

18A:64A-25.28 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A: 64A-25.28 et al

(County Colleges--allow participation in joint self--insurance funds)

LAWS OF: 1985

CHAPTER: 204

Bill No: A2157

Sponsor(s): Pankock and others

Date Introduced: June 21, 1984

Committee: Assembly: Higher Education

Senate: Education

Amended during passage: No

Date of Passage: Assembly: October 18, 1984

Senate: May 13, 1985

Date of Approval: June 26, 1985

Following statements are attached if available:

Sponsor statement: Yes (Below)

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: ~~No~~ yes.

Following were printed:

Reports: No

Hearings: No

Sponsors' statement:

The purpose of this bill is to allow county colleges to form insurance groups and to participate in joint self-insurance funds, risk management programs or related services offered or provided by the group.

ASSEMBLY, No. 2157

STATE OF NEW JERSEY

INTRODUCED JUNE 21, 1984

By Assemblymen PANKOK, FOY, HERMAN, GIRGENTI, ZANGARI,  
BRYANT, CHINNICI, MUZIANI and HENDRICKSON

AN ACT concerning county college insurance, and amending and  
supplementing P. L. 1982, c. 189.

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

1 1. (New section). Definitions. For the purposes of this act:

2 a. "Fund" means a joint self-insurance fund established by a  
3 county college insurance group pursuant to this act. The joint self-  
4 insurance fund is a fund of public moneys from contributions made  
5 by members of a county college insurance group for the purpose of  
6 securing insurance protection, risk management programs, or  
7 related services as authorized by this act;

8 b. "County college insurance group" or "group" means an asso-  
9 ciation formed by two or more county colleges for the development,  
10 administration, and provision of risk management programs, joint  
11 self-insurance fund or funds, and related services;

12 c. "Risk-management program" means a plan, and activities  
13 carried out under the plan, by a county college insurance group to  
14 reduce risk of loss with respect to a particular line of insurance  
15 protection or coverage provided by a fund pursuant to this act,  
16 including safety engineering and other loss prevention and control  
17 techniques. Risk management program also includes the admin-  
18 istration of one or more funds, including the processing and defense  
19 of claims brought against or on behalf of members of the group;

20 d. "Trustees" or "board of trustees" means the board of trustees

**Matter printed in italics thus is new matter.**

21 established pursuant to the bylaws of the county college insurance  
22 group to govern or manage the risk management-programs, joint  
23 self-insurance fund or funds and related services of the group;

24 e. "Contributions" means the moneys paid by a member of a  
25 county college insurance group in amounts as may be set by the  
26 board of trustees or other officers as provided in the group's  
27 bylaws for the purpose of participating in a joint self-insurance  
28 fund or funds, securing risk management programs or related  
29 services;

30 f. "Certified audit" means an audit upon which an auditor  
31 expresses his professional opinion that the accompanying state-  
32 ments present fairly the financial position of a fund in conformity  
33 with generally accepted accounting principles consistently applied,  
34 and accordingly including tests of the accounting records and other  
35 auditing procedures as considered necessary in the circumstances;

36 g. "Commissioner" means the Commissioner of Insurance.

1 2. (New section). Insurance authorized. Any county college is  
2 authorized to insure, contract or provide for any insurable interest  
3 of the college in the manner authorized by section 3 of this act, for  
4 the following:

5 a. Any loss or damage to its property, real or personal, motor  
6 vehicles, equipment or apparatus;

7 b. Any loss or damage from liability resulting from the use or  
8 operation of motor vehicles, equipment or apparatus owned or  
9 controlled by it;

10 c. Any loss or damage from liability for its own acts or omissions  
11 and for acts or omissions of its officers, employees or servants  
12 arising out of and in the course of the performance of their duties,  
13 including, but not limited to, any liability established by the "New  
14 Jersey Tort Claims Act," N. J. S. 59:1-1 et seq., or by any federal  
15 or other law;

16-17 d. Loss or damage from liability as established by Chapter 15 of  
18 Title 34 of the Revised Statutes (R. S. 34:15-1 et seq.);

19 e. Expenses of defending any claim against the county college,  
20 officer, employee or servant arising out of and in the course of the  
21 performance of their duties, whether or not liability exists on the  
22 claim.

1 3. (New section) County college insurance group.

2 a. Any two or more county colleges may form and become mem-  
3 bers of a county college insurance group. A county college may  
4 take this action by resolution of the board of trustees of the county  
5 college. Through membership in a county college insurance group,  
6 a county college may participate in any joint self-insurance fund

7 or funds, risk management programs or related services offered or  
 8 provided by the group. The group shall have the power to establish  
 9 a fund or funds for coverages authorized in section 2 of this act and  
 10 to jointly purchase insurance or coverages under a master policy or  
 11 contract of insurance for participating members. The group shall  
 12 have the power to take other actions necessary to developing,  
 13 administering, and providing risk management programs, joint  
 14 self-insurance funds, joint insurance purchases, and related  
 15 services.

