

ASSEMBLY BILL

No. 1051

Introduced by Assembly Member Fletcher

February 27, 2009

An act to add Article 3.7 (commencing with Section 989) to Chapter 6 of Division 4 of the Military and Veterans Code, relating to veterans.

LEGISLATIVE COUNSEL'S DIGEST

AB 1051, as introduced, Fletcher. Veterans: Pooled Self-Insurance Fund.

Under existing law, the Department of Veterans Affairs has specified powers and duties relating to veterans, including the administration of insurance reserve funds.

This bill would create the Pooled Self-Insurance Fund to receive various reserves and moneys, and would allow the department, from the moneys appropriated from the fund, to purchase insurance related to its veteran home loan program.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. Article 3.7 (commencing with Section 989) is
- 2 added to Chapter 6 of Division 4 of the Military and Veterans
- 3 Code, to read:

Article 3.7. Pooled Self-Insurance

989. It is the intent of the Legislature to establish the Pooled Self-Insurance Fund in order to ensure that each of the department's insurance reserve funds are self-sufficient and adequately maintained for the benefit of the contract purchasers. For reasons of prudent financial management, the department will pool the reserves for the purpose of providing reliable, consistent, and affordable home protection, and to encourage the strengthening of bond ratings, thereby increasing the efficacy of the Veterans' Farm and Home Purchase Act of 1974.

989.1. (a) The department shall maintain a Pooled Self-Insurance Fund, which is hereby created in the State Treasury. The Pooled Self-Insurance Fund includes the reserves and moneys held by the department, as authorized by Sections 987.25, 987.71, 987.74, 987.76, 987.88, and 989.4.

(b) The department shall, consistent with the purposes of this article, prescribe and publish rules and regulations for the administration of the Pooled Self-Insurance Fund.

(c) The department may purchase insurance against any risk, or portion of any risk, otherwise payable out of appropriated moneys in the Pooled Self-Insurance Fund. The department shall make an annual report on or before September 1 of each year to the Legislature regarding any insurance coverage implemented or required by it. The report shall include, but not be limited to, the type of insurance coverage, its cost, loss-ratio information, the reason for purchasing the insurance, and any changes in existing insurance coverage and the reason for those changes.

(d) In each annual report to the Legislature regarding the status of the Pooled Self-Insurance Fund, all subfunds must show within three years of borrowing from the other subfunds that rates have effectively been adjusted to balance income to expenses, and that any internal borrowing between the various accounts and funds has been repaid in full. Each subfund must be self-sufficient within a period of time not to exceed three years of having borrowed from the other members of the Pooled Self-Insurance Fund.

(e) Beginning six months after the inception of the Pooled Self-Insurance Fund, there will be a biennial audit of each subfund to ensure adequate rates are being charged to meet expenses. Premium rates of each subfund will be monitored and adjusted

1 annually according to need to ensure self-sufficiency and reconcile
2 internal borrowing between the members of the Pooled
3 Self-Insurance Fund.

4 (f) Upon declaration of emergency by the Secretary, the Pooled
5 Self-Insurance Fund may borrow from the Veterans' Farm and
6 Home Building Fund of 1943. The borrowed funds are to be fully
7 repaid from the Pooled Self-Insurance Fund within a period of
8 time not to exceed three years.

9 (g) Upon dissolution or termination of any of the subaccounts
10 or subfunds within the Pooled Self-Insurance Fund, whether
11 established by statute or otherwise, any excess moneys shall revert
12 to the Veterans' Farm and Home Building Fund of 1943.

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