



Experience Refund Utilization Policy

Effective: June 12, 2025

Purpose: To outline how funds received as a result of experience refunds will be allocated and utilized.

Background: The Basic and Dependent Life, the Extended Health and Dental plans are funded on a refund accounting basis. This means that if claims and expenses are less than the premiums paid in a policy year the insurance company will refund the difference to Worker Benefits Services (WBS). (All other group plans are fully insured and experience refunds do not apply.) Experience refunds are not guaranteed as the amount of any refunds reflect the actual claims experience under the plans, which can vary from year to year, especially for the Life Insurance plan, where a single large life claim can result in a deficit in the year. Experience refunds are owned by Worker Benefit Services. All employers participating in the Group Benefit Plans have signed a Subscription Agreement; one of the terms of the Agreement being that the employer does not have a claim on experience refunds that the plans may receive. More specifically Point 9 of the Agreement states ***“The Employer acknowledges that an Insurer or an Issuer may, from time to time, provide an experience rating refund or other rebate to LCCWBS. The Employer acknowledges that neither it nor its employees have any right, title or interest in any such payment.”***

It should be noted that experience refunds received prior to 2024 were primarily directed towards paying down the deficit on the pension plan.

Policy: Experience refunds are intended to be utilized for such things as the following:

1. **Paying Premiums for members on LTD** - Paying Extended Health, Dental Benefit Premiums, and Employer Pension Contributions for members on Long-Term Disability. Premium waivers by the insurer cover other plan premiums.

2. **Administrative Expenses** – Offsetting ongoing administrative expenses exceeding the employer paid administrative charge. This may also include WBS operational costs in the event of extraordinary operating costs such as increased staffing for a project, actuarial or legal costs in order to complete a project or as a result of increased workload due to the failure of a number of congregations or other organizational concerns or external factors such as changes in government programs.
3. **Reducing premiums** - Using refunds to temporarily stabilize or lower premiums.
4. **Funding new programs** - Funding new plans or initiatives that provide additional coverage or flexibility for members, or support initiatives aligned with organizational values and mission.
5. **Covering the costs of extraordinary health care expenses** - For items not covered under the program or surpass coverage limitations in the existing plans (i.e. EAP and Psychological benefits under the Extended Health Plans) and there is a compelling reason from either an organizational perspective or compassionate perspective to consider providing coverage. The intent is to be able to provide help to someone with a serious issue that needs extended help in order to recover. This would be especially applicable if a member's mental health issue has the potential to impact the employer or wider LCC body.

Process:

- Allocation of experience refund funds is determined each year in conjunction with the review and approval of the WBS annual budget.
- Requests to cover extraordinary health care costs for items not covered under the program are to be brought first to the Executive Director, Worker Benefit Plans who will review the request to ensure it meets the intent and purpose of the fund before it is brought to the WBS Board for approval. Requests need to outline the amount being requested, and the reason for the request. Once the Board approves the request, the money will be paid out of the fund in the most tax effective manner.
- **Questions:** Questions on this policy may be directed to:
 - Dwayne Cleave, Executive Director, Worker Benefit Plans at adminstratorlcc@lutheranchurch.ca or 1-800-588-4226,ext.219
 - Nancy Swerhun, Pension and Benefits Manager, Lutheran Church – Canada at nswerhun@telus.net or 403-278-7506.

Approved by the LCC WBS Board of Directors:

Dated: June 12, 2025