

Reprinted 5/77

APR 18 1977

Place On Calendar

HOUSE FILE 545

By COMMITTEE ON COMMERCE

(Formerly Study Bill 225)

Passed House, Date 5-4-77 (p. 1886) Passed Senate, Date _____

Vote: Ayes 68 Nays 26 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the management of loss and loss exposures
2 of government.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4

5

HOUSE FILE 545

H-3966

- 1 Amend House File 545 as follows:
- 2 1. Page 3, line 4, by inserting after the
- 3 word "coverage" the words "and legal services,
- 4 including prepaid legal service contracts,".

H-3966 FILED *Revised not* BY HALVORSON of Clayton
MAY 4, 1977 *Germane 5/4*
(p. 1883)

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1 Section 1. NEW SECTION. DEFINITIONS. As used in the
2 Act, unless the context otherwise requires:

3 1. "Department" means the department of general services.

4 2. "Division" means the division of risk management created
5 by section three (3) of this Act.

6 3. "Insurance coverage" means any contract whereby loss
7 exposure or risk exposure is transferred to or shared by an
8 insurer.

9 4. "Governmental subdivision" means and includes a city,
10 county, township, school district, area education agency,
11 area vocational school, area community college, and entities
12 created by agreement under chapter twenty-eight E (28E) of
13 the Code. The term does not include any unit or agency of
14 state government.

15 Sec. 2. NEW SECTION. SCOPE OF ACT. This Act applies
16 to all property and casualty loss exposures, but does not
17 apply to any exposure covered by life, accident and health,
18 or workers compensation insurance, and does not apply to any
19 retirement plan or system.

20 This Act shall not apply to the loss and loss exposures
21 of the state board of regents or the state department of
22 transportation until July 1, 1980. Commencing July 1, 1980,
23 the duties of the department of general services under this
24 Act shall extend to and encompass the personnel and property
25 of the state board of regents and the state department of
26 transportation in the same manner and to the same extent as
27 other agencies of state government.

28 Sec. 3. NEW SECTION. RISK MANAGEMENT DIVISION. There
29 is created within the department of general services a division
30 of risk management which shall be the agency which administers
31 this Act. The division shall be supervised by a risk manager
32 who shall be appointed and subject to removal by the director
33 of the department of general services.

34 Sec. 4. NEW SECTION. PERSONNEL. The director of the
35 department shall employ a risk manager and such other permanent

1 full-time personnel as shall be necessary to administer this
2 chapter. All permanent full-time personnel other than the
3 risk manager shall be subject to chapter nineteen A (19A)
4 of the Code. The director is authorized to hire as independent
5 contractors such other persons as may be necessary to assist
6 the risk manager in establishing standards and procedures
7 under this Act.

8 Sec. 5. NEW SECTION. DUTIES OF DIVISION.

9 1. The risk management division shall have the following
10 continuing duties, with respect to loss and loss exposures
11 of state government:

12 a. To develop and maintain loss and exposure data on all
13 state property and liability risks;

14 b. To develop risk reduction or elimination programs;

15 c. To determine which risk exposures shall be insured
16 and which risk exposures shall be self-insured or assumed
17 by the state;

18 d. To review the insurance purchasing practices of the
19 state;

20 e. To establish standards for the purchase of necessary
21 insurance coverage at the lowest costs, consistent with good
22 underwriting practices and sound risk management techniques;
23 and

24 f. To recommend to the general assembly such legislation
25 as may be necessary from time to time to carry out the purposes
26 of this Act.

27 2. The division may develop programs for the management
28 of loss and loss exposures of governmental subdivisions which
29 may include, but shall not be limited to, the following:

30 a. To assist subdivisions in the development and
31 maintenance of loss and loss exposure data on property and
32 liability risks of governmental subdivisions;

33 b. To recommend risk reduction or risk elimination programs
34 to governmental subdivisions;

35 c. To recommend to governmental subdivisions those

1 practices which will permit protection against losses at the
2 lowest costs, consistent with good underwriting practices
3 and sound risk management techniques;

4 d. To negotiate or acquire insurance coverage for
5 governmental subdivisions, subject to the limitations contained
6 in this Act; and

7 e. To recommend to the general assembly and governmental
8 subdivisions, such changes in statutes, ordinances and policies
9 as might be necessary to enable governmental subdivisions
10 to develop and implement risk management programs.

11 Sec. 6. NEW SECTION. GUIDELINES.

12 1. The risk management division shall carry out its duties
13 relating to state government loss and risk exposures pursuant
14 to the following guidelines:

15 a. To the extent possible, all insurance coverage which
16 is purchased for vehicles owned by the state shall be under
17 fleet policies.

18 b. Bonding of state employees shall be reevaluated, and
19 uniform standards shall be adopted for the purchase of all
20 fidelity bonds recommended for state employees. To the extent
21 possible, all bonded state employees shall be covered under
22 one or more blanket bonds or position schedule bonds.

