Board of Trustees of the Nebraska State Colleges

Business and Finance

POLICY NAME: Risk Loss Trust

POLICY NUMBER: 6609

A. PURPOSE

To document requirements regarding the use, funding and operation of the risk loss trust established by Policy 6701.

B. DEFINITIONS

None

C. POLICY

1. General

1.1. Beginning with FY2024, the risk loss trust will be available to partially offset deductibles for claims under the Board's general, excess, and educator's legal liability coverages and property coverages.

1.2. The Board will continue to procure liability and property coverages, and the cost of premiums will be allocated to the Colleges.

- Liability related premiums will be allocated between the Colleges based upon the distribution of funds.
- Property premiums will be allocated between the Colleges based upon the statement of values.

2. Funding the Risk Loss Trust

2.1. The Colleges will be required to contribute to the trust on an annual basis commencing FY2025.

- The contribution to the trust for FY2025 will be a total of $100,000, increasing five percent (5%) annually.
- The total contribution will be allocated between the Colleges based upon the percentage of premiums paid by each College for property, general liability, excess liability, and educators' legal liability coverages for the prior fiscal year.

2.2. Any additional dividends or refunds paid due to our prior participation in the MHEC master property program, through UE, or another insurance program or provider will be deposited into the trust.

2.3. Any interest earned will be retained by the risk loss trust.

3. Withdrawals

3.1. In the event the College experiences a covered loss, per Policy 6701, the College is responsible for the first $50,000 of any loss before it can access the risk loss trust which should be covered by the College's operating budget.

3.2. To the extent additional deductible and damages exist beyond the first $50,000, the College will then have access to the risk loss fund to offset up to $200,000 of additional deductible. Any remaining deductible will be the College's responsibility.

3.3. A President may submit a request to the Chancellor to utilize reserve funds pursuant to Policy 6005 if needed to cover any remaining deductible not covered by the risk loss trust.

3.4. No individual College can access more than a total of $200,000 at any given time regardless of the number of claims.

4. Repayment

4.1. The Colleges will be required to reimburse the trust for any amounts expended on their behalf over a three (3)-year period commencing the fiscal year following the closing of the claim. This repayment period could be adjusted by the Board for good cause.

5. Reporting and Review

5.1. The Vice President for Administration and Finance will be required to track and report all claims and losses incurred under the property, general liability, excess liability, and educators' legal liability coverages regardless of whether the risk loss trust is implicated. The System Office will provide a report template. The report is due to the System Office by September 30 each year for the previous fiscal year.

5.2. The use, funding, and operation of the risk loss trust will be reviewed every two (2) years to ensure the trust is satisfying its intended purpose.

FORMS/APPENDICES:

None

SOURCE:

Legal Reference:	Neb. Rev. Stat. 85-330	Risk-loss trusts authorized; requirements; applicability of provisions; Attorney General; State Claims Board; duties.

Policy Adopted: September 2023

Policy Revised: January 2026