



## Frequently Asked Questions

- **Where will the loss fund dollars be deposited?** Contributions will be deposited with Northwest Bank and ISJIT, both approved depositories for public funds. Deposits will earn interest until needed for claim payments.
- **Can participating members add/delete properties during the year?** Yes, any property that is removed from the EMC coverage should be removed from SPF coverage as well, in return for a pro-rata return of the contribution. Similarly, any property with a percentage deductible that is added to the EMC coverage should be added to the SPF. A pro-rata additional contribution will be due based on the value of the property and the date added.
- **Will the SPF pay for damage that is not covered under the EMC policy?** No, there must be coverage under the EMC policy for the SPF to respond. Damage that is excluded under the EMC policy will not be eligible for payment by the SPF.
- **What expenses are contemplated in the SPF contribution?** The contributions include a 6% allocation for the loss fund protection coverage, a 1% allocation for administrator expense, and a 1.5% allocation for miscellaneous expenses such as accounting, legal, audit, and D&O/Crime insurance for the 28E. Any unused funds will be rolled over to the next fiscal year.
- **Who controls the SPF and makes the important decisions?** The board makes all decisions after reviewing the data and being provided with various options and a recommended course of action.

- **Can I be on the board?** Yes! The initial board members are appointed but, beginning in 2026, elections will be held for board positions in staggered terms.
- **Will smaller districts have representation on the board?** Yes, the board is comprised of five trustees from larger districts and four trustees from smaller districts. Trustees include both Business Managers and Superintendents and come from all areas of the state.
- **Are there any barriers to entry or exit?** Participants must be a K-12 district or AEA insured with EMC and have properties subject to a percentage wind/hail deductible. There are no barriers to exit beyond a 30 day notice to the SPF.
- **If my district leaves after the first year, will we receive a portion of our contribution back?** No, our goal is to build the SPF balance over the first few years, so no returns of contributions are contemplated. By building the loss fund balance, we can eliminate the need for loss fund protection coverage and reduce expenses even further.
- **Will our contribution amount be lower next year?** Possibly. The contribution levels for 2026 will be determined by the board and based on:
  - The ending fund balance
  - Expected claim amounts for the upcoming year
  - The cost of loss fund protection insurance for the upcoming year
- **Is the SPF assessable?** The SPF is not meant to be assessable but instead purchases loss fund protection coverage that will pay deductible amounts on behalf of participants in the unlikely event that the loss fund becomes exhausted during the year. The loss fund + loss fund protection coverage would have totaled enough to cover every eligible member's 1% deductible expense each of the past 50 years.

If unprecedented storm damage occurs during the year and the loss fund balance falls below a minimum level, the board has a few options to consider:

- Purchase additional insurance
- Borrow against a letter of credit
- Require a supplemental contribution to bring the fund balance back to a minimum level. This option would be utilized only as a last resort to protect members, and any supplemental contribution would be limited to a percentage of the initial contribution.