

BUTTE SCHOOLS SELF-FUNDED PROGRAMS

POLICIES & PROCEDURES MANUAL

Subject: **TARGET EQUITY**

Section: **2.9**

BSSP shall establish and maintain equity levels for the net asset balance in all programs which are not fully-insured. The target equity level is the minimum net asset balance before any surplus equity or dividend distributions may be declared and is in addition to the estimate for amounts incurred but not paid (IBNP) and amounts incurred but not reported (IBNR) and estimated administrative costs thereon. The target equity shall be as follows:

Self-Funded Employee Benefits

Medical	17% (approximately two months) of self-funded medical claims and administrative costs for the 12 months ended June 30
	50% (approximately 6 months) of Health and Wellness Center operating costs for the 12 months ended June 30
Dental	6% (approximately three weeks) of dental claims and administrative costs for the 12 months ended June 30
Vision	6% (approximately three weeks) of dental claims and administrative costs for the 12 months ended June 30

Property and Liability

IBNP margin	30% of June 30 IBNR at 80% confidence level
Stop loss	Self-insured retention level for two property and two liability claim

Workers Compensation

IBNP margin	30% of June 30 IBNR at 80% confidence level
Stop loss	Self-insured retention level for five claims

Administration

75% (approximately 9 months) administrative costs for the 12 months ended June 30

Declarations of surplus or rate stabilization funds in accordance with Policy 2.4, Calculation of Surplus by Fiscal Year, and Policy 2.5, Rate Stabilization Fund Policy, shall not be made unless funds in excess of the target equity amounts outlined herein are available.