

Senate Bill No. 2047

CHAPTER 181

An act to amend Section 990.8 of the Government Code, relating to insurance.

[Approved by Governor July 16, 1996. Filed with Secretary of State July 17, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

SB 2047, Leslie. Insurance.

Existing law authorizes public entities to pool self-insured claims or losses among themselves, and provides that such a pooling arrangement shall not be considered insurance nor be subject to regulation under the Insurance Code. Existing law defines reinsurance as insurance of an insurer against loss or liability under original insurance of the insurer, but does not provide for reinsurance against losses of entities other than insurers.

This bill would provide that any liability or loss under a joint powers agreement of public entities for the pooling of self-insured claims or losses may be reinsured to the same extent and the same manner as insurance provided by an insurer.

The people of the State of California do enact as follows:

SECTION 1. Section 990.8 of the Government Code is amended to read:

990.8. (a) Two or more local public entities, by a joint powers agreement made pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7, may provide insurance authorized by this part or for any other purpose by any one or more of the methods specified in Section 990.4. Where two or more hospital districts have joined together to pool their self-insurance claims or losses, any nonprofit corporation created pursuant to subdivision (p) of Section 32121 of the Health and Safety Code, and affiliated with a hospital district which is a party to the pool may participate in the pool.

(b) Two or more local public entities having the same governing board may be coinsured under a master policy and the total premium may be prorated among those entities.

(c) The pooling of self-insured claims or losses among entities as authorized in subdivision (a) of Section 990.4 shall not be considered insurance nor be subject to regulation under the Insurance Code.

(d) Any liability or loss under a joint powers agreement for the pooling of self-insured claims or losses authorized by this part and



provided pursuant to this section may, notwithstanding Section 620 of the Insurance Code or any other provision of law, be reinsured to the same extent and the same manner as insurance provided by an insurer.

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