

40A:10-6

LEGISLATIVE HISTORY CHECK Compiled by the NJ State Law Library

LAWS OF: 1999 **CHAPTER:** 434

NJSA: 40A:10-6 (Insurance funds)

BILL NO: A2824 (Substituted for S2275)

SPONSOR(S): Bateman and Garcia

DATE INTRODUCED: January 21, 1999

COMMITTEE: **ASSEMBLY:** Banking & Insurance

SENATE: -----

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** December 13, 1999

SENATE: January 10, 2000

DATE OF APPROVAL: January 18, 2000

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: First Reprint
(Amendments during passage denoted by superscript number)

A2824

SPONSORS STATEMENT: (Begins on 2 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

S2275

SPONSORS STATEMENT: (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or refdesk@njstatelib.org

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

-

P.L. 1999, CHAPTER 434, *approved January 18, 2000*
Assembly, No. 2824 (*First Reprint*)

1 AN ACT concerning local unit insurance funds and amending
2 N.J.S.40A:10-6 and P.L.1983, c.372.

3

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

6

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

8 40A:10-6. The governing body of any local unit may establish an
9 insurance fund for the following purposes:

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

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

18 c. To insure against liability for its negligence and that of its
19 officers, employees and servants, whether or not compensated or
20 part-time, who are authorized to perform any act or services, but not
21 including an independent contractor within the limitations of the "New
22 Jersey Tort Claims Act" (N.J.S.59:1-1 et seq.); ¹and¹

23 d. To insure against any loss or damage from liability as established
24 by chapter 15 of Title 34 of the Revised Statutes ¹[; and

25 e. To provide environmental impairment liability coverage. For
26 the purposes of this subsection, "environmental impairment" means
27 pollution, impairment or destruction of the environment as defined
28 pursuant to section 3 of P.L.1974, c.169 (C.2A:35A-3)]¹.

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

31 (cf: N.J.S.40A:10-6)

32

33 2. Section 1 of P.L.1983, c.372 (C.40A:10-36) is amended to read
34 as follows:

35 1. a. The governing body of any local unit, including any
36 contracting unit as defined in section 2 of P.L.1971, c.198
37 (C.40A:11-2), may by resolution agree to join together with any other
38 local unit or units to establish a joint insurance fund for the purpose of
39 insuring against liability, property damage, and workers' compensation
40 as provided in Articles 3 and 4 of chapter 10 of Title 40A of the New

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ABI committee amendments adopted May 17, 1999.

1 Jersey Statutes, insuring against loss or theft of moneys or securities,
2 providing blanket bond coverage of certain county or municipal
3 officers and employees for faithful performance and discharge of their
4 duties as provided under section 1 of P.L.1967, c.283 (C.40A:5-34.1),
5 [and] ¹insuring against bodily injury and property damage claims
6 arising from environmental impairment liability and legal
7 representation therefor to the extent that such coverages, as approved
8 by the Commissioner of Banking and Insurance, are provided by the
9 purchase of insurance and no risk is retained by the fund. ¹ providing
10 contributory or non-contributory group health insurance or group term
11 life insurance, or both, to employees or their dependents or both,
12 through self insurance, the purchase of commercial insurance or
13 reinsurance, or any combination thereof, and insuring against any loss
14 from liability associated with sick leave payment for service connected
15 disability as provided by N.J.S.18A:30-2.1, and may appropriate such
16 moneys as are required therefor. The maximum risk to be retained for
17 group term life insurance by a joint insurance fund on a self-insured
18 basis shall not exceed a face amount of \$5,000 per covered employee
19 or dependent or more if approved by the Commissioners of Banking
20 and Insurance and Community Affairs. As used in this subsection: (1)
21 "life insurance" means life insurance as defined pursuant to
22 N.J.S.17B:17-3; (2) "health insurance" means health insurance as
23 defined pursuant to N.J.S.17B:17-4 or service benefits as provided by
24 health service corporations, hospital service corporations or medical
25 service corporations authorized to do business in this State; and (3)
26 "dependent" means dependent as defined pursuant to N.J.S.40A:10-16.
27 b. The governing body of any local unit, including any contracting
28 unit as defined in section 2 of P.L.1971, c.198 (C.40A:11-2), may by
29 resolution agree to join together with any other local unit or units to
30 establish a joint insurance fund for the sole purpose of insuring against
31 bodily injury and property damage claims arising from environmental
32 impairment liability and legal representation therefor to the extent and
33 for coverages approved by the Commissioner of Banking and
34 Insurance.
35 (cf: P.L.1996, c.4, s.2)

36
37 3. This act shall take effect immediately.
38
39
40
41

42 Authorizes additional purposes for which certain insurance funds may
43 be established or used by a local unit.

ASSEMBLY, No. 2824

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED JANUARY 21, 1999

Sponsored by:

Assemblyman CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Assemblyman RAUL "RUDY" GARCIA

District 33 (Hudson)

SYNOPSIS

Authorizes additional purposes for which certain insurance funds may be established or used by a local unit.

