

18A:16-13.1

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2007 **CHAPTER:** 18

NJSA: 18A:16-13.1 (Authorizes individual boards of education to self insure for certain insurance; removes current prohibitions)

BILL NO: S46 (Substituted for A9)

SPONSOR(S) Smith and Others

DATE INTRODUCED: December 4, 2006

COMMITTEE: **ASSEMBLY:** ---

SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** December 11, 2006

SENATE: December 11, 2006

DATE OF APPROVAL: January 26, 2007

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Original version of bill enacted)

S46

[SPONSOR'S STATEMENT:](#) (Begins on page 2 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL NOTE: No

A9

[SPONSOR'S STATEMENT:](#) (Begins on page 2 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: Yes

HEARINGS: No

NEWSPAPER ARTICLES: No

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2006n

[Committee meeting of Joint Legislative Committee on Government Consolidation and Shared Services : Assembly bill no. 4, Senate bill no. 42, Assembly bill no. 8, Senate bill no. 49, Assembly bill no. 9, Senate bill no. 46, Assembly bill no. 10, Senate bill no. 47, Assembly bill no. 11, Senate bill no. 2374, Assembly bill no. 12, Senate bill no. 45, Assembly bill no. 13, Senate bill no. 48, Assembly bill no. 14, Senate bill no. 39, Assembly bill no. 15, Senate bill no. 38, Assembly concurrent resolution no. 5, Senate concurrent resolution no. 123 : \[December 7, 2006, Trenton, New Jersey\] / meeting recorded and transcribed by the Office of Legislative Services, Public Information Office, Hearing Unit by New Jersey. Legislature. Joint Legislative Committee on Government Consolidation and Shared Services.](#)

RWH 3/27/08

P.L. 2007, CHAPTER 18, *approved January 26, 2007*
Senate, No. 46

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

4

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

7

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

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

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

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

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

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

26 e. To provide contributory or noncontributory self-funded, or
27 partially self-funded, health benefits to employees or their
28 dependants, or both, **[except for employees, or their dependents, of**
29 **boards of education, jointure commissions, educational service**
30 **commissions, county special services school districts, county**
31 **vocational-technical schools, and county colleges,]** in accordance
32 with rules and regulations of the Director of the Division of Local
33 Government Services in the Department of Community Affairs.
34 The establishment and operation of a fund to provide health benefits
35 by a local unit prior to the effective date of P.L.2000, c.126
36 (C.52:13H-21 et al.) is hereby validated; however, any such health
37 benefits fund shall comply with all rules and regulations
38 promulgated by the director pursuant to this subsection.

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

41 (cf: P.L.2000, c.126, s.24)

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

3 11. For the purposes of P.L.1983, c.372 (C.40A:10-36 et seq.),
4 "local unit" shall be deemed to include boards of education which
5 join together with municipalities pursuant to P.L.1992, c.51
6 (C.40A:10-52 et al.) **],** except that boards of education, other than
7 boards of education of county vocational school districts, shall not
8 join together with other local units as provided in section 1 of
9 P.L.1983, c.372 (C.40A:10-36) for the purpose of providing
10 contributory or non-contributory group health insurance or group
11 term life insurance, or both, to employees or their dependents or
12 both, as otherwise permitted therein**].**

13 (cf: P.L.1992, c.51, s.11)

14

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

17 1. The governing body of any municipality and the board of
18 education of **[the local]** any school district, provided that the
19 district is not part of a limited purpose regional school district, an
20 all purpose regional school district or a consolidated school district,
21 may by ordinance or resolution, as the case may be, adopted by a
22 majority of the full membership of the governing body and by a
23 majority of the full membership of the board, agree to join together
24 for the purpose of insuring pursuant to the provisions of: a. Article
25 1 of chapter 10 of Title 40A of the New Jersey Statutes
26 (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of
27 the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of
28 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-
29 12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

