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# Insurance

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Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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# Insurance

## Private Acts of 1987 Chapter 83

**SECTION 1.** Sumner County, Tennessee and any of the municipalities located therein are authorized to collectively enter into group insurance arrangements or self insurance arrangements for the purpose of providing the following fringe benefits to their employees: medical, surgical or hospital care benefits, or benefits in the event of sickness, accident, disability, death or day care centers, or prepaid legal services. Sumner County and any such participating municipality are hereby authorized to join together, as they shall agree, in the creation of a trust or trusts to provide such benefits. The trustee(s) of the said trust(s) are authorized to receive contributions from the county, the municipalities and any employee of the county or municipalities; and further, the trustee(s) shall be authorized and required to discharge their duties solely in the interest of the participants and beneficiaries of the trust(s) and

(1) for the exclusive purpose of:

- (A) providing benefits to participants and their beneficiaries; and
- (B) defraying reasonable expenses of administering the trust;

(2) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and

(3) by diversifying any investments of the trust so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

**SECTION 2.** Annual Audits. The trustee(s) shall prepare and submit to the governing bodies of Sumner County and each municipality participating in the trust(s), a financial statement which shall be audited by a recognized firm of independent certified public accountants.

**SECTION 3.** The trustee(s) shall be empowered to employ consultants, claim's administrators, accountants, attorneys, actuaries and such other personnel as may be necessary to carry out a plan of benefits. The reasonable costs of obtaining such service providers may be borne by the trust(s).

**SECTION 4.** This Act shall have no effect unless it is approved by a two-thirds (2/3) vote of the legislative body of Sumner County. Its approval or nonapproval shall be proclaimed by the presiding officer of the county legislative body and certified by him to the Secretary of State.

**SECTION 5.** For the purpose of approving or rejecting the provisions of this Act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, it shall become effective upon being approved as provided in Section 4.

Passed: April 23, 1987.

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