

## **Property Casualty Fund 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 Restricted Fund Balance Reserves for this Fund; Loss Contingency Reserve and Rate Stabilization Reserve.

The Loss Contingency Reserve will be calculated at ten times the Self-Insured Retention (SIR) levels for both the Property Program and the Liability Program. This amount should be sufficient to cover unexpected large claims at the SIR level.

The Rate Stabilization Reserve is established to protect Districts from severe fluctuations in contribution rates. Since School Risk and Insurance Management Group self-insures and purchases various levels of coverage for property/liability, conservative funding to allow a secure reserve to respond to uncertainty with losses and market conditions is necessary. Therefore, the reserve will be funded at a minimum 90% confidence level and using a discount factor that is the same as that used for the self-insured claims funding as determined by the SIG actuary.