30 **[Notwithstanding the provisions of this section, a board of**
31 **education shall not join together with a municipality or other local**
32 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
33 **the purpose of providing contributory or non-contributory group**
34 **health insurance or group term life insurance, or both, to employees**
35 **or their dependents or both, as otherwise permitted therein.]**

36 (cf: P.L.1992, c.51, s.1)

37

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

40 2. In the case of an all purpose regional school district or a
41 consolidated school district, the governing body of **[one or more of**
42 **the constituent municipalities]** any municipality and the board of
43 education of the regional or consolidated school district may by
44 resolution adopted by a majority of the full membership of the
45 governing body **[of each of the participating constituent**
46 **municipalities]** and a majority of the full membership of the board,
47 agree to join together for the purpose of insuring pursuant to the

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

7 **【Notwithstanding the provisions of this section, a board of**
8 **education shall not join together with a municipality or other local**
9 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
10 **the purpose of providing contributory or non-contributory group**
11 **health insurance or group term life insurance, or both, to employees**
12 **or their dependents or both, as otherwise permitted therein.】**

13 (cf: P.L.1995, c.356, s.6)

14

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

17 3. In the case of a limited purpose regional school district, the
18 governing **【bodies】** body of **【one or more of the constituent**
19 **municipalities】** any municipality and the board of education of the
20 regional district may by ordinance or resolution, as the case may be,
21 adopted by a majority of the full membership of the governing body
22 **【of each of the participating constituent municipalities】** and a
23 majority of the full membership of the board, agree to join together
24 for the purpose of insuring pursuant to the provisions of: a. Article
25 1 of chapter 10 of Title 40A of the New Jersey Statutes
26 (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of
27 the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of
28 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-
29 12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

30 **【Notwithstanding the provisions of this section, a board of**
31 **education shall not join together with a municipality or other local**
32 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
33 **the purpose of providing contributory or non-contributory group**
34 **health insurance or group term life insurance, or both, to employees**
35 **or their dependents or both, as otherwise permitted therein.】**

36 (cf: P.L.1992, c.51, s. 3)

37

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

40 4. In the case of a limited purpose regional school district, in
41 addition to any contract entered into by a municipality pursuant to
42 section 3 of this act, the governing body of any **【constituent】**
43 **municipality** and the board of education of **【the local】** any school
44 district **【operating within that municipality】** may, in accordance
45 with section 1 of this act, agree to join together for the purpose of
46 insuring pursuant to the provisions of: a. Article 1 of chapter 10 of
47 Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b.

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

5 **【Notwithstanding the provisions of this section, a board of**
6 **education shall not join together with a municipality or other local**
7 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
8 **the purpose of providing contributory or non-contributory group**
9 **health insurance or group term life insurance, or both, to employees**
10 **or their dependents or both, as otherwise permitted therein.】**

11 (cf: P.L.1992, c.51, s.4)

12

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

15 5. In the case of a county vocational school district, the
16 governing **【bodies】** body of **【one or more of the municipalities in**
17 **the county】** any municipality and the board of education of the
18 county vocational school district may by ordinance or resolution, as
19 the case may be, adopted by a majority of the full membership of
20 the governing body **【of each of the participating municipalities】**
21 and a majority of the full membership of the board, agree to join
22 together for the purpose of insuring pursuant to the provisions of: a.
23 Article 1 of chapter 10 of Title 40A of the New Jersey Statutes
24 (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of
25 the New Jersey Statutes (N.J.S.40A:10-6 et seq.); or c. Article 4 of
26 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-
27 12 et seq.).