23 c. The management of state property loss exposures and
24 state liability risk exposures shall be accomplished for state
25 government as a whole, and without regard to the branch of
26 government or the agency within which the loss exposure or
27 risk exposure arises.

28 d. Insurance coverage may include any type of insurance
29 protection sold by insurers, including but not limited to,
30 full coverage, partial coverage, co-insurance, reinsurance,
31 and deductible insurance.

32 2. The division may develop programs relating to
33 governmental subdivisions which shall be subject to the
34 following guidelines:

35 a. Participation by a governmental subdivision in any

1 risk management program offered by the division shall be on
2 a voluntary basis.

3 b. The division shall not be required to negotiate or
4 purchase insurance coverage for any governmental subdivision,
5 as permitted by this Act, which fails to comply with standards
6 adopted by the division.

7 c. Risk management programs may treat loss and risk
8 exposures of governmental subdivisions individually, or on
9 a group basis, or both.

10 Sec. 7. NEW SECTION. PURCHASE OF INSURANCE.

11 1. The department shall be the exclusive contracting
12 agency for the purchase of insurance coverage for state loss
13 and risk exposure.

14 2. The department may negotiate with insurers on behalf
15 of governmental subdivisions for the purchase of insurance
16 coverage.

17 3. The department may purchase such contracts of insurance,
18 and may contract with such insurers, as are within the
19 standards prescribed by the risk management division.

20 4. The department may acquire insurance coverage on behalf
21 of one or more governmental subdivisions. Any insurance
22 contract negotiated by the department may include coverage
23 or coverages for state loss or risk exposures and for the
24 loss or risk exposures of one or more governmental
25 subdivisions, or for any combination thereof.

26 5. The director of the department of general services
27 may act as attorney in fact under section five hundred twenty
28 point two (520.2) of the Code for governmental subdivisions
29 executing reciprocal or interinsurance contracts under chapter
30 five hundred twenty (520) of the Code.

31 6. The department of general services shall not charge
32 governmental subdivisions for risk management services.
33 However, the department shall not expend state funds for the
34 purchase of insurance coverage for any governmental
35 subdivision.

1 Sec. 8. NEW SECTION. EXECUTIVE COUNCIL SUPERVISION.
2 All standards adopted by the division under this Act shall
3 be subject to review and disapproval by the executive council.
4 However, each standard proposed by the division shall be
5 effective on the date specified in the standard unless
6 specifically disapproved by the executive council within
7 thirty days after a copy of the proposed standard is delivered
8 to the secretary of the executive council.

9 Sec. 9. NEW SECTION. ACCESS TO STATE RECORDS. The
10 division shall be given full assistance and cooperation by
11 every state agency and its officers and employees. Each
12 agency shall provide to the division all requested loss and
13 loss exposure information, and shall comply with all standards
14 and directives of the division and of the department relating
15 to the administration of this Act.

16 Sec. 10. Section five hundred twenty point one (520.1),
17 Code 1977, is amended to read as follows:

18 520.1 AUTHORIZATION. Individuals, partnerships, and
19 corporations, ~~including-independent-school-districts-and~~
20 ~~municipal-corporations,~~ and cities, counties, townships,
21 school districts and any other units of local government of
22 this state, hereby designated subscribers, are hereby
23 authorized to exchange reciprocal or interinsurance contracts
24 with each other, and with individuals, partnerships, and
25 corporations of other states, territories, districts, and
26 countries, providing insurance among themselves from any loss
27 which may be insured against under the law, except life
28 insurance.

29 Sec. 11. The division shall commence the duties specified
30 in this Act with respect to loss and loss exposures of state
31 government as soon as practicable after the effective date
32 of this Act. The division shall submit to the general assembly
33 convening in January of 1979 a report containing the findings
34 and recommendations of the division, and containing any
35 standards adopted after the effective date of this Act, and

1 containing recommendations for those statutory changes which
2 are necessary to implement or to permit the implementation
3 of standards proposed by the division.

4 It is the intent of this Act that standards adopted by
5 the division shall be subject to any limitations contained
6 in the laws of this state as they exist on and after the
7 effective date of this Act. Nothing contained in this Act
8 shall be deemed to amend or repeal any law of this state
9 relating to the insuring of the state or its agencies against
10 risks, and nothing contained in this Act shall be deemed to
11 delegate to the division or any other person the power to
12 amend or repeal any such law.

13 The division may commence the development of programs
14 relating to governmental subdivisions at any time in the
15 discretion of the director of the department, provided that
16 the duties of the division with respect to state government
17 shall be given priority over other functions of the division.

18 EXPLANATION

19 This bill creates a risk management division within the
20 department of general services. The head of the division
21 is appointed by the director of general services, subject
22 to the qualifications contained in this Act.

