FINANCE

Fund Balance and Solvency

In order to retain a stable financial base and comply with applicable regulatory solvency requirements, the Trustees shall:

1. Maintain sufficient funds to meet the Trust's liquidity needs;
2. Establish reserves in an amount equal to the sum of three months of insurance premium costs for fully insured Trust benefits;
3. If the Trust self-insures any Trust benefits, establish reserves in an amount equal to the sum of eight weeks of (i) claim costs for all benefits funded directly by the Trust, (ii) costs, and (iii) expenses;
3. Maintain4. If the Trust self-insures any Trust benefits, maintain an aggregate stop-loss insurance policy with an attachment point set at or below one hundred twenty-five percent of annual expected claim costs for all benefits funded directly by the Trust; and
4. In5. If the Trust self-insures any Trust benefits, in addition to establishing the reserves in item 2. above, establish by resolution an additional contingency reserve in an amount equal to the sum of (i) eight weeks of claims costs for all benefits funded directly by the Trust, (ii) costs, and (iii) expenses.

InIf the Trust self-insures any Trust benefits, in lieu of the requirements in 1, 2, 33, 4 and 45 above, the Trustees may obtain an independent actuarial study and fund the Trust to the actuarially determined liability.

If the Trust self-insures any Trust benefits, if at the end of a program year the requirements in 1 and 3,4, or 45 are not met, the Trustees shall notify the Washington State risk manager of the condition, and comply with the risk manager's corrective action plan.

Cross Reference:	Trust Procedure 100.3P	Third Party Administrators, Consultants and Advisors
	Trust Policy 200	Financial Policy
	Trust Policy 220	Investment Guidelines and Rules
	Trust Policy 250	Fund Balance and Solvency
	Trust Policy 440	Reports

Legal Reference:	WAC 82200-65110-040	Standards for solvency—Program funding requirements

Adopted: January 24, 2011

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