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I N   A S S E M B L Y

March 2, 2016

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Introduced by M. of A. BRINDISI -- read once and referred to the Committee on Education

AN ACT to amend the general municipal law and the education law, in relation to insurance reserve funds of certain school districts

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. Paragraph (a) of subdivision 2 of section 6-n of the gener-  
2     al municipal law, as amended by chapter 433 of the laws of 2014, is  
3     amended to read as follows:  
4     (a) The governing board of any municipal corporation may establish a  
5     reserve fund to be known as the insurance reserve fund. Upon the  
6     creation of the fund, the municipality may make expenditures from the  
7     fund for any loss, claim, action or judgment for which the municipal  
8     corporation is authorized or required to purchase or maintain insurance,  
9     except those kinds of risks for which insurance is authorized pursuant  
10    to paragraph one, two, three, fifteen, sixteen, seventeen, eighteen,  
11    twenty-two or twenty-three of subsection (a) of section one thousand one  
12    hundred thirteen of the insurance law, or for payments in lieu of  
13    contributions under article eighteen of the labor law; provided however,  
14    that no municipality shall make an expenditure from such fund for any  
15    loss, claim, action or judgment for which the municipal corporation has  
16    established a reserve fund under any other provision of law; provided,  
17    further that [in the case of] the Scarsdale union free school district[,  
18    an insurance reserve fund may be established] AND THE VERNON VERONA  
19    SHERRILL CENTRAL SCHOOL DISTRICT MAY ESTABLISH INSURANCE RESERVE FUNDS  
20    IN COMPLIANCE WITH THIS SECTION AND ARTICLE SEVENTY-FOUR OF THE EDUCA-  
21    TION LAW and such school [district] DISTRICTS may make expenditures IN  
22    COMPLIANCE WITH THIS SECTION AND ARTICLE SEVENTY-FOUR OF THE EDUCATION  
23    LAW from such reserve fund for any loss, claim, action or judgment for  
24    which the school [district is] DISTRICTS ARE authorized or required to  
25    purchase or maintain insurance for the kinds of risks for which insur-  
26    ance is authorized pursuant to paragraph three of subsection (a) of  
27    section one thousand one hundred thirteen of the insurance law.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 S 2. The education law is amended by adding a new section 3653 to read  
2 as follows:

3 S 3653. INSURANCE RESERVE FUNDS. IN ADDITION TO THE PROVISIONS OF THIS  
4 ARTICLE AND TO THE PROVISIONS OF SECTION SIX-N OF THE GENERAL MUNICIPAL  
5 LAW, ANY SCHOOL DISTRICT THAT ESTABLISHES AND MAINTAINS AN INSURANCE  
6 RESERVE FUND TO MAKE EXPENDITURES FROM SUCH RESERVE FUND FOR ANY LOSS,  
7 CLAIM, ACTION, OR JUDGMENT FOR WHICH THE SCHOOL DISTRICT IS AUTHORIZED  
8 OR REQUIRED TO PURCHASE OR MAINTAIN INSURANCE FOR THE KINDS OF RISKS FOR  
9 WHICH INSURANCE IS AUTHORIZED PURSUANT TO PARAGRAPH THREE OF SUBSECTION  
10 (A) OF SECTION ELEVEN HUNDRED THIRTEEN OF THE INSURANCE LAW, PURSUANT TO  
11 SECTION SIX-N OF THE GENERAL MUNICIPAL LAW OR ANY OTHER CHAPTER OF LAW,  
12 SHALL MAKE ALL RESERVE FUND TRANSACTIONS TRANSPARENT TO THE PUBLIC BY  
13 ADOPTING A WRITTEN INSURANCE RESERVE FUND POLICY, TO BE POSTED ON THE  
14 SCHOOL DISTRICT'S WEBSITE, THAT INCLUDES: THE PURPOSE OF THE RESERVE  
15 FUND, THE OPTIMAL AMOUNT OF FUNDING OF THE RESERVE FUND, ITS INTENDED  
16 DURATION, THE CONDITIONS UNDER WHICH RESERVE FUND ASSETS WILL BE USED OR  
17 REPLENISHED, A PERIODIC ANALYSIS BY THE SCHOOL BOARD OF THE RESERVE FUND  
18 BALANCES TO DETERMINE IF RESERVES ARE AT REASONABLE AND APPROPRIATE  
19 LEVELS, HOW THE SCHOOL AUTHORITIES SHOULD REDUCE RESERVE FUNDS TO  
20 REASONABLE LEVELS WHEN CONDITIONS WARRANT, HOW SCHOOL AUTHORITIES WILL  
21 DISCONTINUE THE RESERVE FUND IF NO LONGER NEEDED AND ANY ADDITIONAL  
22 POLICIES THAT THE SCHOOL AUTHORITIES DEEM APPROPRIATE.

23 S 3. This act shall take effect immediately.