23 The function of the division is to analyze the risk expo-
24 sures of the state with respect to all property and casualty
25 loss, and to propose standards for reducing or eliminating
26 risks and for determining which remaining risks will be
27 insured, to what degree of protection, and in what policy
28 forms; e.g., fleet, group, etc. The standards would be subject
29 to disapproval by the state executive council. The only types
30 of risks not included within the jurisdiction of the risk
31 manager are those arising within life insurance, accident
32 and health, workers compensation, and retirement plan programs.
33 The loss and loss exposures of the board of regents and the
34 department of transportation are exempt from the Act until
35 July 1, 1980.

1 The division is authorized to provide risk management
2 services on a voluntary basis to governmental subdivisions,
3 and to negotiate insurance contracts on behalf of one or more
4 subdivisions, either individually or by group; provided that
5 duties for state government are to be given priority.

6 The department of general services is required to purchase
7 all insurance required for the operation of state government.
8 The department also is authorized to act on behalf of
9 governmental subdivisions in the negotiation of insurance
10 coverage, and is authorized to negotiate one or more insurance
11 contracts which cover both state and subdivision loss
12 exposures. However, the department cannot expend state funds
13 to pay premiums for coverage for subdivisions.

14 The division is required to submit a report to the general
15 assembly during 1979 which would specify any adopted standards
16 and any proposed standards which would require statutory
17 changes to enable implementation.

18 Risk management programs for governmental subdivisions
19 may be developed and provided without charge to those
20 subdivisions.

21 Section 10 of the bill amends section 520.1 of the Code
22 in order to enable any unit of local government to enter into
23 reciprocal or interinsurance contracts. The existing law
24 permits some local governmental units to execute such
25 agreements, but does not permit others, e.g., counties, to
26 do so. A provision contained in subsection 5 of section 7
27 of the bill would authorize the director of the department
28 of general services to act as attorney in fact for governmental
29 subdivisions utilizing reciprocal or interinsurance agreements
30 under chapter 520.

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1 Amend House File 545 as follows:

- 2 1. Page 1, by inserting after line 27 the
 3 following: "This Act shall not apply to loss and loss
 4 exposures for exempt revenue producing facilities which
 5 are required to carry insurance under a bond covenant."
 6 2. Page 3, by inserting after the word "arises"
 7 in line 27 the following: ",except that the state board
 8 of regents shall share in the management of property
 9 loss exposures and liability risk exposures involving
 10 institutions under the jurisdiction of the board and
 11 no decisions can be implemented by the division or
 12 department without the approval of the state board of
 13 regents".
 14 3. Page 4, by inserting after the word "exposure"
 15 in line 13 the following: "except for revenue producing
 16 facilities under the state board of regents which have
 17 to comply with bond covenants and, further provided
 18 that any contract for insurance coverage for loss and
 19 risk exposure affecting any institution under the
 20 jurisdiction of the state board of regents shall be
 21 subject to approval of the state board of regents prior
 22 to execution".
 23 4. Page 4, by inserting after line 19 the follow-
 24 ing: "Funding for the purchase of insurance shall be
 25 provided by a specific and separate appropriation pro-
 26 vided solely for this purpose."
 27 5. Page 5, by inserting after the word "Act" in
 28 line 15 the following: "except as herein provided".

H-3956 FILED - *Adopted on* BY SMALL of Johnson
 MAY 4, 1977 *amended by* BROCKETT of Marshall
3963 5/4 (p. 1882) TAUKE of Dubuque
 KRAUSE of Kossuth

HOUSE FILE 545

H-3961

1 Amend House File 545 as follows:

- 2 1. Page 3, by striking lines 4 through 6.

H-3961 FILED - *Lost 5/4 (1879)* BY HALVORSON of Clayton
 MAY 4, 1977

HOUSE FILE 545

H-3962

1 Amend H-3956 to House File 545 as follows:

- 2 1. Line 11, by inserting after the word
 3 "decisions" the words "relating to properties under
 4 the jurisdiction of the board".

H-3962 FILED - *Out of order* BY TAUKE of Dubuque
 MAY 4, 1977 *with adoption*
of 3963 5/4 (1882)

HOUSE FILE 545

H-3963

1 Amend amendment H-3956 to House File 545 as
 2 follows:

- 3 1. Page 1, by striking all of lines 10, 11, 12,
 4 and 13 and inserting in lieu thereof the following:
 5 "institutions under the jurisdiction of the board."
 6 2. Page 1, by striking all of lines 20, 21,
 7 and 22 and inserting in lieu thereof the following:
 8 jurisdiction of the state board of regents."