CURRENT VERSION OF TEXT

As introduced.



A2824 BATEMAN, GARCIA

2

1 AN ACT concerning local unit insurance funds and amending
2 N.J.S.40A:10-6 and P.L.1983, c.372.

3

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

6

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

8 40A:10-6. The governing body of any local unit may establish an
9 insurance fund for the following purposes:

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

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

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

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

25 e. To provide environmental impairment liability coverage. For
26 the purposes of this subsection, "environmental impairment" means
27 pollution, impairment or destruction of the environment as defined
28 pursuant to section 3 of P.L.1974, c.169 (C.2A:35A-3).

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

31 (cf: N.J.S.40A:10-6)

32

33 2. Section 1 of P.L.1983, c.372 (C.40A:10-36) is amended to read
34 as follows:

35 1. a. The governing body of any local unit, including any
36 contracting unit as defined in section 2 of P.L.1971, c.198
37 (C.40A:11-2), may by resolution agree to join together with any other
38 local unit or units to establish a joint insurance fund for the purpose of
39 insuring against liability, property damage, and workers' compensation
40 as provided in Articles 3 and 4 of chapter 10 of Title 40A of the New
41 Jersey Statutes, insuring against loss or theft of moneys or securities,
42 providing blanket bond coverage of certain county or municipal
43 officers and employees for faithful performance and discharge of their

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 duties as provided under section 1 of P.L.1967, c.283 (C.40A:5-34.1),
2 **[and]** providing contributory or non-contributory group health
3 insurance or group term life insurance, or both, to employees or their
4 dependents or both, through self insurance, the purchase of
5 commercial insurance or reinsurance, or any combination thereof, and
6 insuring against any loss from liability associated with sick leave
7 payment for service connected disability as provided by N.J.S.18A:30-
8 2.1, and may appropriate such moneys as are required therefor. The
9 maximum risk to be retained for group term life insurance by a joint
10 insurance fund on a self-insured basis shall not exceed a face amount
11 of \$5,000 per covered employee or dependent or more if approved by
12 the Commissioners of Banking and Insurance and Community Affairs.
13 As used in this subsection: (1) "life insurance" means life insurance as
14 defined pursuant to N.J.S.17B:17-3; (2) "health insurance" means
15 health insurance as defined pursuant to N.J.S.17B:17-4 or service
16 benefits as provided by health service corporations, hospital service
17 corporations or medical service corporations authorized to do business
18 in this State; and (3) "dependent" means dependent as defined
19 pursuant to N.J.S.40A:10-16.

20 b. The governing body of any local unit, including any contracting
21 unit as defined in section 2 of P.L.1971, c.198 (C.40A:11-2), may by
22 resolution agree to join together with any other local unit or units to
23 establish a joint insurance fund for the sole purpose of insuring against
24 bodily injury and property damage claims arising from environmental
25 impairment liability and legal representation therefor to the extent and
26 for coverages approved by the Commissioner of Banking and
27 Insurance.

28 (cf: P.L.1996, c.4, s.2)

29

30 3. This act shall take effect immediately.

31

32

33

STATEMENT

34

35 This bill authorizes a local unit to establish or use an insurance fund to
36 insure against any loss or damage from workers compensation claims
37 and environmental impairment liability claims. This bill also authorizes
38 a local unit, through a joint insurance fund, to insure against any loss
39 from liability associated with sick leave payment for service connected
40 disability as provided by N.J.S.18A:30-2.1.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2824

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 17, 1999

The Assembly Banking and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 2824.

As amended by the committee, this bill authorizes a local unit to establish or use an insurance fund to insure against any loss or damage from workers' compensation claims. This bill also authorizes a local unit, through a joint insurance fund, to insure against any loss from liability associated with sick leave payment for service connected disability as provided by N.J.S.18A:30-2.1. In addition, a public entity joint insurance fund is authorized to purchase insurance coverage for bodily injury and property damage claims arising from environmental impairment liability and legal representation therefor, to the extent that these coverages, as approved by the Commissioner of Banking and Insurance, are purchased and that no risk is retained by the fund.

The committee amended the bill to delete the provision which would have authorized a local unit to self-insure for environmental liability claims. The committee also amended the bill to provide that a public entity joint insurance fund may purchase insurance coverage for bodily injury and property damage claims arising from environmental impairment liability and legal representation therefor, to the extent that these coverages, as approved by the commissioner, are purchased, and that no risk is retained by the fund.

