



STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

**MEMORANDUM**

**TO:** Boards of Supervisors

**FROM:** Phil Bryant, State Auditor

**SUBJECT:** Third Party Administrators for Self-Insurance

**DATE:** April 7, 1999 (Originally issued)

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Section 25-15-101, Mississippi Code Annotated (1972 Amended) allows the governing board of any county to establish a program of self-insurance. Under the authority granted under Section 7-7-211, this office finds it necessary to establish regulations to be followed when contracting with third party administrators of such programs.

Enclosed is OSA Circular No. 13 which establishes regulations to be followed when boards of supervisors elect to become self-insurers and contract with a third party administrator. These regulations are effective May 1, 1999, and should be fully implemented by October 1, 1999.

**OFFICE OF THE STATE AUDITOR  
OFFICIAL REGULATIONS  
COUNTY USE OF A THIRD PARTY ADMINISTRATOR  
FOR SELF-INSURANCE ACTIVITY**

The following regulations are established by the Office of the State Auditor to be followed when county boards of supervisors, in accordance with Section 25-15-101, Miss. Code Ann. (1972), elect to become self-insurers and contract with a third party administrator. These regulations are effective May 1, 1999, and should be fully implemented by October 1, 1999.

1. Services to be provided by the third party administrator and fees for such services should be included in a contract approved by the board of supervisors.
2. The contract may be entered into by negotiation.
3. Premiums collected by the county should be accounted for in a fund maintained in the county's records.
4. If the self-insurance fund is to maintain a balance to cover future catastrophic losses, the board of supervisors should adopt a policy establishing the amount of the reserve to be maintained.
5. The checking account used by the third party administrator should be in the third party administrator's name and should not use the county's federal tax identification number.
6. Requests from the third party administrator for funds to pay approved insurance claims should be supported by a list of claims to be paid from the requested amount. This list should include the name receiving and the amount of each claim to be paid.
7. Requests from the third party administrator, for claims payment and administrative fees, should be entered on the claims docket and approved by the board of supervisors. Claims payment requests should be entered on the claims docket for the total amount needed, with the detail list to support the request maintained on file in the chancery clerk's office.
8. Records of the third party administrator related to the county's self-insurance activities should be available for review by the county auditor and/or the Office of the State Auditor, keeping in mind the confidentiality of these records.