

SELF-INSURERS' SECURITY FUND

Resolution No. 99-01 (draft revisions January, 2009)

Investment Policy and Guidelines

It is the policy of the Self-Insurers' Security Fund (Fund) to invest its financial assets in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Fund.

I. Investment Objectives

The primary objective of the Fund's investment policy is to generate investment income and modest growth of principal while avoiding excessive risk. The secondary objective is to maintain liquidity sufficient to meet cash flow projections.

II. Prudence

Investments shall be made solely in the interest of the Fund. The aggregate assets shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of assets of like character and with like aims.

The Chief Financial Officer (CFO), other Fund officers, and outside managers and consultants acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility of the credit risk or market price changes of individual securities, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

III. Permitted Investments

A. *Investments* - Investments may be placed in those securities outlined below:

1. Money Market funds regulated by the Securities and Exchange Commission under Rule 2a-7. Money Market funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.
2. U.S. Treasury Bills, Notes, and Bonds, or obligations which carry the full faith and credit of the United States.
3. Obligations of U.S. Government Agencies or Government Sponsored Enterprises, including direct debt and mortgage-backed securities.
4. Bonds issued by States, territories and possessions of the United States and their political subdivisions with ratings of "A" or better, at the time of purchase, by one or more of the National Statistical Ratings Organizations (NRSROs).
5. Fully insured Certificates of Deposit (CDs).
6. U.S. Corporate Bonds with a rating of "A" or better by one or more of the National Statistical Ratings Organizations (NRSROs) at the time of purchase and with a maturity date not to exceed 10 years. In no event shall the aggregate percentage of "A" rated corporate bonds exceed 35% of the aggregate corporate holdings. The Fund's Investment Advisor shall notify the Fund if any corporate bond rating falls below policy standards. Corporate bonds falling below a rating of "A" but which remain rated at least "BBB" may be held, if in the opinion of the investment manager, returns will be maximized. Bonds falling below investment grade should be disposed of within a time frame which allows for good trade execution.

7. Commercial paper rated A1, or its equivalent, or better by one or more of the National Statistical Ratings Organizations (NRSROs).
8. Equity securities.
9. The average duration of the aggregate fixed income portion of the portfolio should be less than 6 years.

B. *Portfolio Diversification* - To support the stated investment objectives the portfolio must be diversified in order to manage risk and maintain reasonable returns. However, from time to time the Board may impose limitations which affect the portfolio composition.

The maximum percentage of the Fund's portfolio that may be invested in a single issuer, company, or single mortgage-related security is 5%. U.S. government, agency, and GNMA pass-through securities will be exempt from this provision.

The maximum percentage of the Fund's portfolio that may be invested in equity securities is 45%. In the event the investment in equity securities exceeds 45% of the Fund's portfolio, the portfolio will be rebalanced accordingly.

IV. Prohibited Assets and Transactions

- A. Prohibited assets include the following:
1. Commodities and Futures Contracts
 2. Private Placements
 3. Limited Partnerships
 4. Real Estate Properties (real property)
 5. Options Contracts
 6. Venture Capital Investments
 7. Derivatives

- B. Prohibited transactions include the following:
1. Short Selling
 2. Margin Transactions

V. Asset Allocation

Asset Class	Maximum	Target
Equities	45%	35%
Fixed Income	95%	60%
Cash and Equivalents	25%	5%

The minimum allocation of the Fund's portfolio to fixed income will be 50%.

VI. Investment Authority

The Board of Trustees will establish and approve the investment policy of the Fund and select external investment managers, if appropriate.

Oversight responsibility for the investment program is hereby delegated to the CFO, who shall establish procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions.

VII. Reports

A quarterly investment report providing a summary of investment transactions and performance for the period shall be provided to the Board by the CFO. Included in such report will be a comparison of portfolio to appropriate external benchmarks.

VIII. Safekeeping and Custody

The Board shall retain a trustee or custodian to provide custody services. The custodian will electronically or through agreement with a sub-custodian maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.

IX. Controls

The CFO shall review and monitor investment transactions made by the Fund's Administrator, Assistant CFO or Investment Managers.

The investment function shall be reviewed at least annually by an independent external auditor. The review will include compliance with the Fund's financial policies and procedures and this investment policy.

X. Policy Revision

This policy may be revised by the Board when necessary. The Board plans to review the investment policy at least once every three years.

Date Originally Adopted: August 6, 1999

Date of Last Revision: January 29, 2009