

## 2.1.3

**Policy Title:** 2.1.3 Restricted Funds Related to Insurance Plan

**Section:** 2.0 Financial Reporting

**Last Approved:** March 2026

### BACKGROUND

The purpose of this policy is to ensure certain reserve funds with respect to the administration of the Association's Insurance Plan are to be maintained and appropriately funded to provide for sound financial management of the Insurance Plan. The funds held in each reserve are restricted funds that shall be used only for the purposes related to the management and administration of the Plan for which each is designated.

### APPLICATION

This policy applies to the Association.

### POLICY STATEMENT

1. General Requirements
  - 1.1. An actuarial review of Insurance Plan reserve funds is to occur annually.
  - 1.2. If the Insurance Plan is terminated, moneys remaining in any of the reserve funds, after satisfaction of all amounts to be paid out of each reserve, may be credited to an Administration Reserve for the purposes of payment of any costs related to the windup of the Plan.
2. Restricted Funds
  - 2.1. Loss Pool Reserve - This reserve is designed as a "group self-insurance plan"
    - 2.1.1. Purpose – The purposes of this reserve are:
      - 2.1.1.1. To manage the risk and exposure to school boards for insured claims, up to the defined limit of the following risk categories: Property, General Liability, Sexual Molestation and Air Quality. It is to pay any sums that the school board is legally liable to pay, arising out of, resulting from, or related to insured claims or liability actions against school boards as per GIP policy.
      - 2.1.1.2. To offset the risk and exposure to school boards for new or emergent risk, as defined when such risks are identified. This requires identification and valuation of such risk and establishing the loss pool exposure.
      - 2.1.1.3. In the event of a Plan wind up, to pay any claims incurred but not reported as of the wind-up date.

## 2.1.3

- 2.1.2. Amount of Reserve – Moneys paid into this reserve shall be determined by the actuarial valuation.
  - 2.1.2.1. The minimum shall be the Pool Retention of the risk based technical premium which is the amount to fund the risk pools based on a forward looking representation.
  - 2.1.2.2. The maximum shall be the Excess of the risk based technical premium which is the amount to insure losses above the risk pools’ retentions and limits.
- 2.1.3. Funding
  - 2.1.3.1. This reserve consists of any moneys that may be paid into the reserve from time to time, pursuant to the General Insurance Plan Operational Policy, from any claims related operating surplus that exists at the end of the fiscal year.
  - 2.1.3.2. Transfer in from the Unappropriated Reserve.

## 2.2. Administrative Reserve

- 2.2.1. Purpose – The purposes of this reserve are:
  - 2.2.1.1. To subsidize administrative costs incurred to operate the Plan
  - 2.2.1.2. To pay administrative expenditures that have not been budgeted for that were unforeseen and could not have been reasonably anticipated at the time the budget was approved and to address emergent situations that arise between budgets;
  - 2.2.1.3. To fund the development of administrative infrastructure to support the GIP in its role as a third party administrator and policy holder.
  - 2.2.1.4. To fund any deficit in the Claims Reserve.
  - 2.2.1.5. To pay the administrative costs associated with the winding down of the GIP if the Plan is dissolved;
- 2.2.2. Amount of Reserve
  - 2.2.2.1. The amount held in this reserve shall be not less than \$1,000,000.
- 2.2.3. Funding
  - 2.2.3.1. This reserve consists of any moneys that may be paid into the reserve from time to time, pursuant to the General Insurance Plan Operational Policy, from any non-claims related operating surplus that exists at the end of the fiscal year.
  - 2.2.3.2. Investment income
  - 2.2.3.3. Upon the windup of the General Insurance Plan department, any remaining funds in this reserve after all expenses are exhausted will be transferred to the General Operations Unappropriated Reserve.

## REFERENCES

Financial and Operational Policy 2.1 – Reserves