Withdrawal of a Member
Employee Benefits Trust

The liability of any member upon withdrawal from the Employee Benefit Trust shall be calculated using the following formula and definitions.

1. Plan balance, including IBNR, at end of current fiscal year, or date of withdrawal, multiplied by;

2. Percentage of district premium to plan premium, current fiscal year, multiplied by;

3. District/unit modification factor based upon the district/unit claims history to premium as a member of the Employee Benefits Trust.

4. Claim Stabilization Reserve would be added to the liability of any member upon withdrawal.

Example: $(\$167{,}700) \times \dfrac{\$160{,}000}{\$1{,}600{,}000} + (5\% \times \$170{,}000) =$

($167,700 x 10% x 1.2) + $8,500 = $28,624

DEFINITIONS

Plan is defined as combined health benefits, combined dental, and combined vision insurance.

IBNR is audit total all plans in force or as may have been in force.

Modification Factor, the district's claims history to premium as a member of the Employee Benefits Trust. Modification shall not be less than 1.0.

Premium is district total premium for the current fiscal year (year of withdrawal) to participating plans premium.

Claims History is actual claims of the district modified by a percentage factor increase to include unscheduled claims; i.e. PCS, insurance premiums and administrative costs applicable to the plan or plans in the district.

Payment, estimated payment from district shall be made within thirty (30) days of withdrawal. Final payment shall be due ninety (90) days thereafter upon receipt of audit by independent auditor.

(Adopted: 5/7/86; Revised: 1/17/90, 2/15/95, 4/27/16)

Notification for withdrawal must be made by resolution of the Governing Board of a member agency and must be a firm resolve to withdraw.

Claim Stabilization Reserve is the margin to account for the fluctuation of claims and the consequent increase in your reserve liability. The August 1994 actuary report from the Wyatt Company determines that the reserve is 5% of claims for the current year. Therefore, the current year's claims expense will be multiplied by the 5% factor to determine the Claim Stabilization Reserve.