

REDDING RANCHERIA TRIBAL GOVERNMENT POLICIES

Chapter TP 4-340

Tribal Self-Insurance Fund



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SECTION 1: PURPOSE

To provide for a separate accounting fund to account for resources associated with the Tribal Self-Insurance Plan(s).

SECTION 2: BACKGROUND AND INTENT

- (a) The Redding Rancheria (Tribe) has established self-insurance associated with workers compensation and employee group medical coverage, and may establish self-insurance associated with other insured risks. The purpose of self-insurance is to save Tribal and other resources by carefully managing benefits and administrative costs in order to keep costs in line with available budget resources.
- (b) The administration of self-insurance involves a charge to tribal governmental departments and business enterprises associated with employee payroll of an amount deemed adequate to defray benefit and administrative costs and to develop and maintain an adequate reserve against large claims or significant unexpected increases in claims.
- (c) The exact cost of benefit programs cannot be known in advance with certainty. Insurance plans are developed based on reasonable estimates of their costs, which may include the use of such information as the comparable cost of fully insured plans providing equal benefits and other relative information. As Tribal budgets are developed in advance using estimates, and appropriations are limited, it is necessary to develop appropriate reserves to address the higher estimate of potential claims without unduly impacting on operating budgets.
- (d) A significant portion of the Tribe's programs and services are financed with federal resources, which are subject to federal cost principles. Federal cost principles anticipate the use of self-insurance plans by states, local governments and Indian tribes, and provide guidance and limitations for self-insurance funds.
- (e) By adopting this policy, the Tribal Council intends to establish appropriate accounting and reporting, as well as to authorize prudent reserves to assure that the administration of self-insurance results in anticipated cost containment and savings, while at the same time providing reasonably predictable charges against tribal budgets.
- (f) It is the intent of the Tribal Council that the Tribal Self-Insurance Fund be maintained to account for the revenue, expenditures, assets and liabilities associated with Tribal Self-Insurance programs, including such reserves as are properly accumulated to pay claims in the normal administration of the

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plans and to assure resources for unanticipated claims. It is intended that multiple accounts be maintained within the fund for evaluation of separate self-insurance programs.

SECTION 3: DEFINITIONS (Reserved)

SECTION 4: DELEGATED AUTHORITY (Reserved)

SECTION 5: APPLICABILITY (Reserved)

SECTION 6: GENERAL POLICY

(a) Fund Authorization

There is hereby authorized the Redding Rancheria “Self-Insurance Fund” (Fund). The Fund shall be utilized to account for all resources derived from charges to tribal departments and entities for the purpose of operating self-insurance plans and their expenditures. The Fund shall be accounted for and reported as an internal service fund.

(b) Contributions to the Fund

Primary contributions to the Fund shall be through charges to departments and entities of the Tribe representing their share of Fund expenditures. The Chief Financial Officer shall determine the appropriate fair and reasonable allocation of charges to departments necessary to assure payment of all obligations of the applicable self-insurance plans. Under normal circumstances, rates for such charges shall be set in advance of each budget year and maintained throughout that year. However, in the absence of adequate Fund reserves, rates may be adjusted if claims levels warrant such an adjustment. The Tribal Council may, from time to time, make direct appropriations to assure adequate reserves or to the extent that charges are inadequate to defray Fund expenditures.

(c) Custody

Contributions, assets and earnings of the Fund shall be custodied in a bank account, brokerage account or trust account of an institutional trust company or any combination thereof, approved by the Tribal Council in common with General Funds. The Chief Executive Officer is authorized to establish one or more bank accounts to accommodate the administration and payment of claims associated with self-insurance programs.

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(d) Management of Fund Assets

Assets placed in the Fund may be managed separately or held and invested in common with Tribal governmental funds under written investment policies adopted by the Tribal Council for Working Capital. Investment earnings, if any, shall be credited to the Fund.

(e) Authorized Uses of the Fund

Uses of the Fund shall be limited to the accumulation of resources and payment of claims associated with costs and expenses associated with self-insured plans authorized by the Tribal Council.

(f) Authorized Uses of Fund Revenues

Amounts collected to the Fund shall remain appropriated for use for the purposes for which collected. Under normal circumstances, contributions to the funds derived from charges to Tribal departments and entities will be sufficient to finance authorized expenditures. However, General Funds are hereby authorized to be advanced as working capital to make timely payment of authorized expenditures pending collection of charges to Tribal departments and entities. Budget estimates for the Fund shall be presented to the Tribal Council as a part of each year's budget.

(g) Margin Borrowing or Leveraging of Fund Assets

(1) Margin Borrowing: provided the Fund is custodied in a brokerage account governed by regulation T limits on margin borrowing, margin borrowing against assets of the Fund may be authorized as follows:

(A) By the Chief Executive Officer, to minimize uncollateralized and/or uninsured cash balances in portfolios, while providing for authorized trading, transfers and wires to and from investment portfolios.

(B) By the Tribal Council;

(i) In order to invest in short term secure instruments that have a yield two percent or greater above the margin borrowing rate.

(ii) In order to provide short term (less than one year) bridge loans to Tribal projects awaiting other assured funding.

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(iii) Other important purposes as determined by the Tribal Council.

(2) Leverage of Fund Assets: The Tribal Council may assign or pledge fund assets to Tribal creditors in order to secure loans for Tribal projects at competitive rates or to provide debt reserves to assure issuance of a required loan.

(h) Restrictions on Use of the Fund

The fund shall be utilized only to pay those costs and expenses that are part of a self-insurance plan approved by the Tribal Council and may not be diverted to other purposes.

(i) Target Fund Balance

The target balance of the Fund shall be the amount of prudent reserves necessary to ensure that resources are available to pay self-insured claims as required, without reliance on future revenues or unanticipated changes to rates charged to departments and programs. The Chief Financial Officer shall establish the amount of such reserves in accordance with applicable federal cost principles and assure compliance therewith.

(j) Implementation

This policy is to be implemented immediately upon its adoption. The Chief Executive Officer shall authorize all necessary procedures to carry out the provisions of this policy and shall recommend appropriations, if needed, to the Fund in accordance with this policy.

(k) Review

The Chief Executive Officer shall review this policy from time to time and shall make recommendations for such changes as are consistent with the intent of the Fund.

Legislative History:

Adopted by Tribal Council Resolution #078-12-07-10, dated December 7, 2010.

Amended by Tribal Council Res. No. 014-02-12-19, dated February 12, 2019.