H-3963 FILED - *Lost 5/4* BY SCHROEDER of Pottawattamie
 MAY 4, 1977 *(p. 1881) Reconsidered*

- 1 Amend House File 545 as follows:
- 2 1. Page 3, line 13, by inserting after the
- 3 word "exposures" the words "with the advice and
- 4 consent of the agency or institution covered". A - Lost
- 5 2. Page 4, line 11, by striking the word
- 6 "exclusive". B - Lost
- 7 3. Page 4, line 13, by inserting after the
- 8 word "exposure" the words "with the advice and
- 9 consent of the agency or institution covered". A - Lost
- 10 4. Page 4, line 19, by inserting after the
- 11 word "division" the words "with the advice and
- 12 consent of the agency or institution covered".
- 13 5. Page 5, line 13, by striking the word
- 14 "comply" and inserting in lieu thereof the word
- 15 "cooperate". C - Lost
- 16 6. Page 6, by inserting after line 3 the
- 17 following: "The division shall include a
- 18 summary of its annual costs of operation, the
- 19 risks covered and the premiums paid in this
- 20 report." D - Adopted
- 21 7. Page 6, by inserting after line 17, the
- 22 following section: E - Lost
- 23 "Sec. _____. This Act is repealed June 30,
- 24 1979."

H-3970 FILED *D-Adopted* BY CRABB of Crawford
MAY 4, 1977 *5/4 (p. 1885)*

HOUSE FILE 545

- 1 Amend House File 545 as follows:
- 2 1. Page 5, by inserting after line 15, the follow-
- 3 ing new section:
- 4 "Sec. _____. Chapter twenty-five A (25A), Code 1977,
- 5 is amended by adding the following new section:
- 6 NEW SECTION. A judgment award or settlement against
- 7 the state within the scope of this chapter shall not
- 8 exceed:
- 9 1. For an injury to one person in any single acci-
- 10 dent or occurrence the sum of one hundred thousand
- 11 dollars.
- 12 2. For an injury to two or more persons in any
- 13 single accident or occurrence, the sum of three hundred
- 14 thousand dollars, except that in such instance, a person
- 15 may not recover in excess of one hundred thousand
- 16 dollars."
- 17 2. Page 5, by inserting after line 28 the following
- 18 new section:
- 19 "Sec. _____. Chapter six hundred thirteen A (613A),
- 20 Code 1977, is amended by adding the following new
- 21 section:
- 22 NEW SECTION. A judgment award or settlement against
- 23 a governmental subdivision within the scope of this
- 24 chapter shall not exceed:
- 25 1. For an injury to one person in any single acci-
- 26 dent or occurrence the sum of one hundred thousand
- 27 dollars.
- 28 2. For an injury to two or more persons in any
- 29 single accident or occurrence, the sum of three hundred
- 30 thousand dollars, except that in such instance, a per-
- 31 son may not recover in excess of one hundred thousand
- 32 dollars."

H-3971 FILED *Not german* BY CRABB of Crawford
MAY 4, 1977 *5/4 (p. 1886)*

HOUSE FILE 545

Commerce
Palmer, Chairperson
E. Hill
Bisenius

HOUSE FILE 545

By COMMITTEE ON COMMERCE

(As Amended and Passed by the House)

Passed House, Date 4-28-78 (p. 50) Passed Senate, Date 1-16-78 (p. 93)

Vote: Ayes 68 Nays 17 Vote: Ayes 37 Nays 7

Approved 6-22-78
Motion to reconsider (76) Lost 4/26 (p. 1035)

A BILL FOR

1 An Act relating to the management of loss and loss exposures
2 of government.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

1 Section 1. NEW SECTION. DEFINITIONS. As used in the
2 Act, unless the context otherwise requires:

- 3 1. "Department" means the department of general services.
4 2. "Division" means the division of risk management created
5 by section three (3) of this Act.
6 3. "Insurance coverage" means any contract whereby loss
7 exposure or risk exposure is transferred to or shared by an
8 insurer.
9 4. "Governmental subdivision" means and includes a city,
10 county, township, school district, area education agency,
11 area vocational school, area community college, and entities
12 created by agreement under chapter twenty-eight E (28E) of
13 the Code. The term does not include any unit or agency of
14 state government.

15 Sec. 2. NEW SECTION. SCOPE OF ACT. This Act applies
16 to all property and casualty loss exposures, but does not
17 apply to any exposure covered by life, accident and health,
18 or workers compensation insurance, and does not apply to any
19 retirement plan or system.

20 This Act shall not apply to the loss and loss exposures
21 of the state board of regents or the state department of
22 transportation until July 1, 1980. Commencing July 1, 1980,
23 the duties of the department of general services under this
24 Act shall extend to and encompass the personnel and property
25 of the state board of regents and the state department of
26 transportation in the same manner and to the same extent as
27 other agencies of state government. This Act shall not apply
28 to loss and loss exposures for exempt revenue producing
29 facilities which are required to carry insurance under a bond
30 covenant.

31 Sec. 3. NEW SECTION. RISK MANAGEMENT DIVISION. There
32 is created within the department of general services a division
33 of risk management which shall be the agency which administers
34 this Act. The division shall be supervised by a risk manager
35 who shall be appointed and subject to removal by the director

1 of the department of general services.

2 Sec. 4. NEW SECTION. PERSONNEL. The director of the
3 department shall employ a risk manager and such other permanent
4 full-time personnel as shall be necessary to administer this
5 chapter. All permanent full-time personnel other than the
6 risk manager shall be subject to chapter nineteen A (19A)
7 of the Code. The director is authorized to hire as independent
8 contractors such other persons as may be necessary to assist
9 the risk manager in establishing standards and procedures
10 under this Act.

