

40A:10-1

**LEGISLATIVE HISTORY CHECKLIST**  
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(Municipalities & school boards--  
allow joint insurance agreements)

NJSA: 40A:10-1

LAWS OF: 1992 CHAPTER: 51

BILL NO: S378

SPONSOR(S): Dorsey

DATE INTRODUCED: February 13, 1992

COMMITTEE: ASSEMBLY: Insurance

SENATE: Community Affairs

AMENDED DURING PASSAGE: Yes Amendments during passage  
denoted by asterisks

DATE OF PASSAGE: ASSEMBLY: May 28, 1992

SENATE: March 23, 1992

DATE OF APPROVAL: July 17, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

For background see:

970.90 New Jersey. Commission on Business Efficiency of the Public  
S372 Schools.

1981c Local public school district insurance alternatives: a review  
of self-insurance.. May, 1981.

KBG:pp

[FIRST REPRINT]

SENATE, No. 378

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 13, 1992

By Senator DORSEY

1 AN ACT <sup>1</sup>[to permit] permitting<sup>1</sup> municipalities and boards of  
2 education to join together for certain insurance purposes <sup>1</sup>and  
3 supplementing chapter 10 of Title 40A of the New Jersey  
4 Statutes<sup>1</sup>.

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

8 1. The governing body of any municipality and the board of  
9 education of the local school district, provided that the district is  
10 not part of a limited purpose regional school district, an all  
11 purpose regional school district or a consolidated school district,  
12 may by ordinance or resolution, as the case may be, adopted by a  
13 majority of the full membership of the governing body and by a  
14 majority of the full membership of the board, agree to join  
15 together for the purpose of insuring pursuant to the provisions of  
16 1: a.<sup>1</sup> Article 1 of chapter 10 of Title 40A of the New Jersey  
17 Statutes (N.J.S.40A:10-1 et seq.) <sup>1</sup>[, insuring pursuant to the  
18 provisions of] ; b.<sup>1</sup> Article 3 of chapter 10 of Title 40A of the New  
19 Jersey Statutes (N.J.S.40A:10-6 et seq.) <sup>1</sup>[, insuring pursuant to  
20 the provisions of] ; c. Article 4 of chapter 10 of Title 40A of the  
21 New Jersey Statutes (N.J.S.40A:10-12 et seq.); or d.<sup>1</sup> P.L.1983,  
22 c.372 (C.40A:10-36 et seq.) <sup>1</sup>[, or entering into a contract with any  
23 insurance company authorized to do business in this State to insure:

24 a. Any loss or damage to property, real or personal, motor  
25 vehicles, equipment or apparatus owned or under the control of the  
26 board, the municipality and any department, board, agency or  
27 commission of the municipality;

28 b. Any loss or damage from liability resulting from the use or  
29 operations of motor vehicles, equipment or apparatus owned or  
30 controlled by the board, the municipality and any department,  
31 board, agency or commission of the municipality;

32 c. Any loss or damage from liability for the acts or omissions of  
33 the board and the municipality and for acts and omissions of the  
34 officers, employees or servants of the board and the municipality,  
35 and any department, board, agency or commission of the  
36 municipality arising out of and in the course of the performance of  
37 their duties, including, but not limited to, any liability established  
38 by the "New Jersey Tort Claims Act," (N.J.S.59:1-1 et seq.), or by  
39 any federal or other law; or,

40 d. Any loss or damage from workers' compensation liability as  
41 established by R.S.34:15-1 et seq]<sup>1</sup>.

42 <sup>1</sup>Notwithstanding the provisions of this section, a board of

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:  
<sup>1</sup> Senate SCO committee amendments adopted February 27, 1992.

