

CHAPTER 18

AN ACT concerning self insurance by boards of education for certain insurance, amending N.J.S. 40A:10-6 and P.L.1992, c.51, and supplementing Title 18A of the New Jersey Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. N.J.S.40A:10-6 is amended to read as follows:

Establishment of insurance fund; purposes; appropriations.

40A:10-6. The governing body of any local unit may establish an insurance fund for the following purposes:

a. To insure against any loss or damage however caused to any property, motor vehicles, equipment or apparatus owned by it, or owned by or under the control of any of its departments, boards, agencies or commissions;

b. To insure against liability resulting from the use or operation of motor vehicles, equipment or apparatus owned by or controlled by it, or owned by or under the control of any of its departments, boards, agencies or commissions;

c. To insure against liability for its negligence and that of its officers, employees and servants, whether or not compensated or part-time, who are authorized to perform any act or services, but not including an independent contractor within the limitations of the "New Jersey Tort Claims Act" (N.J.S.59:1-1 et seq.);

d. To insure against any loss or damage from liability as established by chapter 15 of Title 34 of the Revised Statutes;

e. To provide contributory or noncontributory self-funded, or partially self-funded, health benefits to employees or their dependents, or both, in accordance with rules and regulations of the Director of the Division of Local Government Services in the Department of Community Affairs. The establishment and operation of a fund to provide health benefits by a local unit prior to the effective date of P.L.2000, c.126 (C.52:13H-21 et al.) is hereby validated; however, any such health benefits fund shall comply with all rules and regulations promulgated by the director pursuant to this subsection.

The governing body may appropriate the moneys necessary for the purposes of this section.

2. Section 11 of P.L.1992, c.51 (C.40A:10-36.1) is amended to read as follows:

C.40A:10-36.1 "Local unit" for purposes of C.40A:10-36 et seq.

11. For the purposes of P.L.1983, c.372 (C.40A:10-36 et seq.), "local unit" shall be deemed to include boards of education which join together with municipalities pursuant to P.L.1992, c.51 (C.40A:10-52 et al.).

3. Section 1 of P.L.1992, c.51 (C.40A:10-52) is amended to read as follows:

C.40A:10-52 Joint insurance for municipality, school district.

1. The governing body of any municipality and the board of education of any school district, provided that the district is not part of a limited purpose regional school district, an all purpose regional school district or a consolidated school district, may by ordinance or resolution, as the case may be, adopted by a majority of the full membership of the governing body and by a majority of the full membership of the board, agree to join together for the

purpose of insuring pursuant to the provisions of: a. Article 1 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

4. Section 2 of P.L.1992, c.51 (C.40A:10-53) is amended to read as follows:

C.40A:10-53 Joint insurance for municipality, all purpose regional, consolidated school district.

2. In the case of an all purpose regional school district or a consolidated school district, the governing body of any municipality and the board of education of the regional or consolidated school district may by resolution adopted by a majority of the full membership of the governing body and a majority of the full membership of the board, agree to join together for the purpose of insuring pursuant to the provisions of: a. Article 1 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

5. Section 3 of P.L.1992, c.51 (C.40A:10-54) is amended to read as follows:

C.40A:10-54 Joint insurance for municipality, limited purpose regional school district.

3. In the case of a limited purpose regional school district, the governing body of any municipality and the board of education of the regional district may by ordinance or resolution, as the case may be, adopted by a majority of the full membership of the governing body and a majority of the full membership of the board, agree to join together for the purpose of insuring pursuant to the provisions of: a. Article 1 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

6. Section 4 of P.L.1992, c.51 (C.40A:10-55) is amended to read as follows:

C.40A:10-55 Additional joint insurance for municipality, limited purpose regional school district, other district.

4. In the case of a limited purpose regional school district, in addition to any contract entered into by a municipality pursuant to section 3 of this act, the governing body of any municipality and the board of education of any school district may, in accordance with section 1 of this act, agree to join together for the purpose of insuring pursuant to the provisions of: a. Article 1 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

7. Section 5 of P.L.1992, c.51 (C.40A:10-56) is amended to read as follows:

C.40A:10-56 Joint insurance for municipality, county vocational school district.

5. In the case of a county vocational school district, the governing body of any municipality and the board of education of the county vocational school district may by ordinance or resolution, as the case may be, adopted by a majority of the full membership of the governing body and a majority of the full membership of the board, agree to join together for the purpose of insuring pursuant to the provisions of: a. Article 1 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.); or c. Article 4 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-12 et seq.).

8. Section 6 of P.L.1992, c.51 (C.40A:10-57) is amended to read as follows:

C.40A:10-57 Additional joint insurance for municipality, county vocational school district, other district.

6. In the case of a county vocational school district, in addition to any contract entered into by a municipality pursuant to section 5 of this act, the governing body of any municipality and any board of education may, in accordance with section 1 of this act, agree to join together for the purpose of insuring pursuant to the provisions of: a. Article 1 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

C.18A:16-13.1 Provision of group insurance, certain, by board of education for employees, dependents.

9. A board of education may provide contributory or non-contributory group health insurance or group term life insurance, or both, for employees or their dependents, or both, through self insurance, the purchase of commercial insurance or reinsurance or any combination thereof. The maximum risk to be retained for group term life insurance by a board of education on a self insured basis shall not exceed a face amount of \$5,000 per covered employee or dependent or such greater amount as approved by the Commissioners of Banking and Insurance and Education. Notwithstanding any other provision of law to the contrary, the board shall be subject to the surcharge levied pursuant to section 3 of P.L.1993, c.8 (C.52:14-17.38c) for claims paid within the retained amount. For any claims paid in excess of the retained amount, the surcharge shall be paid by the entity insuring the excess amount.

10. This act shall take effect immediately.

Approved January 26, 2007.