

PROPOSED REVISION

250P

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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 **which includes maintaining reserves in an amount determined by the Trustees to be necessary to fund insurance premium costs for the fully insured Trust benefits;**
- ~~2. Establish reserves in an amount equal to the sum of three months of insurance premium costs for fully insured Trust benefits;~~
- ~~23.~~ 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;
- ~~34.~~ 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
- ~~45.~~ If the Trust self-insures any Trust benefits, in addition to establishing the reserves in item 3 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.

If the Trust self-insures any Trust benefits, in lieu of the requirements in 1, ~~3, 4~~ 2, 3 and ~~54~~ 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 ~~4, 3~~, or ~~54~~ 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 References: [Trust Procedure 100.3P](#)

[Trust Policy 200](#)

[Trust Policy 220](#)

[Trust Policy 250](#)

[Trust Policy 440](#)

Third Party Administrators, Consultants and Advisors

Financial Policy

Investment Guidelines and Rules

Fund Balance and Solvency

Reports

Legal Reference: [WAC 200-110-040](#)

Standards for solvency—Program funding requirements

Adopted: January 24, 2011

Revised: October 16, 2013

PROPOSED: November 2017