

Workers' Compensation Restricted Fund Balances Targeted Equity

The level of funding and the Targeted Equity levels (Restricted Fund Balances) shall be established by the Executive Committee and approved by the Joint Powers Board. The Executive Committee reserves the right to change or suspend the policy.

The Executive Committee has established two separate Restricted Fund Balance Reserve for this Fund; Loss Contingency Reserve and Rate Stabilization Reserve.

The Loss Contingency Reserve will be calculated at ten times the Self-Insured Retention Level (SIR). This amount should be sufficient to cover unexpected large claims up to the SIR level.

The Rate Stabilization Reserve is established to protect Districts from severe fluctuations in contribution rates. This Reserve will be calculated by determining the total outstanding claims liabilities as of the current fiscal year-end. This will include claim reserves, the incurred but not reported reserve (IBNR), and unallocated loss adjustment expenses (ULAE). The Reserve will equal 100% of the outstanding liabilities.