16 b. The bylaws of the county college insurance group shall pro-  
 17 vide that any county college may join the group provided it agrees  
 18 to comply with the standards for membership, including risk man-  
 19 agement programs, which shall be established by the group, and  
 20 may be a member as long as it complies with the standards for  
 21 membership.

22 c. A county college insurance group may sue or be sued and shall  
 23 appoint a natural person residing in this State or a corporation  
 24 authorized to do business in this State as its agent for service of  
 25 process. The group shall notify the commissioner of the appoint-  
 26 ment.

27 d. A county college insurance group is not an insurance company  
 28 or an insurer under the laws of this State and the development,  
 28A administration or provision by a group of joint self-insurance fund  
 29 or funds, risk management programs and related services does not  
 30 constitute the transaction of insurance nor doing an insurance  
 31 business. A group shall not be subject to the provisions of Title 17,  
 32 Subtitle 3 of the Revised Statutes.

1 4. (New section) Bylaws of the group; trustees; powers.

2 a. The bylaws of any county college insurance group shall:

3 (1) Set forth a statement of purposes of the group;

4 (2) Set forth provisions for organization of the group, including  
 5 governance by a board of trustees;

6 (3) Provide for the delivery of risk management programs in  
 7 conjunction with any joint self-insurance fund or funds which the  
 8 board of trustees shall establish;

9 (4) Set forth procedures to enforce the collection of any con-  
 10 tributions or payments in default;

11 (5) Set forth membership standards as required in section 3 of  
 12 this act;

13 (6) Require that, for each joint self-insurance fund, a contract  
 14 or contracts of specific and aggregate excess insurance or rein-  
 15 surance is maintained unless otherwise recommended by the trus-  
 16 tees upon the advice and report of an independent actuary;

- 17 (7) Set forth procedures for :
- 18 (a) Withdrawal from the group and a fund by a member ;
- 19 (b) Termination of the group or fund and disposition of
- 20 assets ; and
- 21 (c) Determining the obligations, if any, of a member in the
- 22 event that the group is unable to pay indemnification obliga-
- 23 tions and expenses payable from a fund administered by it ;
- 24 (8) Require an annual certified audit to be prepared and filed
- 25 with the commissioner ;
- 26 (9) Require that any joint self-insurance fund or funds be de-
- 27 veloped and operated in accordance with accepted and sound
- 28 actuarial practices ;
- 29 (10) Provide that any expenditure of moneys in a fund be in
- 30 furtherance of the purpose of the fund ;
- 31 (11) Set forth other provisions as desired for operation and
- 32 governance of the group.
- 33 b. The bylaws of a group shall provide for governance of the
- 34 group by a board of trustees selected in accordance with the pro-
- 35 visions of the bylaws. The bylaws shall provide for trustee powers
- 36 and duties and shall include, but not be limited to, the following
- 37 powers of the board of trustees :
- 38 (1) To determine and establish contributions and rates, loss
- 39 reserves, surplus, limits of coverage, limits of excess or reinsur-
- 40 ance, coverage documents, dividends and other financial and op-
- 41 erating policies of the group or fund ;
- 42 (2) To invest moneys held in trust under any fund in investments
- 43 which are approved for investment by regulation of the State
- 44 Investment Council for surplus moneys of the State ;
- 45 (3) To purchase, acquire, hold, lease, sell and convey real and
- 46 personal property, all of which property shall be exempt from
- 47 taxation under Chapter 4 of Title 54 of the Revised Statutes ;
- 48 (4) To collect and disburse all money due to or payable by the
- 49 group, or authorize such collection and disbursement ;
- 50 (5) To enter into contracts with other persons or with public
- 51 bodies of this State for any professional, administrative or other
- 52 services as may be necessary to carry out the purposes of the group
- 53 or any fund ;
- 54 (6) To purchase and serve as the master policyholders, if de-
- 55 sired, for any insurance, including excess or reinsurance ;
- 56 (7) To do all other things necessary and proper to carry out
- 57 the purposes for which the group is established.
- 1 5. (New section) Trustees ; number and qualifications. The board
- 2 of trustees of any county college insurance group shall have no

3 fewer than three nor more than 15 trustees. Each trustee shall be a  
4 natural person 18 years of age or older who is a resident of this  
5 State. A majority of the trustees of any group shall be members  
6 or employees of member county colleges, provided that any trustee  
7 who ceases to be a member or employee of a county college may be  
8 allowed to serve for not more than 90 days following cessation  
9 without violating this provision.