1 education shall not join together with a municipality or other local  
2 unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for  
3 the purpose of providing contributory or non-contributory group  
4 health insurance or group term life insurance, or both, to  
5 employees or their dependents or both, as otherwise permitted  
6 therein.<sup>1</sup>

7 2. In the case of an all purpose regional school district or a  
8 consolidated school district, the governing body of one or more of  
9 the constituent municipalities and the board of education of the  
10 regional or consolidated school district may by ordinance or  
11 resolution, as the case may be, adopted by a majority of the full  
12 membership of the governing body of each of the participating  
13 constituent municipalities and a majority of the full membership  
14 of the board, agree to join together for the purpose of insuring  
15 pursuant to the provisions of <sup>1</sup>: a.<sup>1</sup> Article 1 of chapter 10 of Title  
16 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.) <sup>1</sup>[,  
17 insuring pursuant to the provisions of] ; b.<sup>1</sup> Article 3 of chapter 10  
18 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.)  
19 <sup>1</sup>[, insuring pursuant to the provisions of] ; c. Article 4 of chapter  
20 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-12 et  
21 seq.); or d.<sup>1</sup> P.L.1983, c.372 (C.40A:10-36 et seq.) <sup>1</sup>[, or entering  
22 into a contract with any insurance company authorized to do  
23 business in this State to insure:

24 a. All loss or damage to property, real or personal, motor  
25 vehicles, equipment or apparatus owned or under the control of the  
26 board, each of the participating constituent municipalities and any  
27 department, board, agency or commission of the participating  
28 constituent municipalities;

29 b. Any loss or damage from liability resulting from the use or  
30 operations of motor vehicles, equipment or apparatus owned or  
31 controlled by the board, each participating constituent  
32 municipality and any department, board, agency or commission of  
33 each of the participating constituent municipalities;

34 c. Any loss or damage from liability for the acts or omissions of  
35 the board and each of the participating constituent municipalities  
36 and for the acts and omissions of the officers, employees or  
37 servants of the board and each of the participating constituent  
38 municipalities, and any department, board, agency or commission  
39 thereof, arising out of and in the course of the performance of  
40 their duties, including, but not limited to, any liability established  
41 by the "New Jersey Tort Claims Act," (N.J.S.59:1-1 et seq.), or by  
42 any federal or other law; or,

43 d. Any loss or damage from workers' compensation liability as  
44 established by R.S.34:15-1 et seq]<sup>1</sup>.

45 <sup>1</sup>Notwithstanding the provisions of this section, a board of  
46 education shall not join together with a municipality or other local  
47 unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for  
48 the purpose of providing contributory or non-contributory group  
49 health insurance or group term life insurance, or both, to  
50 employees or their dependents or both, as otherwise permitted  
51 therein.<sup>1</sup>

52 3. In the case of a limited purpose regional school district, the  
53 governing bodies of one or more of the constituent municipalities  
54 and the board of education of the regional district may <sup>1</sup>[be] by<sup>1</sup>

1 ordinance or resolution, as the case may be, adopted by a majority  
2 of the full membership of the governing body of each of the  
3 participating constituent municipalities and a majority of the full  
4 membership of the board, agree to join together for the purpose of  
5 insuring pursuant to the provisions of 1; a.<sup>1</sup> Article 1 of chapter 10  
6 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.)  
7 1[, insuring pursuant to the provisions of] ; b.<sup>1</sup> Article 3 of chapter  
8 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et  
9 seq.) 1[, insuring pursuant to the provisions of] ; c. Article 4 of  
10 chapter 10 of Title 40A of the New Jersey Statutes  
11 (N.J.S.40A:10-12 et seq.); or d.<sup>1</sup> P.L.1983, c.372 (C.40A:10-36 et  
12 seq.) 1[, or entering into a contract with any insurance company  
13 authorized to do business in this State to insure:

14 a. All loss or damage to property, real or personal, motor  
15 vehicles, equipment or apparatus owned or under the control of the  
16 board, each of the participating constituent municipalities and  
17 any department, board, agency or commission of each of the  
18 participating constituent municipalities;

19 b. The loss or damage from liability resulting from the use or  
20 operations of motor vehicles, equipment or apparatus owned or  
21 controlled by the board, each constituent participating  
22 municipality and any department, board, agency or commission of  
23 each of the participating constituent municipalities;

24 c. Any loss or damage from liability for the acts or omissions of  
25 the board and each of the participating constituent municipalities  
26 and for the acts and omissions of the officers, employees or  
27 servants of the board and each of the participating constituent  
28 municipalities, and any department, board, agency or commission  
29 thereof, arising out of and in the course of the performance of  
30 their duties, including, but not limited to, any liability established  
31 by the "New Jersey Tort Claims Act," (N.J.S.59:1-1 et seq.), or by  
32 any federal or other law; or,

33 d. Any loss or damage from workers' compensation liability as  
34 established by R.S.34:15-1 et seq]<sup>1</sup>.

