

TRI-COUNTY SCHOOLS INSURANCE GROUP

EMPLOYEE BENEFITS

Policy No. 212

I. Reserves

The level of funding to be established and maintained in the Reserves for each self-funded program shall be established by the Executive Committee. The amounts will be based on recommendations from the consultant, actuary and auditor. The Reserve will be adequate to minimize the need for a rate increase during a fiscal year.

a. Incurred But Not Reported Reserve (IBNR)

The IBNR Reserve will include an amount equal to the difference between known claim reserves and the anticipated full value of all claims. This reserve will be based on claims history and trend as well as recommendations from the consultants, actuaries and auditors for each program.

b. Stabilization Reserve

The Stabilization Reserve should include an amount not less than seven (7) times the current "specific stop loss." This Reserve shall be called the "Stabilization" reserve and is intended to protect Employers from severe fluctuations in contribution rates caused by an unusually bad year's experience.