11 Sec. 5. NEW SECTION. DUTIES OF DIVISION.

12 1. The risk management division shall have the following
13 continuing duties, with respect to loss and loss exposures
14 of state government:

15 a. To develop and maintain loss and exposure data on all
16 state property and liability risks;

17 b. To develop risk reduction or elimination programs;

18 c. To determine which risk exposures shall be insured
19 and which risk exposures shall be self-insured or assumed
20 by the state;

21 d. To review the insurance purchasing practices of the
22 state;

23 e. To establish standards for the purchase of necessary
24 insurance coverage at the lowest costs, consistent with good
25 underwriting practices and sound risk management techniques;
26 and

27 f. To recommend to the general assembly such legislation
28 as may be necessary from time to time to carry out the purposes
29 of this Act.

30 2. The division may develop programs for the management -5023
31 of loss and loss exposures of governmental subdivisions which
32 may include, but shall not be limited to, the following: -5023

33 a. To assist subdivisions in the development and
34 maintenance of loss and loss exposure data on property and
35 liability risks of governmental subdivisions;

1 b. To recommend risk reduction or risk elimination programs
2 to governmental subdivisions;

3 c. To recommend to governmental subdivisions those
4 practices which will permit protection against losses at the
5 lowest costs, consistent with good underwriting practices
6 and sound risk management techniques;

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5023-7 d. To negotiate or acquire insurance coverage for
8 governmental subdivisions, subject to the limitations contained
9 in this Act; and

5023-10 e. To recommend to the general assembly and governmental
11 subdivisions, such changes in statutes, ordinances and policies
12 as might be necessary to enable governmental subdivisions
13 to develop and implement risk management programs.

14 Sec. 6. NEW SECTION. GUIDELINES.

15 1. The risk management division shall carry out its duties
16 relating to state government loss and risk exposures pursuant
17 to the following guidelines:

18 a. To the extent possible, all insurance coverage which
19 is purchased for vehicles owned by the state shall be under
20 fleet policies.

21 b. Bonding of state employees shall be reevaluated, and
22 uniform standards shall be adopted for the purchase of all
23 fidelity bonds recommended for state employees. To the extent
24 possible, all bonded state employees shall be covered under
25 one or more blanket bonds or position schedule bonds.

26 c. The management of state property loss exposures and
27 state liability risk exposures shall be accomplished for state
28 government as a whole, and without regard to the branch of
29 government or the agency within which the loss exposure or
30 risk exposure arises, except that the state board of regents
31 shall share in the management of property loss exposures and
32 liability risk exposures involving institutions under the
33 jurisdiction of the board.

34 d. Insurance coverage may include any type of insurance
35 protection sold by insurers, including but not limited to,

1 full coverage, partial coverage, co-insurance, reinsurance,
2 and deductible insurance.

3 2. The division may develop programs relating to
4 governmental subdivisions which shall be subject to the
5 following guidelines:

6 a. Participation by a governmental subdivision in any
7 risk management program offered by the division shall be on
8 a voluntary basis.

9 b. The division shall not be required to negotiate or
10 purchase insurance coverage for any governmental subdivision,
11 as permitted by this Act, which fails to comply with standards
12 adopted by the division.

13 c. Risk management programs may treat loss and risk
14 exposures of governmental subdivisions individually, or on
15 a group basis, or both.

16 Sec. 7. NEW SECTION. PURCHASE OF INSURANCE.

17 1. The department shall be the exclusive contracting
18 agency for the purchase of insurance coverage for state loss
19 and risk exposure except for revenue producing facilities
20 under the state board of regents which have to comply with
21 bond covenants and, further provided that any contract for
22 insurance coverage for loss and risk exposure affecting any
23 institution under the jurisdiction of the state board of
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26 of governmental subdivisions for the purchase of insurance
27 coverage.

28 3. The department may purchase such contracts of insurance,
29 and may contract with such insurers, as are within the
30 standards prescribed by the risk management division. Funding
31 for the purchase of insurance shall be provided by a specific
32 and separate appropriation provided solely for this purpose.

33 4. The department may acquire insurance coverage on behalf
34 of one or more governmental subdivisions. Any insurance
35 contract negotiated by the department may include coverage

1 or coverages for state loss or risk exposures and for the
2 loss or risk exposures of one or more governmental
3 subdivisions, or for any combination thereof.

4 5. The director of the department of general services
5 may act as attorney in fact under section five hundred twenty
6 point two (520.2) of the Code for governmental subdivisions
7 executing reciprocal or interinsurance contracts under chapter
8 five hundred twenty (520) of the Code.

9 6. The department of general services shall not charge
10 governmental subdivisions for risk management services.
11 However, the department shall not expend state funds for the
12 purchase of insurance coverage for any governmental
13 subdivision.

