Schools Protection Program Premium Allocation Q & A **November 5, 2026**

Schools Protection Program Premium Allocation – Q&A

1. Why is premium paid to Schools Protection Program?

The Schools Protection Program (SPP) collects an annual premium from all 60 school districts to fund a self-insurance program. The program provides coverage for Property, Equipment Breakdown, General and Professional Liability, Crime, and Directors' & Officers' (D&O) Liability claims subject to the terms and conditions of the coverage agreements.

Coverage includes:

- **Property and Equipment Breakdown Coverage Agreements:** Protects school district assets such as buildings, contents, and equipment necessary to support the delivery of educational services and programs. Decisions regarding repair or replacement that are over the self-insured pool limit (currently $500,000) are made by the sponsoring ministry.
- **Crime Coverage Agreement:** Protects school districts against direct losses involving money, securities, and other similar valuable property.
- **General Liability and Professional Liability Coverage Agreement:** Provides protection for claims made by third parties for damages arising from bodily injury, personal injury, or property damage, as well as associated legal defence costs. Coverage includes professional liability as well as other common liability exposures.
- **Directors' and Officers' Liability coverage agreement:** Provides protection in the event of legal action brought against a trustee, director or officer for an alleged wrongful act committed in the course of their duties.

The annual premium funds the SPP self-insurance program and is used to pay eligible Crime, General Liability, D&O, and smaller Property and Equipment Breakdown claims, while larger property losses are funded separately by the sponsoring ministry.

2. What does the annual SPP premium consist of?

The SPP premium is used to fund both eligible claims and the costs of administering and delivering the program. The premium is comprised of the following components:

Program Delivery Costs

Costs associated with administering and operating SPP, including:

- I**ndemnity (Claims) Funding**
  Funding required to pay eligible claims under the program. The premium requirement is determined by an actuarial review to ensure the program remains adequately funded to meet current and future claims obligations.
- **Contracted Services**
  Actuarial services to review claims history and trends and provide annual premium recommendations that reflect current and emerging risks.

- **Risk Management Branch (RMB) Operating Costs**
  - o Staff salaries.
  - o Shared services, including legal, financial and document storage fees.
  - o Information systems and technology costs.
  - o Office expenses, amortization and overhead.
- **APV 212 Special Excess Liability Policy**
  Premium for Special Excess Automobile Liability coverage.
- **Accidental Death & Dismemberment Coverage**
  Premium for Accidental Death & Dismemberment coverage is based on the coverage selected by each individual school district.

3. How are the SPP premiums allocated?

- Liability premiums are allocated based on each school district's share of total student full-time equivalents.
- Property premiums are allocated based on each school district's share of the total building (i.e. physical structures) values.

4. When are SPP premiums compiled and who calculates them?

ThThe premium development typically begins in early summer and is completed by October each year.

To support the actuarial analysis, SPP provides the actuary with exposure data consisting of student enrollment numbers (FTEs), and current building values for core assets. The Ministry of Education and Childcare (ECC) provides updated student enrollment numbers, and the Ministry of Infrastructure provides updated building values for active schools. The actuary provides a report, including the recommended premium required, which SPP uses to establish rates and determine the premium due for each school district. Closed schools or those occupied by a tenant are not considered when calculating the premium. Upon receipt of the actuary's report, which includes the recommended premium, SPP allocates the premium amongst the school districts.

5. Who pays the annual premium?

RMB provides ECC with the total required SPP annual premium and school district allocation in the fall of each year. ECC recovers the appropriate amount from SDs accordingly and and transfers these funds to RMB. RMB deposits the premium into the appropriate account after deducting the amounts necessary to pay contracted and internal service costs.

6. What assurances do School Districts have that there are sufficient premiums in the pools to pay for known and unknown claims (i.e. claims that have yet to be reported)?

The program is actuarially analyzed each year by an independent actuarial firm to ensure premiums collected are sufficient to pay for known as well as future claims. Methods utilized to forecast losses follow accepted Actuarial Standards of Practice of the Canadian Institute of Actuaries.

RMB manages the Insurance and Risk Management Account (IRMA) as authorized under the Financial Administration Act (FAA). The account has statutory spending authority which allows it to spend the amount necessary to pay claims obligations. The casualty coverage (General and Professional Liability, D&O, and Crime) are formal indemnity agreements making them statutory payments which the province must pay.

7. What is the actuarial process?

Each year, the actuarial firm assesses the claims reserving and payment histories of the SPP as of March 31st and provides an opinion on:

(i) The expected present value of claims occurring in the next fiscal year (i.e. when the incident giving rise to the claim occurs, irrespective of when the claim is reported or is actually settled).
(ii) The amount of the premium required in order to properly fund the program, and;
(iii) The adequacy of the balance in the risk pool to pay for outstanding losses.

Based on this analysis, the actuary develops an estimate of the program's future claims costs. This estimate, referred to as the actuarial assumption, is reflected in the annual premium and recorded as an expense in the fiscal year.

A smoother distribution of costs is achieved through an annual premium that is determined using actuarial analysis of past claims experience and making a prediction (or assumption) of projected future claims. As part of this process, actuaries also estimate the value of claims that have occurred but have not yet been reported. These expected claims costs are recorded as an Incurred But Not Reported (IBNR) expense.

An Incurred But Not Reported (IBNR) amount can arise due to delays in claimants coming forward, delays in discovering a loss, or other adverse developments that affect the ultimate cost of a claim. In some cases, particularly for liability claims, losses may not be identified for several years after the event.

To address this uncertainty and cover anticipated IBNR costs, funds are held in the liability and property risk pools within IRMA. These pools accumulate funds over time and earn investment income, helping to spread the cost of claims across multiple years rather than absorbing the full cost in the year a loss occurs. This approach is consistent with insurance industry practice, where reserves are maintained for expected future claims costs, including IBNR liabilities.

If you have any questions regarding this information, please contact:

SPP coverage details: SPP (protection.program@bcspp.org or ph. 250-356-1794)

Property estimates: Billal Adam, Capital Information Officer, Capital & Corporate Finance Branch, Ministry of Infrastructure (billal.adam@gov.bc.ca or 778-405-1945)

Any other questions: Funding and Allocation Unit, Education Finance Branch, Ministry of Education and Child Care (FFAB.ECC@gov.bc.ca)