1 6. (New section) Trustees; compensation. No trustee shall be  
2 paid a salary, except that the written trust instrument may provide  
3 for reimbursement for actual expenses incurred on behalf of the  
4 trust fund and for compensation not to exceed \$200.00 for any day  
5 or portion of a day spent at a meeting of the trustees. Except as  
6 otherwise provided in this act, no trustee shall enter into any con-  
7 tract with the group or receive any moneys or other compensation  
8 or thing of value whatsoever from the group for services performed  
9 for or on behalf of the group.

1 7. (New section) Review of bylaws; investigations by the Com-  
2 missioner of Insurance.

3 a. No county college insurance group, nor any joint self-  
4 insurance fund of the group, may begin functioning as a means of  
5 providing insurance coverage or protection for or among its  
6 members until the group's bylaws have been filed with and approved  
7 by the commissioner. If the commissioner fails to approve or dis-  
8 approve the bylaws within 60 days following filing of the bylaws  
9 in his office, the bylaws shall be deemed approved. The commis-  
10 sioner may disapprove the bylaws only if the bylaws do not conform  
11 with the provisions of this act. He shall set forth the reasons for  
12 his disapproval in writing. The reasonable costs of the commis-  
13 sioner's review of the bylaws shall be chargeable to the county  
14 colleges seeking to establish the group.

15 b. Every county college insurance group shall file an annual  
16 report, on a form prescribed by the commissioner, at a time to be  
17 fixed by the commissioner. The report shall include a financial  
18 statement of the group's assets and liabilities, the claims paid dur-  
19 ing the preceding 12 months, current reserves, incurred losses, and  
20 any other information that the commissioner may require.

21 c. The commissioner shall have authority to examine the books,  
22 records and affairs of any county college insurance group or  
23 joint self-insurance fund for the purpose of determining compliance  
24 with this act. The reasonable costs of any examination or review  
25 shall be chargeable to the county college insurance group.

26 d. If at any time the commissioner determines that the county  
27 college insurance group has experienced a deterioration in its

28 financial condition which adversely affects or will adversely affect  
29 its ability to pay expected losses, he may: (1) require an increase in  
30 the reserves of the insurer required by section 4 of this act; or (2)  
31 require the purchase of excess insurance or reinsurance.

1 8. Section 28 of P. L. 1982, c. 189 (C. 18A:64A-25.28) is amended  
2 to read as follows:

3 28. Duration of certain contracts. A county college may only  
4 enter into a contract exceeding 12 consecutive months for the:

5 a. supplying of:

6 (1) Fuel for heating purposes for any term not exceeding in the  
7 aggregate three years; or

8 (2) Fuel or oil for use in automobiles, autobuses, motor vehicles  
9 or equipment for any term not exceeding in the aggregate three  
10 years; or

11 b. Plowing and removal of snow and ice for any term not exceed-  
12 ing in the aggregate three years; or

13 c. Collection and disposal of garbage and refuse for any term  
14 not exceeding in the aggregate three years; or

15 d. Data processing programs, systems and services or rental or  
16 lease of data processing equipment for any term of not more than  
17 five years; or

18 e. *Insurance including the purchase of insurance coverages, in-*  
19 *surance consultant or administrative services, and including*  
20 *participation in a joint self-insurance fund, risk management pro-*  
21 *gram or related services provided by a county college insurance*  
22 *group, for any term of not more than three years; or*

23 f. Leasing or service of automobiles, motor vehicles, electronic  
24 communications equipment, machinery and equipment of every  
25 nature and kind of any term not exceeding in the aggregate five  
26 years; provided, however, such contracts shall be entered into  
27 only subject to and in accordance with the rules and regulations  
28 promulgated by the Board of Higher Education; or

29 g. Supplying of any product or rendering of any service by a  
30 telephone company which is subject to the jurisdiction of the Board  
31 of Public Utilities for a term not exceeding five years; or

32 h. The providing of food supplies and services, including food  
33 supplies and management contracts for student centers, dining  
34 rooms and cafeterias, for a term not exceeding three years.

35 All multi-year leases and contracts entered into pursuant to this  
36 section, except contracts for the leasing or servicing of equipment  
37 supplied by a telephone company which is subject to the jurisdiction  
38 of the Board of Public Utilities *and except contracts for insurance*  
39 *coverages, insurance consultant or administrative services,*

40 *participation or membership in a joint self-insurance fund, risk*  
41 *management programs or related services of a county college in-*  
42 *urance group, shall contain a clause making them subject to the*  
43 *availability and appropriation annually of sufficient funds to meet*  
44 *the extended obligation or contain an annual cancellation clause.*

1 9. This act shall take effect immediately, and county colleges are  
2 authorized to plan, make commitments and take preparatory action  
3 for establishing county college insurance groups and joint self-  
4 insurance funds, provided that no fund shall become fully opera-  
5 tive prior to July 1, 1985.