SENATE, No. 2275

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED NOVEMBER 15, 1999

Sponsored by:

Senator ROBERT W. SINGER

District 30 (Burlington, Monmouth and Ocean)

SYNOPSIS

Authorizes additional purposes for which certain insurance funds may be established or used by a local unit.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning local unit insurance funds and amending
2 N.J.S.40A:10-6 and P.L.1983, c.372.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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

8 40A:10-6. The governing body of any local unit may establish an
9 insurance fund for the following purposes:

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

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

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

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

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

27 (cf: N.J.S.40A:10-6)

28

29 2. Section 1 of P.L.1983, c.372 (C.40A:10-36) is amended to read
30 as follows:

31 1. a. The governing body of any local unit, including any
32 contracting unit as defined in section 2 of P.L.1971, c.198
33 (C.40A:11-2), may by resolution agree to join together with any other
34 local unit or units to establish a joint insurance fund for the purpose of
35 insuring against liability, property damage, and workers' compensation
36 as provided in Articles 3 and 4 of chapter 10 of Title 40A of the New
37 Jersey Statutes, insuring against loss or theft of moneys or securities,
38 providing blanket bond coverage of certain county or municipal
39 officers and employees for faithful performance and discharge of their
40 duties as provided under section 1 of P.L.1967, c.283 (C.40A:5-34.1),
41 **[and]** insuring against bodily injury and property damage claims
42 arising from environmental impairment liability and legal
43 representation therefor to the extent that such coverages, as approved

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 by the Commissioner of Banking and Insurance, are provided by the
2 purchase of insurance and no risk is retained by the fund, providing
3 contributory or non-contributory group health insurance or group term
4 life insurance, or both, to employees or their dependents or both,
5 through self insurance, the purchase of commercial insurance or
6 reinsurance, or any combination thereof, and insuring against any loss
7 from liability associated with sick leave payment for service connected
8 disability as provided by N.J.S.18A:30-2.1, and may appropriate such
9 moneys as are required therefor. The maximum risk to be retained for
10 group term life insurance by a joint insurance fund on a self-insured
11 basis shall not exceed a face amount of \$5,000 per covered employee
12 or dependent or more if approved by the Commissioners of Banking
13 and Insurance and Community Affairs. As used in this subsection: (1)
14 "life insurance" means life insurance as defined pursuant to
15 N.J.S.17B:17-3; (2) "health insurance" means health insurance as
16 defined pursuant to N.J.S.17B:17-4 or service benefits as provided by
17 health service corporations, hospital service corporations or medical
18 service corporations authorized to do business in this State; and (3)
19 "dependent" means dependent as defined pursuant to N.J.S.40A:10-16.

20 b. The governing body of any local unit, including any contracting
21 unit as defined in section 2 of P.L.1971, c.198 (C.40A:11-2), may by
22 resolution agree to join together with any other local unit or units to
23 establish a joint insurance fund for the sole purpose of insuring against
24 bodily injury and property damage claims arising from environmental
25 impairment liability and legal representation therefor to the extent and
26 for coverages approved by the Commissioner of Banking and
27 Insurance.

28 (cf: P.L.1996, c.4, s.2)

29

30 3. This act shall take effect immediately.

31

32

33

STATEMENT

34

35 This bill authorizes a local unit to establish or use an insurance fund
36 to insure against any loss or damage from workers' compensation
37 claims. This bill also authorizes a local unit, through a joint insurance
38 fund, to insure against any loss from liability associated with sick leave
39 payment for service connected disability as provided by N.J.S.18A:30-
40 2.1. In addition, a public entity joint insurance fund is authorized to
41 purchase insurance coverage for bodily injury and property damage
42 claims arising from environmental impairment liability and legal
43 representation therefor, to the extent that these coverages, as
44 approved by the Commissioner of Banking and Insurance, are
45 purchased and that no risk is retained by the fund.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 2275

STATE OF NEW JERSEY

DATED: DECEMBER 13, 1999

The Senate Commerce Committee reports favorably Senate Bill No. 2275.

This bill authorizes a local unit to establish or use an insurance fund to insure against workers' compensation claims. The bill also authorizes a local unit, through a joint insurance fund, to insure against any loss from liability associated with sick leave payment for service connected disability as provided by N.J.S.18A:30-2.1. In addition, a public entity joint insurance fund is authorized to purchase insurance coverage for bodily injury and property damage claims arising from environmental impairment liability and legal representation therefor, to the extent that these coverages, as approved by the Commissioner of Banking and Insurance, are purchased and that no risk is retained by the fund.