

ASSEMBLY, No. 1773

STATE OF NEW JERSEY

INTRODUCED MARCH 25, 1996

By Assemblymen BATEMAN and KAVANAUGH

1 AN ACT concerning self-insurance by boards of education for certain
2 purposes and supplementing P.L.1979, c.391 (C.18A:16-12 et
3 seq.).
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
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8 1. a. A board of education may establish an insurance fund for the
9 purpose of providing benefits pursuant to contributory or non-
10 contributory group health insurance or group term life insurance, or
11 both, for employees or their dependents, or both, as defined in section
12 1 of P.L.1979, c.391 (C.18A:16-12). The maximum risk to be
13 retained for group term life insurance on a self insured basis shall not
14 exceed a face amount of \$5,000 per covered employee or dependent
15 or such greater amount as approved by the Commissioners of
16 Insurance and Education.

17 b. As used in this act:

18 "Life insurance" means life insurance as defined in N.J.S.17B:17-3;

19 "Health insurance" means health insurance as defined in
20 N.J.S.17B:17-4 or benefits provided by a hospital service corporation,
21 medical service corporation or health service corporation authorized
22 to do business in this State.
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24 2. The board may designate the maximum or minimum amount of
25 the fund, and from time to time provide for the disposition of any
26 excess over and above the maximum amount fixed, or of the interest
27 or profits arising therefrom when the fund shall have reached the
28 maximum limit.
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30 3. Upon establishment of an insurance fund, the board shall appoint
31 three officials of the district, who may be members of the board, to
32 serve as insurance fund commissioners and shall appoint a person to
33 serve as secretary to the insurance fund commission. The
34 commissioners shall hold office for two years or for the remainder of
35 their term of office as officials, whichever shall be less, and until their
36 successors shall have been duly appointed and qualified. The
37 secretary shall serve at the pleasure of the commission. The

1 commissioners shall serve without compensation. The salary of the
2 secretary shall be set by the board.

3 Vacancies in the office of insurance fund commissioners caused by
4 any reason other than expiration of term as an official shall be filled
5 for the unexpired term. Vacancies in the position of secretary shall be
6 filled in the same manner as the original appointment.

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8 4. The commissioners shall, forthwith after their appointment,
9 organize for the ensuing year by election from their membership of a
10 chairman, who shall serve for the year.

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12 5. The commissioners shall have the following powers and
13 authority:

14 a. Employ necessary clerical assistants, whose compensation shall
15 be fixed and paid by the board in the same manner as is that of other
16 employees of the board;

17 b. Invest the fund and all additions and accretions thereto in such
18 securities as they shall deem best suited for the purposes of this act;

19 c. Adopt rules and regulations for the control and investment of
20 the fund;

21 d. Keep on hand at all times sufficient money, or have the same
22 invested in such securities as can be immediately sold for cash, for the
23 payment of benefits from the fund;

24 e. Fix reasonable rates of premium for all insurance carried by the
25 insurance fund, and shall effect all insurance in the insurance fund or
26 with any insurance company or companies authorized to do business
27 in this State;

28 f. Premiums for insurance, whether carried in the insurance fund or
29 placed with insurance companies, shall be paid to the commissioners
30 by the board;

31 g. If provided by the rules and regulations of the commission, the
32 secretary to the insurance fund commission shall be entrusted with the
33 daily operation of the insurance fund and shall submit a report to the
34 commissioners at least once a month.

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36 7. This act shall take effect immediately.

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STATEMENT

40 This bill allows individual boards of education to self insure for
41 group health insurance, group term life insurance, or both. Once a
42 board of education decides to self insure for these purposes, the bill
43 requires the establishment of a board of commissioners, who are
44 officials of the district. The commissioners are charged with the
45 responsibility of administering the fund.

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- 2
- 3 Allows school boards to self insure for health and life insurance.