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#### STATEMENT

The purpose of this bill is to allow county colleges to form insurance groups and to participate in joint self-insurance funds, risk management programs or related services offered or provided by the group.

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ASSEMBLY HIGHER EDUCATION AND REGULATED  
PROFESSIONS COMMITTEE

STATEMENT TO  
ASSEMBLY, No. 2157

**STATE OF NEW JERSEY**

DATED: SEPTEMBER 13, 1984

The Assembly Higher Education and Regulated Professions Committee favorably reports Assembly Bill No. 2157.

This bill authorizes two or more county colleges to form a county college insurance group and to participate in joint self-insurance funds, risk management programs and related services provided by the group. Under the bill's provisions, the group shall have the authority to establish joint self-insurance funds through the contributions of its members and to jointly purchase insurance under a master policy for participating members in the areas of property damage and liability coverage.

Upon a resolution of its board of trustees, a county college may elect to participate in an insurance group. The group shall establish bylaws to provide for, among other things, procedures for the collection of contributions and payments from members; the maintenance of excess insurance or reinsurance for each joint self-insurance fund; withdrawal from the group; and the operation and governance of the group.

The bylaws of the insurance group shall also provide for the selection of a board of trustees which shall exercise governing power over the group. The board is to consist of no fewer than three nor more than 15 trustees who are members or employees of the member county colleges.

Under the bill's provisions, no insurance group may begin functioning until its bylaws have been approved by the Commissioner of Insurance. Also, every group must file an annual report, including a financial statement, with the commissioner. If at any time, the commissioner determines that the group has experienced a deterioration in its financial condition which adversely affects its ability to pay expected claims, he may require the group to either increase its reserves or purchase additional excess insurance or reinsurance.

Finally, this bill amends the "County College Contracts Law," (P. L. 1982, c. 189) to allow colleges to enter into contracts of up to three years duration for the purchase of insurance, insurance consultant services and risk management services.

SENATE EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2157

STATE OF NEW JERSEY

DATED: JANUARY 28, 1985

This bill authorizes two or more county colleges to form a county college insurance group and to participate in joint self-insurance funds, risk management programs and related services provided by the group. Under the bill's provisions, the group shall have the authority to establish joint self-insurance funds through the contributions of its members and to jointly purchase insurance under a master policy for participating members in the areas of property damage and liability coverage.

Upon a resolution of its board of trustees, a county college may elect to participate in an insurance group. The group shall establish bylaws to provide for, among other things, procedures for the collection of contributions and payments from members; the maintenance of excess insurance or reinsurance for each joint self-insurance fund; withdrawal from the group; and the operation and governance of the group.

The bylaws of the insurance group shall also provide for the selection of a board of trustees which shall exercise governing power over the group. The board is to consist of no fewer than three nor more than 15 trustees who are members or employees of the member county colleges.

Under the bill's provisions, no insurance group may begin functioning until its bylaws have been approved by the Commissioner of Insurance. Also, every group must file an annual report, including a financial statement, with the commissioner. If at any time, the commissioner determines that the group has experienced a deterioration in its financial condition which adversely affects its ability to pay expected claims, he may require the group to either increase its reserves or purchase additional excess insurance or reinsurance.

Finally, this bill amends the "County College Contracts Law," (P. L. 1982, c. 189) to allow colleges to enter into contracts of up to three years duration for the purchase of insurance, insurance consultant services and risk management services.

This is the same as the group self-insurance program recently authorized for the public schools, P. L. 1983, c. 108 (C. 18A:18B-1 et seq.).

BILLS SIGNED

PAGE TWO

JUNE 27, 1985

A-2157, sponsored by Assemblyman Thomas A. Pankok, D-Salem, which permits county colleges to form insurance groups and to participate in joint self-insurance funds, risk management programs and related services.

A-2040, sponsored by Assemblyman John A. Girgenti, D-Passaic, which provides that if a public utility petitions the Board of Public Utilities for a hearing on an issue affecting a county or municipality, the utility must so notify the municipal clerk or the clerk of the board of freeholders at least 20 days prior to the hearing.

S-627, sponsored by State Senator C. Louis Bassano, R-Union, which alters the requirements for safekeeping of vital statistics maintained by the Department of Health. The bill requires that the records be maintained in a fire resistant area. The previous requirement was for the records to be kept in a fireproof vault.

S-2873, sponsored by State Senator Garrett W. Hagedorn, R-Bergen, which validates the authorization for school bonds authorized by the Borough of Pompton Lakes.

A-393, sponsored by Assemblyman Vincent O. Pellecchia, D-Passaic, which establishes a Children's Trust Fund in the Department of Treasury funded by a taxpayer checkoff on the State income tax return. It also creates a Child Life Protection Commission empowered to make grants from the fund to public and private agencies for programs dealing with child abuse.