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Policy Title: 2.1.3 Restricted Funds Related to Insurance Plan

Section: 2.0 Financial Reporting

Last Approved: September 2016

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 at least every five (5) years subsequent to June 2007.
 - 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. Air Quality Insurance Trust Pool
 - 2.1.1. This reserve is designed as a "group self-insurance plan" to offset the risk and exposure to school boards resulting from air quality, mould and fungus claims. It is to pay any sums that the school board is legally liable to pay, arising out of, resulting from, or related to air quality, mould or fungus liability actions against school boards.
 - 2.1.2. There is a maximum of one million dollars (\$1,000,000) annual aggregate expenses to this reserve and a five hundred thousand dollar (\$500,000) per claim limit, with a five thousand dollar (\$5,000) deductible for each claim. It includes defence and investigation costs.
 - 2.1.3. This reserve is funded by the addition of one dollar (\$1.00) per student to the cost of insurance to school boards.
 - 2.1.4. Surpluses from the insurance year-end are to be retained until the pool reaches an amount of one million dollars (\$1,000,000).
 - 2.2. Property Claims Loss Pool
 - 2.2.1. This reserve is designed as a "group self-insurance plan" to be used to pay for members' losses in excess of the basic insurance deductible of two thousand five

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hundred dollars (\$2,500) to a maximum of two hundred thousand dollars (\$200,000) per occurrence. This reserve must be replenished each year to a maximum of \$2 million

- 2.2.2. These funds are to be applied to claims that have been incurred in previous insurance years but not yet settled.
 - 2.2.3. All outstanding claims are to be paid upon completion of the Proof of Loss Statement that is authorized by a representative of the school board confirming satisfactory recovery of the loss.
 - 2.2.4. Surplus funds from this reserve are to be transferred into the Property Insurance Trust Pool after all claims against that operating year are reported.
- 2.3. Property Insurance Trust Pool
- 2.3.1. This reserve is a “group self-insurance plan” designed to accumulate the surplus funds from the Property Claims Loss Pool at the end of the insurance year’s operations (January 31 to February 1).
 - 2.3.2. Surplus funds in this pool are to be credited back to the members annually, by means of premium reductions for the following year as described above.
- 2.4. Sexual Molestation Insurance Trust Pool
- 2.4.1. This reserve is designed as a “group self-insurance plan” to offset the risk and exposure to school boards resulting from sexual molestation claims. The pool is designed to pay any sums that the school board is legally liable to pay, arising out of, resulting from, or related to any allegation of any actual or threatened sexual act, actual or threatened sexual abuse or sexual molestation.
 - 2.4.2. This reserve is funded by the addition of one dollar (\$1.00) per student to the cost of insurance to school boards.
 - 2.4.3. Surpluses from the insurance year-end are to be retained until the pool reaches an amount of two million dollars (\$2,000,000).
 - 2.4.4. When the two million dollar (\$2,000,000) level is achieved, no additional premiums will be collected unless warranted by increased experience in claims.

REFERENCES

Financial and Operational Policy 2.1 – Reserves