



General Assembly

## **Committee Bill No. 5442**

January Session, 2009

LCO No. 3502

\* \_\_\_\_\_HB05442INS\_\_\_031609\_\_\_\_\_\*

Referred to Committee on Insurance and Real Estate

Introduced by:

(INS)

### **AN ACT EXTENDING THE EFFECTIVE DATE FOR CERTAIN INTERLOCAL RISK MANAGEMENT POOLS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 7-479e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) An interlocal risk management agency is not an insurance company or insurer under the laws of this state and the development and administration by such agency of an interlocal risk management pool and an interlocal risk management program does not constitute doing an insurance business.

(b) The formation, development and administration of a workers' compensation risk management pool by an interlocal risk management agency may be carried out as provided in this chapter and in such instance sections 31-328 to 31-339, inclusive, shall not be applicable, provided that nothing in this chapter shall prevent a local public agency from proceeding under sections 31-328 to 31-339, inclusive. Notwithstanding any provision of the general statutes, an interlocal workers' compensation risk management pool may provide interlocal risk management of claims for injuries or diseases caused by hypertension or heart disease resulting in death or temporary or permanent, total or partial disability, to a uniformed member of a paid fire department or a regular member of a paid police department as provided for in section 7-433c. Such risk management may be provided within an interlocal workers' compensation risk management pool or within a separate

pool exclusively for hypertension and heart disease. Only one reserve for contingencies need be established whether or not risk management of hypertension and heart disease is provided by a separate pool.

(c) Except as provided in subsections (d) and (e) of this section, an interlocal risk management pool, other than a public liability, automobile and property risk management pool, shall at all times maintain a reserve for contingencies at a minimum of one hundred thousand dollars for each fiscal year such pool is in operation, except that each such pool need have no more than five hundred thousand dollars in the aggregate. An interlocal public liability, automobile and property risk management pool shall maintain, during its first year of operation, a reserve for contingencies at a minimum of five hundred thousand dollars and shall thereafter increase such reserve by an amount equal to five per cent of the total contribution of members with respect to each ensuing year until the ratio of contribution of members for the then current year to the amount of the reserve for contingencies is no greater than three to one. Until such time all agreements between an interlocal risk management agency and public liability, automobile and property pool members shall contain a provision permitting assessment of members in an amount not to exceed thirty per cent of a member's contribution for the year with respect to which the assessment is made. Notwithstanding any general statute, special act, or local law, ordinance or charter, retrospective agreements between any interlocal risk management pool and its members or assessments of such members shall be binding and enforceable. A reserve for contingencies means unassigned funds held over and above the liability reserves of the pool. The reserve for contingencies shall be advanced to the pool and placed at risk by the members of the interlocal risk management agency participating in the pool. Advances to the reserve for contingencies shall be evidenced by certificates, which may bear interest at a rate determined by the agency's board of directors. Advances may be repaid only when such repayment will not reduce the reserve for contingencies below the required minimum.

(d) The reserve requirements in subsection (c) of this section shall be suspended until July 1, [2010] [2015](#), at the option of any interlocal risk management pool organized for less than ten years as of July 1, 2005, that established a reserve for contingencies at a minimum of (1) one hundred thousand dollars for each fiscal year of operation prior to July 1, 2005, in the case of an interlocal risk management pool, other than a public liability, automobile and property risk management pool, or (2) five hundred thousand dollars for the first fiscal year of operation and thereafter increased such reserve by an amount equal to five per cent of the total contribution of members with respect to each subsequent fiscal year of operation prior to July 1, 2005, in the case of an interlocal public liability, automobile and property risk management pool.

(e) (1) Beginning July 1, [2010] [2015](#), an interlocal risk management pool, other than a public liability, automobile and property risk management pool, that operated under subsection (d) of this section shall maintain the applicable reserve for contingencies specified in subsection (c) of this section as if its first fiscal year beginning on or after July 1, [2010] [2015](#), was its first year of operation.

(2) Beginning July 1, [2010] [2015](#), a public liability, automobile and property risk management pool that operated under subsection (d) of this section shall maintain at least the following reserve for contingencies:

(A) As of June 30, [2011] [2016](#), one hundred thousand dollars plus an amount equal to one per cent of total member contributions for the preceding year;

(B) As of June 30, [2012] [2017](#), two hundred thousand dollars plus an amount equal to two per cent of total member contributions for the preceding year;

(C) As of June 30, [2013] [2018](#), three hundred thousand dollars plus an amount equal to three per cent of total member contributions for the preceding year;

(D) As of June 30, [2014] [2019](#), four hundred thousand dollars plus an amount equal to four per cent of total member contributions for the preceding year;

(E) As of June 30, [2015] [2020](#), five hundred thousand dollars plus an amount equal to five per cent of total member contributions for the preceding year.

(3) On and after July 1, [2015] [2020](#), each interlocal risk management pool shall maintain a reserve for contingencies as provided in subsection (c) of this section.

(f) Each interlocal risk management pool operating under subsection (d) or (e) of this section shall provide such reports to the Insurance Commissioner as the commissioner requires.

(g) Each such interlocal risk management pool and interlocal risk management agency shall, except as specifically designated in this section, be exempt from the provisions of the general statutes relating to insurance. The sections of the general statutes applicable to an interlocal risk management pool and interlocal risk management agency shall be: Sections 38a-11, 38a-14, 38a-17 to 38a-19, inclusive, 38a-49, 38a-51 to 38a-53, inclusive, 38a-56, 38a-76, 38a-321, 38a-334 to 38a-336a, inclusive, 38a-338, 38a-340 to 38a-343, inclusive, 38a-350, 38a-363 to 38a-387, inclusive, 38a-663 to 38a-666, inclusive, 38a-669, 38a-671, 38a-675 to 38a-682, inclusive, 38a-790, 38a-792, 38a-806, 38a-815 to 38a-819, inclusive, and 38a-828.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	7-479e

**INS**

*Joint Favorable*