28 (cf: P.L.1992, c.51, s.5)

29

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

32 6. In the case of a county vocational school district, in addition
33 to any contract entered into by a municipality pursuant to section 5
34 of this act, the governing body of any municipality **【in the county】**
35 and **【the】** any board of education **【for the local school district**
36 **operating within that municipality】** may, in accordance with section
37 1 of this act, agree to join together for the purpose of insuring
38 pursuant to the provisions of: a. Article 1 of chapter 10 of Title 40A
39 of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of
40 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6
41 et seq.); c. Article 4 of chapter 10 of Title 40A of the New Jersey
42 Statutes (N.J.S.40A:10-12 et seq.); or d. P.L.1983, c.372
43 (C.40A:10-36 et seq.).

44 **【Notwithstanding the provisions of this section, a board of**
45 **education shall not join together with a municipality or other local**
46 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
47 **the purpose of providing contributory or non-contributory group**

1 health insurance or group term life insurance, or both, to employees
2 or their dependents or both, as otherwise permitted therein.】

3 (cf: P.L.1992, c.51, s.6)

4
5 9. (New section) A board of education may provide contributory
6 or non-contributory group health insurance or group term life
7 insurance, or both, for employees or their dependents, or both,
8 through self insurance, the purchase of commercial insurance or
9 reinsurance or any combination thereof. The maximum risk to be
10 retained for group term life insurance by a board of education on a
11 self insured basis shall not exceed a face amount of \$5,000 per
12 covered employee or dependent or such greater amount as approved
13 by the Commissioners of Banking and Insurance and Education.
14 Notwithstanding any other provision of law to the contrary, the
15 board shall be subject to the surcharge levied pursuant to section 3
16 of P.L.1993, c.8 (C.52:14-17.38c) for claims paid within the
17 retained amount. For any claims paid in excess of the retained
18 amount, the surcharge shall be paid by the entity insuring the excess
19 amount.

20

21 10. This act shall take effect immediately.

22

23

24

STATEMENT

25

26 This bill authorizes boards of education to provide contributory
27 or non-contributory group health insurance or group term life
28 insurance, or both, for employees or their dependents, or both,
29 through self insurance, the purchase of commercial insurance or
30 reinsurance, or any combination thereof. Individual boards of
31 education are not currently permitted to do so.

32 The bill provides that the maximum risk to be retained for group
33 term life insurance by a board of education on a self insured basis
34 cannot exceed \$5,000 per covered employee or dependent or such
35 greater amount as approved by the Commissioners of Banking and
36 Insurance and Education. The bill also subjects boards of education
37 to the surcharge payable to the State Health Benefits Plan pursuant
38 to P.L.1993, c.8 (52:14-17.38c).

39 In addition, the bill removes the current prohibitions on self
40 insurance for employee life and health insurance benefits by boards
41 of education in the laws concerning self insurance by local units,
42 such as counties and municipalities, and joint self insurance among
43 local units and certain other boards of education.

44 The bill also allows boards of education to join any other joint
45 insurance fund, not just one in which a constituent municipality of
46 the school district participates.

1 In so doing, this bill implements Recommendation 10 of the
2 November 15, 2006 report of the Joint Legislative Committee on
3 Government Consolidation and Shared Services.

4

5

6

7

8 Authorizes individual boards of education to self insure for
9 certain insurance; removes current prohibitions.

SENATE, No. 46

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED DECEMBER 4, 2006

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

Assemblyman ROBERT M. GORDON

District 38 (Bergen)

Co-Sponsored by:

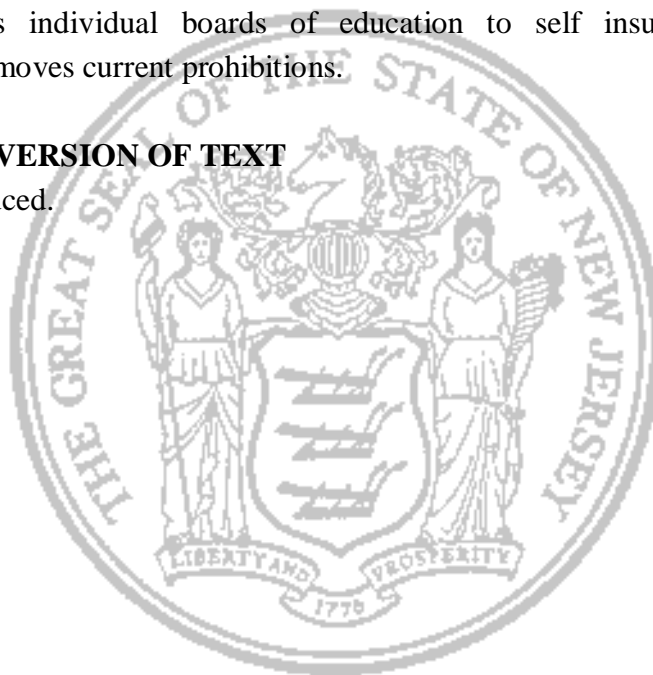
Assemblymen McKeon and Panter

SYNOPSIS

Authorizes individual boards of education to self insure for certain insurance; removes current prohibitions.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/12/2006)

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

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

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

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

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

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

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

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

26 e. To provide contributory or noncontributory self-funded, or
27 partially self-funded, health benefits to employees or their
28 dependants, or both, **[except for employees, or their dependents, of**
29 **boards of education, jointure commissions, educational service**
30 **commissions, county special services school districts, county**
31 **vocational-technical schools, and county colleges,]** in accordance
32 with rules and regulations of the Director of the Division of Local
33 Government Services in the Department of Community Affairs.
34 The establishment and operation of a fund to provide health benefits
35 by a local unit prior to the effective date of P.L.2000, c.126
36 (C.52:13H-21 et al.) is hereby validated; however, any such health
37 benefits fund shall comply with all rules and regulations
38 promulgated by the director pursuant to this subsection.

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

41 (cf: P.L.2000, c.126, s.24)

42
43 2. Section 11 of P.L.1992, c.51 (C.40A:10-36.1) is amended to
44 read as follows:

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 11. For the purposes of P.L.1983, c.372 (C.40A:10-36 et seq.),
2 "local unit" shall be deemed to include boards of education which
3 join together with municipalities pursuant to P.L.1992, c.51
4 (C.40A:10-52 et al.) **【**, except that boards of education, other than
5 boards of education of county vocational school districts, shall not
6 join together with other local units as provided in section 1 of
7 P.L.1983, c.372 (C.40A:10-36) for the purpose of providing
8 contributory or non-contributory group health insurance or group
9 term life insurance, or both, to employees or their dependents or
10 both, as otherwise permitted therein**】**.

11 (cf: P.L.1992, c.51, s.11)

12

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

15 1. The governing body of any municipality and the board of
16 education of **【the local】** any school district, provided that the
17 district is not part of a limited purpose regional school district, an
18 all purpose regional school district or a consolidated school district,
19 may by ordinance or resolution, as the case may be, adopted by a
20 majority of the full membership of the governing body and by a
21 majority of the full membership of the board, agree to join together
22 for the purpose of insuring pursuant to the provisions of: a. Article
23 1 of chapter 10 of Title 40A of the New Jersey Statutes
24 (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of
25 the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of
26 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-
27 12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

28 **【Notwithstanding the provisions of this section, a board of**
29 **education shall not join together with a municipality or other local**
30 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
31 **the purpose of providing contributory or non-contributory group**
32 **health insurance or group term life insurance, or both, to employees**
33 **or their dependents or both, as otherwise permitted therein.】**

34 (cf: P.L.1992, c.51, s.1)

35

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

38 2. In the case of an all purpose regional school district or a
39 consolidated school district, the governing body of **【one or more of**
40 **the constituent municipalities】** any municipality and the board of
41 education of the regional or consolidated school district may by
42 resolution adopted by a majority of the full membership of the
43 governing body **【of each of the participating constituent**
44 **municipalities】** and a majority of the full membership of the board,
45 agree to join together for the purpose of insuring pursuant to the
46 provisions of: a. Article 1 of chapter 10 of Title 40A of the New
47 Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10