35 <sup>1</sup>Notwithstanding the provisions of this section, a board of  
36 education shall not join together with a municipality or other local  
37 unit as provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for  
38 the purpose of providing contributory or non-contributory group  
39 health insurance or group term life insurance, or both, to  
40 employees or their dependents or both, as otherwise permitted  
41 therein.<sup>1</sup>

42 4. In the case of a limited purpose regional school district, in  
43 addition to any contract entered into by a municipality pursuant to  
44 section 3 of this act, the governing body of any constituent  
45 municipality and the board of education of the local school district  
46 operating within that municipality may, in accordance with section  
47 1 of this act, agree to join together for the purpose of insuring  
48 pursuant to the provisions of 1; a.<sup>1</sup> Article 1 of chapter 10 of Title  
49 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.) 1[,  
50 insuring pursuant to the provisions of] ; b.<sup>1</sup> Article 3 of chapter 10  
51 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.)  
52 1[, insuring pursuant to the provisions of] ; c. Article 4 of chapter  
53 10 of Title 40A of the New Jersey Statutes (N.J.S. 40A:10-12 et  
54 seq.); or d.<sup>1</sup> P.L.1983, c.372 (C.40A:10-36 et seq.) 1[, or entering

1 into a contract with any insurance company authorized to do  
2 business in this State for the purpose of obtaining the kinds of  
3 insurance set forth in that section 1]¹.

4 ¹Notwithstanding 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  
9 employees or their dependents or both, as otherwise permitted  
10 therein.¹

11 5. In the case of a county vocational school district, the  
12 governing bodies of one or more of the municipalities in the county  
13 and the board of education of the county vocational school district  
14 may by ordinance or resolution, as the case may be, adopted by a  
15 majority of the full membership of the governing body of each of  
16 the participating municipalities and a majority of the full  
17 membership of the board, agree to join together for the purpose of  
18 insuring pursuant to the provisions of ¹; a.¹ Article 1 of chapter 10  
19 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.)  
20 ¹[, insuring pursuant to the provisions of] ; b.¹ Article 3 of chapter  
21 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et  
22 seq.) ¹[, insuring pursuant to the provisions of P.L.1983, c.372  
23 (C.40A:10-36 et seq.), or entering into a contract with any  
24 insurance company authorized to do business in this State to insure:

25 a. All loss or damage to property, real or personal, motor  
26 vehicles, equipment or apparatus owned or under the control of the  
27 board, each of the participating municipalities and any  
28 department, board, agency or commission of each of the  
29 participating municipalities;

30 b. The loss or damage from liability resulting from the use or  
31 operations of motor vehicles, equipment or apparatus owned or  
32 controlled by the board, each participating municipality and any  
33 department, board, agency or commission of each of the  
34 participating municipalities;

35 c. Any loss or damage from liability for the acts or omissions of  
36 the board and each of the participating municipalities and for the  
37 acts and omissions of the officers, employees or servants of the  
38 board and each of the participating municipalities, and any  
39 department, board, agency or commission thereof, arising out of  
40 and in the course of the performance of their duties, including, but  
41 not limited to, any liability established by the "New Jersey Tort  
42 Claims Act," (N.J.S.59:1-1 et seq.), or by any federal or other law;  
43 or,

44 d. Any loss or damage from workers' compensation liability as  
45 established by R.S.34:15-1 et seq] ; or c. Article 4 of chapter 10 of  
46 Title 40A of the New Jersey Statutes (N.J.S.40A:10-12 et seq.)¹.

