



STATE OF KANSAS

Office of the Attorney General

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Curt T. Schneider
Attorney General

March 9, 1977

ATTORNEY GENERAL OPINION NO. 77- 86

Mr. Lowell F. Hahn
Board Attorney
Board of Education U.S.D. 325
353 F Street
Phillipsburg, Kansas 67661

Re: School Districts--Purchase of Insurance--Self Insuring

Synopsis: A proposed plan whereby a school district would create a trust fund of a maximum stated balance consisting of monies currently expended for group insurance premiums and maintaining said fund balance by replenishing the trust in amounts equal to the claims drawn by group participants, thus becoming self-insured, is not authorized by K.S.A. 72-8414.

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Dear Mr. Hahn:

You inquire whether a unified school district can become a self-insurer via the creation of a trust between the district and certain employees as beneficiaries. Under this proposal the District would be under an obligation to make payments to the trust fund equivalent to the sums being currently remitted to Blue Cross-Blue Shield until a stated maximum balance was reached at which time the district would replenish the fund for claims charged by participants. And you state that maximum claims against the trust would be paid by an underwriter.


Authority to purchase insurance for employees of boards of education is delineated in K.S.A. 1976 Supp. 72-8414 thus:

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"The board of education of any school district . . . may procure contracts insuring its certificated employees and other employees or any class or classes thereof under a policy or policies of group life, group health, disability income, accident, accidental death and dismemberment, and hospital, surgical, and/or medical expense insurance or may procure contracts with health maintenance organizations to provide health care services for such employees."

The statute clearly provides only two methods of procuring insurance: the first being to procure contracts insuring certain employees under a policy or policies of group life, group health, etc., the second to procure contracts with health maintenance organizations to provide health care services for such employees. Employment of the phrase "under policy or policies" in the first method excludes the possibility of acquiring insurance protection from sources other than institutions engaged in that activity. Similarly the second method restricts insurance procurement to contracts with a "health maintenance organization." Of course, a unified school district may not exercise that power which is not delegated to it by the legislature. Since there are no other statutes authorizing alternative methods for procuring insurance by boards of education and K.S.A. 1976 Supp. 72-8414 limits insuring to the aforementioned two methods, it necessarily follows and is our opinion that implementation of the contemplated proposal for self-insuring is not permitted under existing law.

Yours very truly,



CURT T. SCHNEIDER
Attorney General

CTS:JPS:JBW:kj