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

5 **【Notwithstanding the provisions of this section, a board of**
6 **education shall not join together with a municipality or other local**
7 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
8 **the purpose of providing contributory or non-contributory group**
9 **health insurance or group term life insurance, or both, to employees**
10 **or their dependents or both, as otherwise permitted therein.】**

11 (cf: P.L.1995, c.356, s.6)

12

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

15 3. In the case of a limited purpose regional school district, the
16 governing **【bodies】** body of **【one or more of the constituent**
17 **municipalities】** any municipality and the board of education of the
18 regional district may by ordinance or resolution, as the case may be,
19 adopted by a majority of the full membership of the governing body
20 **【of each of the participating constituent municipalities】** and a
21 majority of the full membership of the board, agree to join together
22 for the purpose of insuring pursuant to the provisions of: a. Article
23 1 of chapter 10 of Title 40A of the New Jersey Statutes
24 (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of
25 the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of
26 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-
27 12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

28 **【Notwithstanding the provisions of this section, a board of**
29 **education shall not join together with a municipality or other local**
30 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
31 **the purpose of providing contributory or non-contributory group**
32 **health insurance or group term life insurance, or both, to employees**
33 **or their dependents or both, as otherwise permitted therein.】**

34 (cf: P.L.1992, c.51, s. 3)

35

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

38 4. In the case of a limited purpose regional school district, in
39 addition to any contract entered into by a municipality pursuant to
40 section 3 of this act, the governing body of any **【constituent】**
41 **municipality** and the board of education of **【the local】** any school
42 district **【operating within that municipality】** may, in accordance
43 with section 1 of this act, agree to join together for the purpose of
44 insuring pursuant to the provisions of: a. Article 1 of chapter 10 of
45 Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b.
46 Article 3 of chapter 10 of Title 40A of the New Jersey Statutes

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

4 **【Notwithstanding the provisions of this section, a board of**
5 **education shall not join together with a municipality or other local**
6 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
7 **the purpose of providing contributory or non-contributory group**
8 **health insurance or group term life insurance, or both, to employees**
9 **or their dependents or both, as otherwise permitted therein.】**

10 (cf: P.L.1992, c.51, s.4)

11

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

14 5. In the case of a county vocational school district, the
15 governing **【bodies】** body of **【one or more of the municipalities in**
16 **the county】** any municipality and the board of education of the
17 county vocational school district may by ordinance or resolution, as
18 the case may be, adopted by a majority of the full membership of
19 the governing body **【of each of the participating municipalities】**
20 and a majority of the full membership of the board, agree to join
21 together for the purpose of insuring pursuant to the provisions of: a.
22 Article 1 of chapter 10 of Title 40A of the New Jersey Statutes
23 (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of
24 the New Jersey Statutes (N.J.S.40A:10-6 et seq.); or c. Article 4 of
25 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-
26 12 et seq.).

27 (cf: P.L.1992, c.51, s.5)

28

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

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

43 **【Notwithstanding the provisions of this section, a board of**
44 **education shall not join together with a municipality or other local**
45 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
46 **the purpose of providing contributory or non-contributory group**

1 health insurance or group term life insurance, or both, to employees
2 or their dependents or both, as otherwise permitted therein.】

3 (cf: P.L.1992, c.51, s.6)

4
5 9. (New section) A board of education may provide contributory
6 or non-contributory group health insurance or group term life
7 insurance, or both, for employees or their dependents, or both,
8 through self insurance, the purchase of commercial insurance or
9 reinsurance or any combination thereof. The maximum risk to be
10 retained for group term life insurance by a board of education on a
11 self insured basis shall not exceed a face amount of \$5,000 per
12 covered employee or dependent or such greater amount as approved
13 by the Commissioners of Banking and Insurance and Education.
14 Notwithstanding any other provision of law to the contrary, the
15 board shall be subject to the surcharge levied pursuant to section 3
16 of P.L.1993, c.8 (C.52:14-17.38c) for claims paid within the
17 retained amount. For any claims paid in excess of the retained
18 amount, the surcharge shall be paid by the entity insuring the excess
19 amount.

