

7756

I N S E N A T E

May 12, 2016

Introduced by Sen. BONACIC -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

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 MINISINK VALLEY
19 CENTRAL SCHOOL DISTRICT MAY ESTABLISH INSURANCE RESERVE FUNDS IN COMPLI-
20 ANCE WITH THIS SECTION AND ARTICLE SEVENTY-FOUR OF THE EDUCATION LAW and
21 such school [district] DISTRICTS may make expenditures IN COMPLIANCE
22 WITH THIS SECTION AND ARTICLE SEVENTY-FOUR OF THE EDUCATION LAW from
23 such reserve fund for any loss, claim, action or judgment for which the
24 school [district is] DISTRICTS ARE authorized or required to purchase or
25 maintain insurance for the kinds of risks for which insurance is author-
26 ized pursuant to paragraph three of subsection (a) of section one thou-
27 sand one hundred thirteen of the insurance law.

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

LBD15434-01-6

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.