

MEMO



TO: Technical College District Risk Managers and Finance Officers

FROM: Steven Stoeger-Moore, Executive VP – DM
Mike Lanser, President LTC/ Presidents Association Liason to DMI

DATE: 27 October 2004

RE: Funding for Losses

During the October 15th Risk Managers meeting the topic “funding for losses” was discussed. Each District member insured currently addresses this topic at a local level. Some Districts set aside funds in a “contingency” arrangement to pay for losses. Other District locations absorb the cost through operating funds/expenses. We would encourage the discussion at your district level on how to best address expenses associated with a loss (typically the deductible amount by line of coverage).

It is our opinion that an annual amount set aside for loss expenses is an appropriate method to budget for the unanticipated costs associated with a claim. We recognize that each District will make the financial arrangements that meet its respective needs.

Thank you for your consideration of this matter.