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24 every state agency and its officers and employees. Each
25 agency shall provide to the division all requested loss and
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27 and directives of the division and of the department relating
28 to the administration of this Act except as herein provided.

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30 Code 1977, is amended to read as follows:

31 520.1 AUTHORIZATION. Individuals, partnerships, and
32 corporations, ~~including independent school districts and~~
33 ~~municipal corporations,~~ and cities, counties, townships,
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1 authorized to exchange reciprocal or interinsurance contracts
2 with each other, and with individuals, partnerships, and
3 corporations of other states, territories, districts, and
4 countries, providing insurance among themselves from any loss
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12 and recommendations of the division, and containing any
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14 containing recommendations for those statutory changes which
15 are necessary to implement or to permit the implementation
16 of standards proposed by the division.

17 The division shall include a summary of its annual costs
18 of operation, the risks covered and the premiums paid in this
19 report.

20 It is the intent of this Act that standards adopted by
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22 in the laws of this state as they exist on and after the
23 effective date of this Act. Nothing contained in this Act
24 shall be deemed to amend or repeal any law of this state
25 relating to the insuring of the state or its agencies against
26 risks, and nothing contained in this Act shall be deemed to
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30 relating to governmental subdivisions at any time in the
31 discretion of the director of the department, provided that
32 the duties of the division with respect to state government
33 shall be given priority over other functions of the division.

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34 EXPLANATION

35 This bill creates a risk management division within the

1 department of general services. The head of the division
2 is appointed by the director of general services, subject
3 to the qualifications contained in this Act.

4 The function of the division is to analyze the risk expo-
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17 The division is authorized to provide risk management
18 services on a voluntary basis to governmental subdivisions,
19 and to negotiate insurance contracts on behalf of one or more
20 subdivisions, either individually or by group; provided that
21 duties for state government are to be given priority.

22 The department of general services is required to purchase
23 all insurance required for the operation of state government.
24 The department also is authorized to act on behalf of
25 governmental subdivisions in the negotiation of insurance
26 coverage, and is authorized to negotiate one or more insurance
27 contracts which cover both state and subdivision loss
28 exposures. However, the department cannot expend state funds
29 to pay premiums for coverage for subdivisions.

30 The division is required to submit a report to the general
31 assembly during 1979 which would specify any adopted standards
32 and any proposed standards which would require statutory
33 changes to enable implementation.

34 Risk management programs for governmental subdivisions
35 may be developed and provided without charge to those

1 subdivisions.

2 Section 10 of the bill amends section 520.1 of the Code
3 in order to enable any unit of local government to enter into
4 reciprocal or interinsurance contracts. The existing law
5 permits some local governmental units to execute such
6 agreements, but does not permit others, e.g., counties, to
7 do so. A provision contained in subsection 5 of section 7
8 of the bill would authorize the director of the department
9 of general services to act as attorney in fact for governmental
10 subdivisions utilizing reciprocal or interinsurance agreements
11 under chapter 520.

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HOUSE FILE 545
FISCAL NOTE

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Date Prepared: May 16, 1977
Requested by: Senator Eugene Hill
Prepared in regard to House File 545, An Act relating
to the management of loss and loss exposures of
government.

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Following is the fiscal effect in dollars of the legislative proposal as
required by Joint Rule 16.

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House File 545 as amended by the House and reprinted, creates a risk
management division within the department of general services.

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Estimated first-year cost \$90,000
Subsequent Years' cost \$50,000

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Source: Department of General Services

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FILED
MAY 16, 1977

GERRY RANKIN
Legislative Fiscal Director

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S-5023

- 1 Amend House File 545 as amended, passed and
 2 reprinted by the House as follows:
 3 1. Page 2, line 30, by striking the word "may"
 4 and inserting in lieu thereof the word "shall".
 5 2. Page 2, line 32, by striking the words", but
 6 shall not be limited to,".
 7 3. Page 3, by adding after line 6 the following:
 8 "3. The division may do the following:"
 9 4. Page 3, line 7, by striking the words "d.
 10 To negotiate" and inserting the words "a. Negotiate".
 11 5. Page 3, line 10, by striking the words "e.
 12 To recommend" and inserting in lieu thereof the words
 13 "b. Recommend".
 14 6. Page 6, by striking lines 29 through 31.
 15 7. Page 6, line 32, by striking the words "the
 16 duties" and inserting in lieu thereof the words "The
 17 duties".

S-5023 FILED *Part of order 4/26* BY WILLIAM D. PALMER
 JANUARY 17, 1978 *(p. 1035)*

HOUSE FILE 545

S-5018

- 1 Amend House File 545 as amended, passed and
 2 reprinted by the House as follows:
 3 1. Page 1, lines 28 and 29, by striking the words
 4 "exempt revenue producing facilities" and inserting
 5 in lieu thereof the words "revenue producing facilities
 6 under the state board of regents".
 7 2. Page 6, line 11, by striking the numeral "1979"
 8 and inserting in lieu thereof the numeral "1980".