20

21 10. This act shall take effect immediately.

22

23

24

STATEMENT

25

26 This bill authorizes boards of education to provide contributory
27 or non-contributory group health insurance or group term life
28 insurance, or both, for employees or their dependents, or both,
29 through self insurance, the purchase of commercial insurance or
30 reinsurance, or any combination thereof. Individual boards of
31 education are not currently permitted to do so.

32 The bill provides that the maximum risk to be retained for group
33 term life insurance by a board of education on a self insured basis
34 cannot exceed \$5,000 per covered employee or dependent or such
35 greater amount as approved by the Commissioners of Banking and
36 Insurance and Education. The bill also subjects boards of education
37 to the surcharge payable to the State Health Benefits Plan pursuant
38 to P.L.1993, c.8 (52:14-17.38c).

39 In addition, the bill removes the current prohibitions on self
40 insurance for employee life and health insurance benefits by boards
41 of education in the laws concerning self insurance by local units,
42 such as counties and municipalities, and joint self insurance among
43 local units and certain other boards of education.

44 The bill also allows boards of education to join any other joint
45 insurance fund, not just one in which a constituent municipality of
46 the school district participates.

S46 B. SMITH, KYRILLOS

7

1 In so doing, this bill implements Recommendation 10 of the
2 November 15, 2006 report of the Joint Legislative Committee on
3 Government Consolidation and Shared Services.

ASSEMBLY, No. 9

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED DECEMBER 7, 2006

Sponsored by:

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

Assemblyman ROBERT M. GORDON

District 38 (Bergen)

Assemblyman JOSEPH VAS

District 19 (Middlesex)

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Assemblyman JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblyman JOHN J. BURZICHELLI

District 3 (Salem, Cumberland and Gloucester)

Assemblyman DOUGLAS H. FISHER

District 3 (Salem, Cumberland and Gloucester)

Assemblyman DAVID R. MAYER

District 4 (Camden and Gloucester)

Assemblywoman NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Assemblywoman PAMELA R. LAMPITT

District 6 (Camden)

Assemblyman LOUIS D. GREENWALD

District 6 (Camden)

Co-Sponsored by:

Assemblymen McKeon and Panter

SYNOPSIS

Authorizes individual boards of education to self insure for certain insurance; removes current prohibitions.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 12/12/2006)

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

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

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

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

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

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

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

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

26 e. To provide contributory or noncontributory self-funded, or
27 partially self-funded, health benefits to employees or their
28 dependants, or both, **[except for employees, or their dependents, of**
29 **boards of education, jointure commissions, educational service**
30 **commissions, county special services school districts, county**
31 **vocational-technical schools, and county colleges,]** in accordance
32 with rules and regulations of the Director of the Division of Local
33 Government Services in the Department of Community Affairs.
34 The establishment and operation of a fund to provide health benefits
35 by a local unit prior to the effective date of P.L.2000, c.126
36 (C.52:13H-21 et al.) is hereby validated; however, any such health
37 benefits fund shall comply with all rules and regulations
38 promulgated by the director pursuant to this subsection.

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

41 (cf: P.L.2000, c.126, s.24)

42
43 2. Section 11 of P.L.1992, c.51 (C.40A:10-36.1) is amended to
44 read as follows:

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 11. For the purposes of P.L.1983, c.372 (C.40A:10-36 et seq.),
2 "local unit" shall be deemed to include boards of education which
3 join together with municipalities pursuant to P.L.1992, c.51
4 (C.40A:10-52 et al.) **【**, except that boards of education, other than
5 boards of education of county vocational school districts, shall not
6 join together with other local units as provided in section 1 of
7 P.L.1983, c.372 (C.40A:10-36) for the purpose of providing
8 contributory or non-contributory group health insurance or group
9 term life insurance, or both, to employees or their dependents or
10 both, as otherwise permitted therein**】**.

