



## ORDINANCE

### AMENDING THE SELF-INSURANCE FUND BY CREATING TWO EXPENDABLE TRUST FUNDS: ONE FOR EMPLOYEE BENEFIT PROGRAMS AND ONE FOR PROPERTY AND CASUALTY

#### *CITY OF NASHUA*

*In the Year Two Thousand and Four*

*The City of Nashua ordains* that Chapter 2 “Administration”, Article V “Personnel Administration Merit System”, Division 8 “Workers Compensation”, Section 2-518 “Self-insurance fund” of the Nashua Revised Ordinances, is hereby amended by deleting the struck-through language and adding the new underlined language as follows:

**“Sec. 2-518. Self-insurance fund.**

(a) ATwo self-insurance funds are hereby created: (1) Employee Benefits Fund for employee benefit programs, including long-term disability programs, and (2) Property and Casualty Fund for property, liability, bond, automobile, unemployment compensation, Worker's Compensation, long-term disability programs, and other commercial or self-insurance insurance programs that may be lawfully implemented in a manner consistent with state statutes and regulations, ~~is hereby created.~~ These shall be expendable trust funds pursuant to RSA 31:19-a, and the risk manager is appointed as agent to expend.

(b) The self-insurance funds shall be funded by any combination of the following:

~~(1) Each year, the board of aldermen may appropriate sums to fund all commercial premiums, and/or the cost of self-administered programs comparable to commercial insurance, and authorized, established and administered in accordance with applicable law.~~

(21) The board of aldermen mayshall appropriate such funds as they deem appropriate, the Department 508 budget (Insurance – Policy Costs), except unemployment compensation, and Department 518 budget (Insurance Administration) directly into the self-insurance funds. The fund, both principal and interest, if any, shall accumulate until it is actuarially sound to pay premiums, self-insured program costs, current and outstanding claims, and any other costs customarily associated with (but not limited to) claims, claims litigation or defense, penalties, fees, etc.

(32) Further, the receipt of monies as a result of judgments, subrogations, and any other returns that occur as a result of claims or other demands previously made on, or related to, the fund shall return to the fund without further specific appropriations.

~~(4) — Any balance that remains at the end of the fiscal year from any of these appropriations or other funding methods shall be applied to the fund, which shall be nonlapsing at the end of each fiscal.~~

(c) The self-insurance funds shall be managed by the risk management office with audit and financial services provided by the financial services ~~office~~ division. Administration of the fund shall be based upon actuarial determinations of the amounts needed for self-insurance purposes to include a financial reserve for outstanding claims, contingencies, unforeseen expenses and random claim fluctuation and shall also include a sufficient appropriation to provide payments for self-funded or commercially contracted programs, as the insurance needs of the city may be met from time to time. Retained earnings, under generally accepted accounting principles, will be reviewed annually by the risk manager and chief financial officer. The risk manager shall be authorized to settle claims for liability against the city, its officers, employees or agents, either before litigation or while litigation is pending, by payment of sums not exceeding fifteen thousand dollars (\$15,000.00) per occurrence. The authorization of the finance committee shall be required for settlement of any such claim by payment of a sum in excess of fifteen thousand dollars (\$15,000.00) per occurrence.

**LEGISLATIVE YEAR 2004**

**ORDINANCE:**                   **O-2004-**

**PURPOSE:**                   **Amending the self-insurance fund by creating two expendable trust funds: one for employee benefit programs and one for property and casualty.**

**SPONSOR(S):**               **Mayor Bernard A. Streeter**

**COMMITTEE  
ASSIGNMENT:**

**FISCAL NOTE:**               **No fiscal impact.**

---

**ANALYSIS**

This ordinance, upon recommendation of the city's auditors, would separate the existing self-insurance fund into two nonlapsing expendable trust funds, one for employee benefit programs, and one for property and casualty.

The ordinance would also place annual appropriations for risk management (Department 508) and its administration (518) into the funds. The ordinance calls for annual review of the funds by the CFO and risk manager as well as an actuary. It also deletes some redundant language and makes technical corrections.

---

**Approved as to content:**       **Financial Services Division**

**By:** \_\_\_\_\_

**Approved as to form:**       **Office of Corporation Counsel**

**By:** \_\_\_\_\_

**Date: June 4, 2004**