



## Staff Report

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**File #:** 18-557

**Version:** 1

**Date:** 1/14/2019

**Item #:** 3.2c.

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**TO:** Mayor and City Council

**FROM:** Salem City Council Finance Committee

**SUBJECT:**

Risk Self Insurance Fund

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

**ISSUE:**

Shall City Council create a Risk Self Insurance Fund?

**RECOMMENDATION:**

Adopt Resolution 2019-1, creating the Risk Self Insurance Fund for use starting July 1, 2019.

**SUMMARY AND BACKGROUND:**

On December 17, 2018, City Council's Finance Committee recommended the creation of a Risk Self Insurance Fund to the City Council.

**FACTS AND FINDINGS:**

The City of Salem is self-insured for health benefits and risk management. Risk management includes automobile physical damage, workers' compensation, unemployment, and third-party liability claims. The two self-insurance functions of employee health benefits and risk management are unique with differing rate structures and actuarial recommendations. Given the program differences in the two functions, including distinct requirements in fund balance policies, two separate funds will provide prudent fiscal management of the City's responsibilities and liabilities.

ORS 294.343 (1) authorizes a municipal corporation to establish by resolution one or more internal services funds.

The initial funding of the new fund will be the balance of the risk program in the current Self Insurance Fund.

Workers' compensation and liability insurance are funded by rates charged to departments.

Josh Eggleston  
Senior Fiscal Analyst

**Attachments:**

1. Resolution 2019-1