11 (cf: P.L.1992, c.51, s.11)

12

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

15 1. The governing body of any municipality and the board of
16 education of **【the local】** any school district, provided that the
17 district is not part of a limited purpose regional school district, an
18 all purpose regional school district or a consolidated school district,
19 may by ordinance or resolution, as the case may be, adopted by a
20 majority of the full membership of the governing body and by a
21 majority of the full membership of the board, agree to join together
22 for the purpose of insuring pursuant to the provisions of: a. Article
23 1 of chapter 10 of Title 40A of the New Jersey Statutes
24 (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of
25 the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of
26 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-
27 12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

28 **【Notwithstanding the provisions of this section, a board of**
29 **education shall not join together with a municipality or other local**
30 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
31 **the purpose of providing contributory or non-contributory group**
32 **health insurance or group term life insurance, or both, to employees**
33 **or their dependents or both, as otherwise permitted therein.】**

34 (cf: P.L.1992, c.51, s.1)

35

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

38 2. In the case of an all purpose regional school district or a
39 consolidated school district, the governing body of **【one or more of**
40 **the constituent municipalities】** any municipality and the board of
41 education of the regional or consolidated school district may by
42 resolution adopted by a majority of the full membership of the
43 governing body **【of each of the participating constituent**
44 **municipalities】** and a majority of the full membership of the board,
45 agree to join together for the purpose of insuring pursuant to the
46 provisions of: a. Article 1 of chapter 10 of Title 40A of the New
47 Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10

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

5 **【Notwithstanding the provisions of this section, a board of**
6 **education shall not join together with a municipality or other local**
7 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
8 **the purpose of providing contributory or non-contributory group**
9 **health insurance or group term life insurance, or both, to employees**
10 **or their dependents or both, as otherwise permitted therein.】**

11 (cf: P.L.1995, c.356, s.6)

12

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

15 3. In the case of a limited purpose regional school district, the
16 governing **【bodies】** body of **【one or more of the constituent**
17 **municipalities】** any municipality and the board of education of the
18 regional district may by ordinance or resolution, as the case may be,
19 adopted by a majority of the full membership of the governing body
20 **【of each of the participating constituent municipalities】** and a
21 majority of the full membership of the board, agree to join together
22 for the purpose of insuring pursuant to the provisions of: a. Article
23 1 of chapter 10 of Title 40A of the New Jersey Statutes
24 (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of
25 the New Jersey Statutes (N.J.S.40A:10-6 et seq.); c. Article 4 of
26 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-
27 12 et seq.); or d. P.L.1983, c.372 (C.40A:10-36 et seq.).

28 **【Notwithstanding the provisions of this section, a board of**
29 **education shall not join together with a municipality or other local**
30 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
31 **the purpose of providing contributory or non-contributory group**
32 **health insurance or group term life insurance, or both, to employees**
33 **or their dependents or both, as otherwise permitted therein.】**

34 (cf: P.L.1992, c.51, s.3)

35

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

38 4. In the case of a limited purpose regional school district, in
39 addition to any contract entered into by a municipality pursuant to
40 section 3 of this act, the governing body of any **【constituent】**
41 **municipality** and the board of education of **【the local】** any school
42 district **【operating within that municipality】** may, in accordance
43 with section 1 of this act, agree to join together for the purpose of
44 insuring pursuant to the provisions of: a. Article 1 of chapter 10 of
45 Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b.
46 Article 3 of chapter 10 of Title 40A of the New Jersey Statutes
47 (N.J.S.40A:10-6 et seq.); c. Article 4 of chapter 10 of Title 40A of

1 the New Jersey Statutes (N.J.S.40A:10-12 et seq.); or d. P.L.1983,
2 c.372 (C.40A:10-36 et seq.).

