

### 296.7 Indebtedness for insurance authorized — tax levy.

1. *a.* A school district or community college corporation may contract indebtedness and issue general obligation bonds or enter into insurance agreements obligating the school district or corporation to make payments beyond its current budget year for one or more of the following mechanisms to protect the school district or corporation from tort liability, loss of property, environmental hazards, or any other risk associated with the operation of the school district or corporation:

- (1) To procure or provide for a policy of insurance.
- (2) To provide a self-insurance program.
- (3) To establish and maintain a local government risk pool.

*b.* However, [this subsection](#) does not apply to an insurance program described in [subsection 3](#).

2. For purposes of [subsection 1](#), an employee benefit plan which includes a specific or aggregate excess loss coverage or a program that self-insures only a per-employee or per-family deductible for each year and which transfers the risk remaining beyond this deductible is not a self-insurance program, but is instead an insurance program. As used in [this section](#), an “*employee benefit plan*” includes, but is not limited to benefits for hospital and surgical, medical expense, major medical, dental, prescription drug, disability, or life insurance costs or benefits.

3. A school district, providing an insurance program as described in [subsection 2](#), shall not contract indebtedness and issue general obligation bonds or enter into insurance agreements obligating the school district to make payments beyond its current budget year for that employee benefit plan. A school district may, however, apply to the school budget review committee for relief if necessitated by the expenses in the school district’s insurance program as described in [subsection 2](#).

4. *a.* Taxes may be levied in excess of any limitation imposed by statute for payment of one or more of the following authorized by [subsection 1](#):

- (1) Principal, premium, or interest on bonds.
- (2) Premium on an insurance policy, including a stop loss or reinsurance policy, except as limited by [subsection 3](#).
- (3) Costs of a self-insurance program.
- (4) Costs of a local government risk pool.
- (5) Amounts payable under an insurance agreement.

*b.* However, for a school district, a tax levied under [this section](#) shall be included in the district management levy under [section 298.4](#).

5. A self-insurance program or local government risk pool authorized by [subsection 1](#) is not insurance and is not subject to regulation under [chapters 505 through 523C](#). However, those self-insurance plans regulated pursuant to [section 509A.14](#) shall remain subject to the requirements of [section 509A.14](#) and rules adopted pursuant to that section.

6. Notwithstanding the other provisions of [this section](#) or any other statute, the tax levy authorized by [this section](#) shall not be used to pay the costs of employee benefits, including, but not limited to costs for hospital and surgical, medical expense, major medical, dental, prescription drug, disability, or life insurance benefits.

7. If the board by resolution restricts the use of money in a fund as a reserve for uninsured liability or a self-insurance program, the use shall be restricted and unavailable for any other purpose until the board removes the restriction. The removal is not effective until all obligations of the restricted fund have been satisfied, or the next fiscal year, whichever occurs later.

[86 Acts, ch 1211, §18; 89 Acts, ch 135, §103; 90 Acts, ch 1234, §1; 90 Acts, ch 1253, §121; 2010 Acts, ch 1061, §180](#)

Referred to in [§298.4, 670.7](#)