

By Mr. Keating of Sharon, petition of the Massachusetts Municipal Association, William R. Keating and other members of the House for legislation to further authorize joint agreements among governmental units relative to insurance. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Two.

AN ACT FURTHER AUTHORIZING JOINT AGREEMENTS AMONG GOVERNMENTAL UNITS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Section 4A of Chapter 40 of the General Laws, as amended by
2 Chapter 344 of the Acts of 1975, is hereby further amended by
3 adding after the second paragraph the following: —

4 “Any governmental unit may enter into an agreement with one
5 or more other governmental units to provide or effect any insur-
6 ance which any governmental unit is authorized to obtain. Such
7 agreements may provide for obtaining or effecting insurance by
8 self-insurance, obtaining or effecting insurance from any insurer
9 authorized to transact insurance in the Commonwealth, by insur-
10 ance secured in accordance with any other method provided by law
11 or by any combination of obtaining or effecting insurance author-
12 ized in this Section. Agreements made pursuant to this Section
13 may provide for pooling of self-insurance reserves, risks, claims or
14 losses among governmental units; shall provide for administration
15 of any such self-insurance pool and may provide for a different
16 method of termination than otherwise set forth in this Section. The
17 pooling of self-insurance reserves, risks, claims or losses among
18 governmental units and other matters authorized by this Section
19 shall not be construed to be a contract of insurance under Section 3
20 of the General Laws Chapter 175 nor shall it otherwise be subject to

21 the provisions of the laws of the Commonwealth regulating insur-
22 ance ocpanies. Any self-insurance or agreement for pooling or
23 self-insurance reserves, risks, claims, losses or other matters among
24 governmental units may be funded by appropriations to establish
25 or maintain reserves for self-insurance purposes. Two or more
26 governmental units may also be insured under a master policy or
27 contract of insurance. Annually the administrator of any joint
28 agreement shall file with the Director of the Bureau of Accounts a
29 certified audited financial statement including a review of its oper-
30 ation and general condition and including an unqualified opinion
31 from an actuary indicating that the reserves set aside are adequate
32 in keeping with generally accepted insurance accounting stand-
33 ards. The Director of the Bureau of Accounts in reviewing the
34 audit may call upon the Commissioner of Insurance for technical
35 consultation and the Commissioner shall respond with appro-
36 priate technical assistance. Whenever the Director of the Bureau of
37 Account shall find evidence of poor practices based upon generally
38 accepted insurance accounting standards, he shall bring such mat-
39 ters to the attention of the chief executive and governing body of
40 the municipalities involved.

41 Any agreement between one or more governmental units in
42 accordance with the provisions of pargaraph two, Section 4A of
43 General Laws Chapter 40 relating to obligations of said govern-
44 mental units under Sections 69 to 75, inclusive, Chapter 152, other
45 than an agreement providing for insurance with an insurer author-
46 ized to transact insurance within the Commonwealth or as a li-
47 censed self-insurer under Section 25A(2), shall be filed in writing
48 with the supervisor of workmen's compensation agents.

49 Any governmental unit may pay, in installments, its obligations
50 under an agreement to pool self-insurance reserves, risks, claims or
51 losses or other matters authorized by this Section. Solely for the
52 purpose of paying in installments, the obligations of a government
53 unit shall be construed to be 'premiums payable under a contract of
54 insurance' and an agreement to make installment payments shall
55 be governed by General Laws Chapter 255C."