47 6. In the case of a county vocational school district, in addition  
48 to any contract entered into by a municipality pursuant to section  
49 5 of this act, the governing body of any municipality in the county  
50 and the board of education for the local school district operating  
51 within that municipality may, in accordance with section 1 of this  
52 act, agree to join together for the purpose of insuring pursuant to  
53 the provisions of ¹; a.¹ Article 1 of chapter 10 of Title 40A of the  
54 New Jersey Statutes (N.J.S.40A:10-1 et seq.) ¹[, insuring pursuant

1 to the provisions of] ; b.<sup>1</sup> Article 3 of chapter 10 of Title 40A of  
2 the New Jersey Statutes (N.J.S.40A:10-6 et seq.) <sup>1</sup>[, insuring  
3 pursuant to the provisions of] ; c. Article 4 of chapter 10 of Title  
4 40A of the New Jersey Statutes (N.J.S.40A:10-12 et seq.); or d.<sup>1</sup>  
5 P.L.1983, c.372 (C.40A:10-36 et seq.) <sup>1</sup>[, or entering into a  
6 contract with any insurance company authorized to do business in  
7 this State for the purpose of obtaining the kinds of insurance set  
8 forth in that section 1]<sup>1</sup>.

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

16 7. Any contract for insurance to be entered into in accordance  
17 with this act shall be established pursuant to sections 10 and 11 of  
18 P.L.1971, c.198 (C.40A:11-10 and 40A:11-11).

19 8. For the purposes of Article 1 of chapter 10 of Title 40A of  
20 the New Jersey Statutes, "local unit" shall be deemed to include  
21 <sup>1</sup>[local]<sup>1</sup> boards of education which join together with  
22 municipalities <sup>1</sup>[for certain insurance purposes]<sup>1</sup> pursuant to  
23 P.L. ...., c. ... (C. ....) (now pending before the Legislature as this  
24 bill).

25 9. For the purposes of Article 3 of chapter 10 of Title 40A of  
26 the New Jersey Statutes, "local unit" shall be deemed to include  
27 <sup>1</sup>[local]<sup>1</sup> boards of education which join together with  
28 municipalities <sup>1</sup>[for certain insurance purposes]<sup>1</sup> pursuant to  
29 P.L. ...., c. .... (C. ....) (now pending before the Legislature as this  
30 bill).

31 <sup>1</sup>10. For the purposes of Article 4 of chapter 10 of Title 40A of  
32 the New Jersey Statutes (N.J.S.40A:10-12 et seq.), "local unit"  
33 shall be deemed to include boards of education which join together  
34 with municipalities pursuant to P.L. ...., c. .... (C. ....) (now  
35 pending before the Legislature as this bill).<sup>1</sup>

36 <sup>1</sup>[10.] <sup>1</sup>11.<sup>1</sup> For the purposes of P.L.1983, c.372 (C.40A:10-36 et  
37 seq.), "local unit" shall be deemed to include <sup>1</sup>[local]<sup>1</sup> boards of  
38 education which join together with municipalities <sup>1</sup>[for certain  
39 insurance purposes]<sup>1</sup> pursuant to P.L. ...., c. .... (C. ....) (now  
40 pending before the Legislature as this bill) <sup>1</sup>, except that boards of  
41 education, other than boards of education of county vocational  
42 school districts, shall not join together with other local units as  
43 provided in section 1 of P.L.1983, c.372 (C.40A:10-36) for the  
44 purpose of providing contributory or non-contributory group health  
45 insurance or group term life insurance, or both, to employees or  
46 their dependents or both, as otherwise permitted therein<sup>1</sup>.

47 <sup>1</sup>[11.] <sup>1</sup>12.<sup>1</sup> This act shall take effect immediately.

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52 Permits municipalities and boards of education to insure jointly for  
53 certain purposes.

1 the board and each of the participating municipalities, and any  
2 department, board, agency or commission thereof, arising out of  
3 and in the course of the performance of their duties, including, but  
4 not limited to, any liability established by the "New Jersey Tort  
5 Claims Act," (N.J.S.59:1-1 et seq.), or by any federal or other law;  
6 or,

7 d. Any loss or damage from workers' compensation liability as  
8 established by R.S.34:15-1 et seq.

