

UNITED STATES ADULT SOCCER ASSOCIATION

INSURANCE RESERVE POLICY

1. PURPOSE

The purpose of the Insurance Reserve Fund Policy for the United State Adult Soccer Association (USASA) is to build and maintain an adequate level of unrestricted funds to support the organizations insurance coverage in the event of unforeseen budget shortfalls in insurance premiums due to excessive losses and or a substantial increase in the insurance market place that would negatively impact the organizations insurance expense requiring the increase of player fees. This reserve may not be used for anything other than for the intended purpose.

The Insurance Reserve Fund is not intended to make up for a permanent loss of funds or to eliminate an ongoing budget deficit. The organization intends for the Insurance Reserve Fund to be used and replenished within a reasonable period of time. The Insurance Reserve Fund Policy will be implemented in conjunction with the other financial policies of the organization and is intended to support the goals and strategies contained in those related policies and in strategic, operational and insurance coverage plans.

2. DEFINITIOINS AND GOALS

The Insurance Reserve Fund is defined as a designated fund set aside by the actions of the National Council of the United States Adult Soccer Association (USASA) with oversight by the National Board of Directors (NBOD). The Insurance dividend is money that is paid back to USASA by the insurance company based on a calculation related to premium versus claims. The amount of the Insurance Reserve Fund has been designated at \$1,000,000. The balance of the Fund may exceed the Designated amount when claims/losses are fewer than expected resulting in a dividend. During times of budget shortfalls, it is understood that USASA will incur significant use of these reserves rather than increase player fees for the for the purpose of paying for increased premiums. Because excessive losses impact premium levels in 3 year increments the need for restoration of funds increase with subsequent years of excessive or unintended losses. Thus should the balance of the fund drop below \$200,000 the funds needed to restore the Designated Insurance Reserve Fund will come from the operating budget in addition to any insurance dividends. Should the Fund exceed \$1,500,000 excess funds will be allocated at the discretion of the NBOD.

3. ACCOUNTING FOR RESERVES

The Insurance Reserve Fund will be recorded in the accounting system and financial statements as National Council Designated Insurance Reserve Fund. The Insurance Reserve Fund will be funded and available in cash or cash equivalents and be maintained in a segregated bank account or investment fund, in accordance with investment policies.

4. FUNDING RESERVES

The Insurance Reserve will be funded by Insurance Dividends and with surplus unrestricted operating funds as needed. The NBOD, from time to time, may direct that a specific source of revenue be set aside for Insurance reserves. Examples may include on-time gifts or bequests, special grants or special appeals.

5. AUTHORITY TO USE INSURANCE RESERVES

Authority for the use of Insurance Reserve Fund is restricted to the NBOD.

6. REPORTING AND MONITORING

The Executive Director is responsible for ensuring that the Insurance Reserve Fund is maintained and used only as described in this Policy. Upon approval of the use of Insurance Reserve Funds, the Treasurer will maintain records of the use of funds and plan for replenishment. The Treasurer will provide regular reports to the Board of Directors on the progress to restore the fund to the Designated amount.

7. RELATIONSHIP TO OTHER POLICIES

The Executive Director shall maintain the following board-approved policies, which may contain provision that affect the creation, sufficiency and management of the Insurance Reserve Fund.

- Investment Policy
- Risk Management Policies
- Policies related to Operating and Capitol Budgeting
- Fund Development Policies

8. REVIEW OF POLICY

This Policy will be reviewed periodically by the Executive Director and Treasurer. Proposed changes to the Policy must be distributed by the Treasurer to the National Board of Directors for review and approval based on the original mandate of the National Council of the United States Soccer Association. That mandate was to provide for protection against increases of player fees based on losses and market fluctuation in the insurance coverage for our members.