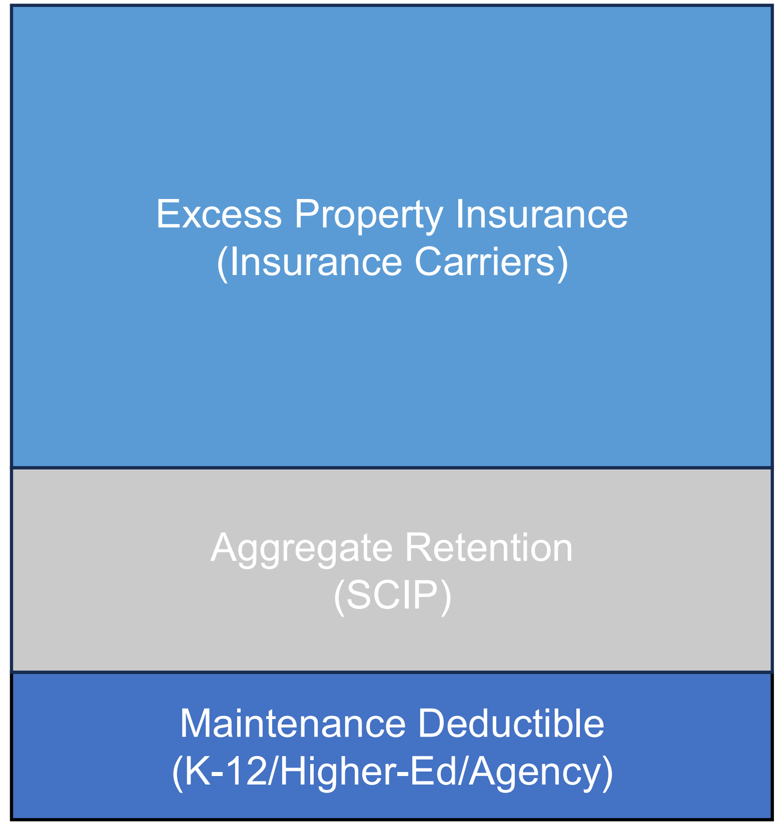
TRANSITION

SCIP Program Structure Overview

The **excess property insurance** applies above the SCIP layer and responds to losses that exceed the SCIP limit, offering additional capacity and financial protection up to the program's full policy limits.

SCIP will provide coverage in the **aggregate retention** layer. Claims paid by SCIP in this layer erode the master program aggregate retention. This is subject to a maximum cap and specific aggregate caps for wind/hail, fire, and all other perils (AOP) losses.

The **maintenance deductible** is the responsibility of each participant in the master property program and will not be reimbursed by the captive.



SCIP Program

Premium Calculation Summary

Premium Formula

- Premium = Rate × Total Insured Value (TIV)

What is Total Insured Value (TIV)?

- The combined insurable value of an entity's property exposures: including buildings, contents, equipment, and other covered assets.
  - May also include extra expense, business interruption, and similar items depending on coverage specifics.

Why It Matters

- SCIP participants premium is directly tied to the values they report. If their insured values have increased, due to new buildings, renovations, or updated valuations, their premium will increase.

Final Terms: 2025 – 2026 Policy Period
Same Rate + Tiered Deductible Structure

Rates will stay **FLAT** year-over year

- **Premium** = Rate multiplied by Building Values
  - Entities with changes to building values (added, removed, or increased) will see premium adjustments

Deductibles (Year 1)

- **Minimum deductible** *(per district, agency, or campus)*:
  - $25,000 per occurrence
  - $50,000 per occurrence when Total Insured Value (“TIV”) is greater than $100M

Deductibles (Year 2 and beyond)

- **A Tiered deductible structure will be implemented based on insured property value**
  - **Phase-in period:** Deductible changes will be phased in over 2 years
- **Deductibles will increase in Year 2, especially for entities with TIVs greater than $250M**