9 6. In the case of a county vocational school district, in addition  
10 to any contract entered into by a municipality pursuant to section  
11 5 of this act, the governing body of any municipality in the county  
12 and the board of education for the local school district operating  
13 within that municipality may, in accordance with section 1 of this  
14 act, agree to join together for the purpose of insuring pursuant to  
15 the provisions of Article 1 of chapter 10 of Title 40A of the New  
16 Jersey Statutes (N.J.S.40A:10-1 et seq.), insuring pursuant to the  
17 provisions of Article 3 of chapter 10 of Title 40A of the New  
18 Jersey Statutes (N.J.S.40A:10-6 et seq.), insuring pursuant to the  
19 provisions of P.L.1983, c.372 (C.40A:10-36 et seq.), or entering  
20 into a contract with any insurance company authorized to do  
21 business in this State for the purpose of obtaining the kinds of  
22 insurance set forth in that section 1.

23 7. Any contract for insurance to be entered into in accordance  
24 with this act shall be established pursuant to sections 10 and 11 of  
25 P.L.1971, c.198 (C.40A:11-10 and 40A:11-11).

26 8. For the purposes of Article 1 of chapter 10 of Title 40A of  
27 the New Jersey Statutes, "local unit" shall be deemed to include  
28 local boards of education which join together with municipalities  
29 for certain insurance purposes pursuant to P.L. ...., c. ... (C. ....)  
30 (now pending before the Legislature as this bill).

31 9. For the purposes of Article 3 of chapter 10 of Title 40A of  
32 the New Jersey Statutes, "local unit" shall be deemed to include  
33 local boards of education which join together with municipalities  
34 for certain insurance purposes pursuant to P.L. ...., c. .... (C. ....)  
35 (now pending before the Legislature as this bill).

36 10. For the purposes of P.L.1983, c.372 (C.40A:10-36 et seq.),  
37 "local unit" shall be deemed to include local boards of education  
38 which join together with municipalities for certain insurance  
39 purposes pursuant to P.L. ...., c. .... (C. ....) (now pending before  
40 the Legislature as this bill).

41 11. This act shall take effect immediately.

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#### STATEMENT

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45 This bill authorizes municipalities and school districts to enter  
46 into agreements to insure jointly for certain purposes. Under the  
47 bill, municipalities and school districts enter into contracts with  
48 an insurance company authorized to do business in this State or  
49 may establish or joint an insurance fund for this purpose.

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53 Permits municipalities and boards of education to insure jointly for  
54 certain purposes.

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

[FIRST REPRINT]

**SENATE, No. 378**

**STATE OF NEW JERSEY**

DATED: MAY 4, 1992

The Assembly Insurance Committee favorably reports Senate Bill No. 378 [1R], authorizes municipalities and school districts to enter into agreements to insure jointly for certain purposes. Under the bill, municipalities and school districts may jointly insure for property damage and liability pursuant to the provisions of Article 1 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.) or Article 3 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.); for workers' compensation pursuant to the provisions of Article 4 of chapter 10 of the New Jersey Statutes (N.J.S.40A:10-12 et seq.); or for property damage, liability, or workers' compensation pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.), the law which authorizes the establishment of joint insurance funds.



SENATE COMMUNITY AFFAIRS COMMITTEE

STATEMENT TO

**SENATE, No. 378**

with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: FEBRUARY 27, 1992

The Senate Community Affairs Committee reports favorably Senate Bill No. 378 with Senate committee amendments.

Senate Bill No. 378, as amended by the committee, authorizes municipalities and school districts to enter into agreements to insure jointly for certain purposes. Under the bill, municipalities and school districts may jointly insure for property damage and liability pursuant to the provisions of Article 1 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-1 et seq.) or Article 3 of chapter 10 of Title 40A of the New Jersey Statutes (N.J.S.40A:10-6 et seq.); for workers' compensation pursuant to the provisions of Article 4 of chapter 10 of the New Jersey Statutes (N.J.S.40A:10-12 et seq.); or for property damage, liability, or workers' compensation pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.), the law which authorizes the establishment of joint insurance funds.

The committee amended the bill to remove the authorization for municipalities and school districts, other than county vocational school districts, to insure jointly for life and health insurance as otherwise provided in P.L.1983, c.372 (C.40A:10-36 et seq.). Additionally, the committee amended the bill to allow municipalities and school districts to jointly insure for workmen's compensation.