3 **【Notwithstanding the provisions of this section, a board of**
4 **education shall not join together with a municipality or other local**
5 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
6 **the purpose of providing contributory or non-contributory group**
7 **health insurance or group term life insurance, or both, to employees**
8 **or their dependents or both, as otherwise permitted therein.】**
9 (cf: P.L.1992, c.51, s.4)

10

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

13 5. In the case of a county vocational school district, the
14 governing **【bodies】** body of **【one or more of the municipalities in**
15 **the county】** any municipality and the board of education of the
16 county vocational school district may by ordinance or resolution, as
17 the case may be, adopted by a majority of the full membership of
18 the governing body **【of each of the participating municipalities】**
19 and a majority of the full membership of the board, agree to join
20 together for the purpose of insuring pursuant to the provisions of: a.
21 Article 1 of chapter 10 of Title 40A of the New Jersey Statutes
22 (N.J.S.40A:10-1 et seq.); b. Article 3 of chapter 10 of Title 40A of
23 the New Jersey Statutes (N.J.S.40A:10-6 et seq.); or c. Article 4 of
24 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-
25 12 et seq.).
26 (cf: P.L.1992, c.51, s.5)

27

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

30 6. In the case of a county vocational school district, in addition
31 to any contract entered into by a municipality pursuant to section 5
32 of this act, the governing body of any municipality **【in the county】**
33 and **【the】** any board of education **【for the local school district**
34 **operating within that municipality】** may, in accordance with section
35 1 of this act, agree to join together for the purpose of insuring
36 pursuant to the provisions of: a. Article 1 of chapter 10 of Title 40A
37 of the New Jersey Statutes (N.J.S.40A:10-1 et seq.); b. Article 3 of
38 chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6
39 et seq.); c. Article 4 of chapter 10 of Title 40A of the New Jersey
40 Statutes (N.J.S.40A:10-12 et seq.); or d. P.L.1983, c.372
41 (C.40A:10-36 et seq.).

42 **【Notwithstanding the provisions of this section, a board of**
43 **education shall not join together with a municipality or other local**
44 **unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for**
45 **the purpose of providing contributory or non-contributory group**
46 **health insurance or group term life insurance, or both, to employees**

1 or their dependents or both, as otherwise permitted therein.】
2 (cf: P.L.1992, c.51, s.6)

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

19
20 10. This act shall take effect immediately.

21

22

23

STATEMENT

24

25 This bill authorizes boards of education to provide contributory
26 or non-contributory group health insurance or group term life
27 insurance, or both, for employees or their dependents, or both,
28 through self insurance, the purchase of commercial insurance or
29 reinsurance, or any combination thereof. Individual boards of
30 education are not currently permitted to do so.

31 The bill provides that the maximum risk to be retained for group
32 term life insurance by a board of education on a self insured basis
33 cannot exceed \$5,000 per covered employee or dependent or such
34 greater amount as approved by the Commissioners of Banking and
35 Insurance and Education. The bill also subjects boards of education
36 to the surcharge payable to the State Health Benefits Plan pursuant
37 to P.L.1993, c.8 (52:14-17.38c).

38 In addition, the bill removes the current prohibitions on self
39 insurance for employee life and health insurance benefits by boards
40 of education in the laws concerning self insurance by local units,
41 such as counties and municipalities, and joint self insurance among
42 local units and certain other boards of education.

43 The bill also allows boards of education to join any other joint
44 insurance fund, not just one in which a constituent municipality of
45 the school district participates.

46 In so doing, this bill implements Recommendation 10 of the
47 November 15, 2006 report of the Joint Legislative Committee on
48 Government Consolidation and Shared Services.