

SSBA General Insurance Plan Update

Spring Assembly - April 2019



2016 Resolution

SSBA annually report to boards on the level of insurance fund reserves held by the Association and potential claims against said loss pools, compare same against the loss pool levels contemplated in the respective loss pool trust documentation and best practice, and provide a concrete plan for dealing with either surplus or deficit situations; the goal being to provide contributing boards with more meaningful information regarding their funds, held in trust by the SSBA, than can be gleaned from a review of the Association's Audited Financial Statements.

General Insurance Plan WAG

- A GIP Working Advisory Group was struck in January 2018 with representation from the SSBA Executive, Trustees, LEADS, and SASBO.
- Engaged AON in February 2018 as the external consultant to:
 1. Lead an accountability framework of evaluation and reporting of the loss pools.
 2. Develop comprehensive *Participation Agreements* and Executive oversight policy to govern the loss pool program.
 3. Review of the current loss pool content.

Overview – Timelines

- April/May/June 2018 – Phase 1 AON conducts stakeholder engagements -including interviews and a workshop
- May 2018 – Legal opinion that pools are not “Trusts”
- August 2018 – Presentation of AON’s final report to Executive, includes recommendation to update Participation Agreements
- August 2018 – Phase 2 initiated to measure the funded status of the pools
- August 2018 – Design Team struck
- September/October 2018 – AON works on Phase 2
- December 2018 – Report out of Phase 2 to Executive
- January 2019 – Design Team begins work of implementing WAG recommendations based on AON’s findings.

Overview Methodology & Deliverables

Best practices benchmarking

Sector partner engagement:

- Interviews
- Workshop

Final reports:

- Phase 1
- Phase 2

Main Findings - Phase 1

- Participation Agreements need to be brought to modern standard
- Main financial risks under the GIP are well protected, pools are not being used to their full potential
- Governance gaps exist, including policy documentation
- Transparency to members is an issue

Main Findings – Phase 2

- Loss pools are sufficiently capitalized for all “incurred but not reported” claims
- There is material surplus capital
- Going forward, all pools should be re-priced to reflect the actual cost of the risk

Design Team

- Responsible to implement recommendations of the WAG
- Stakeholder representation including SSBA Executive/Trustees, LEADS, and SASBO
- Developed a Strategic Plan in February 2019 to implement the recommendations in order to ultimately:
 1. Have updated and implemented participation agreements by December 2019; and,
 2. Ensure operationalization of new program in Spring 2020.

Recent Engagement and Feedback

Presentations:

- LEADS
- SASBO – CFOs Functional Group (engagement with key questions)

What we heard?

- The General Insurance Plan is supported and of great value to our members
- The review process and the engagement has been good
- Keep up the engagement and communication going forward

Status Update

- We continue to be on time and on budget.
- The recent feedback has been both helpful and encouraging.
- We are on target to have updated and implemented participation agreements by December 2019; and to ensure operationalization of new program in Spring 2020.

Thank You Questions?



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