S-5018 FILED & ADOPTED *(p. 13)* BY PHILIP B. HILL
 JANUARY 16, 1978

S-3652

HOUSE FILE 545

- 1 Amend House File 545, as amended, passed, and
 2 reprinted by the House as follows:
 3 1. Page 3, by striking lines 7 through 9.
 4 2. Page 4, by striking lines 9 through 12.
 5 3. Page 4, by striking lines 25 through 27.
 6 4. Page 4, by striking lines 33 through 35.
 7 5. Page 5, by striking lines 1 through 3.
 8 6. Page 5, by striking lines 11 through 13.

S-3652 FILED - *Lost 1/12 (p. 13)* BY C.W. HUTCHINS
 MAY 17, 1977 *Motion to Reconsider 1/17 (84)* C. JOSEPH COLEMAN
Part of order 4/26 (p. 1035) DALE L. TIEDEN
 E. KEVIN KELLY
 LUCAS J. DE KOSTER

SENATE AMENDMENT TO
HOUSE FILE 545

H-6358

1 Amend House File 545 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 1, lines 28 and 29, by striking the words
4 "exempt revenue producing facilities" and inserting
5 in lieu thereof the words "revenue producing facilities
6 under the state board of regents".

7 2. Page 6, line 11, by striking the numeral "1979"
8 and inserting in lieu thereof the numeral "1980".

H-6358 FILED
RECEIVED FROM SENATE
APRIL 26, 1978

House concurred 4/28 (p. 2010)

HOUSE FILE 545

AN ACT

RELATING TO THE MANAGEMENT OF LOSS AND LOSS EXPOSURES OF
GOVERNMENT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. DEFINITIONS. As used in the Act, unless the context otherwise requires:

1. "Department" means the department of general services.
2. "Division" means the division of risk management created by section three (3) of this Act.
3. "Insurance coverage" means any contract whereby loss exposure or risk exposure is transferred to or shared by an insurer.
4. "Governmental subdivision" means and includes a city, county, township, school district, area education agency, area vocational school, area community college, and entities created by agreement under chapter twenty-eight E (28E) of the Code. The term does not include any unit or agency of state government.

Sec. 2. NEW SECTION. SCOPE OF ACT. This Act applies to all property and casualty loss exposures, but does not apply to any exposure covered by life, accident and health, or workers compensation insurance, and does not apply to any retirement plan or system.

This Act shall not apply to the loss and loss exposures of the state board of regents or the state department of transportation until July 1, 1980. Commencing July 1, 1980, the duties of the department of general services under this Act shall extend to and encompass the personnel and property of the state board of regents and the state department of transportation in the same manner and to the same extent as other agencies of state government. This Act shall not apply

to loss and loss exposures for revenue producing facilities under the state board of regents which are required to carry insurance under a bond covenant.

Sec. 3. NEW SECTION. RISK MANAGEMENT DIVISION. There is created within the department of general services a division of risk management which shall be the agency which administers this Act. The division shall be supervised by a risk manager who shall be appointed and subject to removal by the director of the department of general services.

Sec. 4. NEW SECTION. PERSONNEL. The director of the department shall employ a risk manager and such other permanent full-time personnel as shall be necessary to administer this chapter. All permanent full-time personnel other than the risk manager shall be subject to chapter nineteen A (19A) of the Code. The director is authorized to hire as independent contractors such other persons as may be necessary to assist the risk manager in establishing standards and procedures under this Act.

Sec. 5. NEW SECTION. DUTIES OF DIVISION.

1. The risk management division shall have the following continuing duties, with respect to loss and loss exposures of state government:
 - a. To develop and maintain loss and exposure data on all state property and liability risks;
 - b. To develop risk reduction or elimination programs;
 - c. To determine which risk exposures shall be insured and which risk exposures shall be self-insured or assumed by the state;
 - d. To review the insurance purchasing practices of the state;
 - e. To establish standards for the purchase of necessary insurance coverage at the lowest costs, consistent with good underwriting practices and sound risk management techniques; and
 - f. To recommend to the general assembly such legislation

as may be necessary from time to time to carry out the purposes of this Act.

2. The division may develop programs for the management of loss and loss exposures of governmental subdivisions which may include, but shall not be limited to, the following:

- a. To assist subdivisions in the development and maintenance of loss and loss exposure data on property and liability risks of governmental subdivisions;
- b. To recommend risk reduction or risk elimination programs to governmental subdivisions;
- c. To recommend to governmental subdivisions those practices which will permit protection against losses at the lowest costs, consistent with good underwriting practices and sound risk management techniques;
- d. To negotiate or acquire insurance coverage for governmental subdivisions, subject to the limitations contained in this Act; and

e. To recommend to the general assembly and governmental subdivisions, such changes in statutes, ordinances and policies as might be necessary to enable governmental subdivisions to develop and implement risk management programs.

Sec. 6. NEW SECTION. GUIDELINES.

