

Risk Pool Discussion

Background

The SELPA currently maintains two shared risk pools, the NPS Pool and Special Needs Pool. Superintendents previously agreed to review and discuss the risk pools as part of the allocation plan revision process. There has been a steady increase in the number of claims and associated cost to both risk pools.

Definition

A risk pool is formed when agencies agree to pool resources to provide some protection against the cost associated with significant defined risks. The practice of pooling similar risks and mitigating individual cost is the underlying concept of insurance.

Benefits

- Individual risk is mitigated by aggregating resources
- High cost risks are offset by fluctuating use and variable cost
- A portion of the cost associated with the risk is paid from a shared pool instead of individual budgets

Components of Risk Pools

- Agreement to collaboratively finance the risk pool
- Contributions from all participants (i.e., premiums)
- Access to the pool is limited to defined risk
- Clearly defined parameters to access the pool

Considerations

- Increased use leads to increased cost for all
- Not all risks can be effectively pooled (e.g., cannot combine health, dental, home and car insurance in one policy)
- Shared responsibility for paying all eligible claims based on agreements

Discussion

1. Do we want to have risk pools in place?
2. What risk should be addressed by risk pools?



3. What characteristics/assumptions/rules need to be in place for our risk pools in the future?
 - a. Self-funded
 - b. Restricted to special education

4. What additional information would you like for the first draft of recommendations?

