



Purpose

To maintain the integrity of Pool funds, to assist in the budget process and the maintenance of adopted target financial ratios, and to comply with legal and regulatory obligations and practices.

Authority

1. Interlocal Agreement, Section 3 (“all things necessary and proper for the establishment of self-insurance programs”); and
2. Bylaws Sections 4 (“adoption of annual budget” and “assessment of . . . allocations and contributions”) and 38 (“Executive Committee shall establish policies with respect to internal controls [and] financial reports”).
3. WAC 200-100-03001: Standards for solvency
4. Governance Policies: Capital Funding Philosophy and Target Ratios

Policy Statement

1. At least annually, the Pool shall commission an actuarial study and report by a fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries to determine reserve adequacy.
2. Based upon the foregoing report the Pool shall allocate funding for losses, loss development, incurred but not reported losses, allocated loss adjustment expenses, unallocated loss adjustment expenses, and adverse experience at levels set by the Board or Executive Committee.
3. Additional actuarial requirements.
 - a. Every three years the Pool shall undertake an actuarial study regarding the reserves required by the Capital Funding Philosophy.
 - b. Annually the Pool shall determine the financial ratios required by the Target Ratios policy.
4. Actuarial studies will be presented to the Board of Directors.

Amendment

The Executive Committee may amend this policy.

Passed by the Executive Committee March 28, 2024.

Attest:

Approved as to form:

Shonda Shipman, President

Monique Liard, Secretary

Richard L. Hughes, General Counsel