1. The risk management division shall carry out its duties relating to state government loss and risk exposures pursuant to the following guidelines:

- a. To the extent possible, all insurance coverage which is purchased for vehicles owned by the state shall be under fleet policies.
- b. Bonding of state employees shall be reevaluated, and uniform standards shall be adopted for the purchase of all fidelity bonds recommended for state employees. To the extent possible, all bonded state employees shall be covered under one or more blanket bonds or position schedule bonds.
- c. The management of state property loss exposures and state liability risk exposures shall be accomplished for state

government as a whole, and without regard to the branch of government or the agency within which the loss exposure or risk exposure arises, except that the state board of regents shall share in the management of property loss exposures and liability risk exposures involving institutions under the jurisdiction of the board.

d. Insurance coverage may include any type of insurance protection sold by insurers, including but not limited to, full coverage, partial coverage, co-insurance, reinsurance, and deductible insurance.

2. The division may develop programs relating to governmental subdivisions which shall be subject to the following guidelines:

- a. Participation by a governmental subdivision in any risk management program offered by the division shall be on a voluntary basis.
- b. The division shall not be required to negotiate or purchase insurance coverage for any governmental subdivision, as permitted by this Act, which fails to comply with standards adopted by the division.
- c. Risk management programs may treat loss and risk exposures of governmental subdivisions individually, or on a group basis, or both.

Sec. 7. NEW SECTION. PURCHASE OF INSURANCE.

1. The department shall be the exclusive contracting agency for the purchase of insurance coverage for state loss and risk exposure except for revenue producing facilities under the state board of regents which have to comply with bond covenants and, further provided that any contract for insurance coverage for loss and risk exposure affecting any institution under the jurisdiction of the state board of regents.

2. The department may negotiate with insurers on behalf of governmental subdivisions for the purchase of insurance coverage.

3. The department may purchase such contracts of insurance, and may contract with such insurers, as are within the standards prescribed by the risk management division. Funding for the purchase of insurance shall be provided by a specific and separate appropriation provided solely for this purpose.

4. The department may acquire insurance coverage on behalf of one or more governmental subdivisions. Any insurance contract negotiated by the department may include coverage or coverages for state loss or risk exposures and for the loss or risk exposures of one or more governmental subdivisions, or for any combination thereof.

5. The director of the department of general services may act as attorney in fact under section five hundred twenty point two (520.2) of the Code for governmental subdivisions executing reciprocal or interinsurance contracts under chapter five hundred twenty (520) of the Code.

6. The department of general services shall not charge governmental subdivisions for risk management services. However, the department shall not expend state funds for the purchase of insurance coverage for any governmental subdivision.

Sec. 8. NEW SECTION. EXECUTIVE COUNCIL SUPERVISION. All standards adopted by the division under this Act shall be subject to review and disapproval by the executive council. However, each standard proposed by the division shall be effective on the date specified in the standard unless specifically disapproved by the executive council within thirty days after a copy of the proposed standard is delivered to the secretary of the executive council.

Sec. 9. NEW SECTION. ACCESS TO STATE RECORDS. The division shall be given full assistance and cooperation by every state agency and its officers and employees. Each agency shall provide to the division all requested loss and loss exposure information, and shall comply with all standards and directives of the division and of the department relating

to the administration of this Act except as herein provided.

Sec. 10. Section five hundred twenty point one (520.1), Code 1977, is amended to read as follows:

520.1 AUTHORIZATION. Individuals, partnerships, and corporations, ~~including-independent-school-districts-and-municipal-corporations,~~ and cities, counties, townships, school districts and any other units of local government of this state, hereby designated subscribers, are hereby authorized to exchange reciprocal or interinsurance contracts with each other, and with individuals, partnerships, and corporations of other states, territories, districts, and countries, providing insurance among themselves from any loss which may be insured against under the law, except life insurance.

Sec. 11. The division shall commence the duties specified in this Act with respect to loss and loss exposures of state government as soon as practicable after the effective date of this Act. The division shall submit to the general assembly convening in January of 1980 a report containing the findings and recommendations of the division, and containing any standards adopted after the effective date of this Act, and containing recommendations for those statutory changes which are necessary to implement or to permit the implementation of standards proposed by the division.

The division shall include a summary of its annual costs of operation, the risks covered and the premiums paid in this report.

It is the intent of this Act that standards adopted by the division shall be subject to any limitations contained in the laws of this state as they exist on and after the effective date of this Act. Nothing contained in this Act shall be deemed to amend or repeal any law of this state relating to the insuring of the state or its agencies against risks, and nothing contained in this Act shall be deemed to delegate to the division or any other person the power to

amend or repeal any such law.

The division may commence the development of programs relating to governmental subdivisions at any time in the discretion of the director of the department, provided that the duties of the division with respect to state government shall be given priority over other functions of the division.

DALE M. COCHRAN
Speaker of the House

ARTHUR A. NEU
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 545, Sixty-seventh General Assembly.

DAVID L. WRAY
Chief Clerk of the House

Approved JUN 22, 1978

ROBERT D. RAY
Governor