

BUS16.2 - Insurance and Annuities Management: Health and Life Insurance

B - Business

Self-Insurance Programs (Trust Board)

Objective:

The Governing Board will establish trust funds to manage self-insurance retention programs in accordance with A.R.S. 15-382 and other applicable laws. These funds will cover employee benefits, workers' compensation, property, and liability losses, as well as the management of these programs.

1. Scope of Coverage:

The self-insurance trust funds will be used to provide:

- Employee health plan benefits as allowed under section 501(C)(9) of the Internal Revenue Code.
- Workers' compensation benefits in accordance with Title 23 of the Arizona Revised Statutes.
- Coverage for specified property and liability losses, as well as other losses the district chooses to self-insure.
- Management and administration of the self-insurance programs, including defense costs, insurance premiums, and other related expenses.

2. Budget and Audits:

Funds allocated to the self-insurance programs will adhere to district budgetary guidelines. An annual audit of the trust funds will be conducted by a certified public accountant.

3. Trust Board Composition:

The trust funds will be managed by a Trust Board comprising at least five (5) trustees. No more than one trustee may be a member of the Governing Board, and no more than one may be a district employee. Trustees will be appointed by the Governing Board and serve staggered three-year terms. Trustees will be provided with errors and omissions insurance during their tenure.

4. Trust Board Responsibilities:

The Trust Board will be responsible for managing the trust funds, including:

- Interpreting and applying all provisions of the self-insurance plans approved by the Governing Board.
- Formulating and enforcing rules and regulations consistent with applicable laws and the provisions of the approved insurance plans.
- Making determinations on claims and ensuring the appropriate payment of benefits.
- Ensuring all required reports for fund management and administration are prepared.
- Contracting and paying premiums for additional insurance in furtherance of the district's self-insurance plans.
- Recommending plan changes and funding levels to ensure the cost-effectiveness and financial stability of the district's self-insurance programs.
- Developing and implementing preventative safety and health programs for students and employees in line with approved plans and applicable laws.
- Managing litigation related to claims brought against the district.

5. Procedures:

The Trust Board will develop and codify procedures to address its responsibilities, ensuring compliance with approved plans and applicable laws.

Legal References:

- Arizona Revised Statutes (A.R.S.) 15-341, 15-381, 15-382, 15-383, 15-384, 15-386, 15-387, 15-388, 15-502
- Arizona Attorney General Opinion (A.G.O.) I80-216