

Assembly Bill No. 656

Passed the Assembly August 20, 2015

Chief Clerk of the Assembly

Passed the Senate August 17, 2015

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2015, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 990.8 and 6525 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 656, Cristina Garcia. Joint powers agreements: mutual water companies.

The Joint Exercise of Powers Act authorizes 2 or more public agencies, as defined, if authorized by their governing bodies, by agreement to jointly exercise any power common to the contracting parties, and specifically authorizes a mutual water company to enter into a joint powers agreement with a public agency for these purposes. Existing law authorizes local public entities, as defined, to enter into a joint powers agreement for the purposes of providing risk-pooling, as specified.

This bill would specifically authorize a mutual water company and a public agency to participate in joint powers agreement for the provision of insurance and risk-pooling, technical support, and other similar services for the purpose of reducing risk liability, as specified.

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

SECTION 1. Section 990.8 of the Government Code is amended to read:

990.8. (a) Two or more local public entities, or a mutual water company and a public agency, as authorized under subdivision (b) of Section 6525, by a joint powers agreement made pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7, may provide insurance authorized by this part or for any other purpose by any one or more of the methods specified in Section 990.4. Where two or more hospital districts have joined together to pool their self-insurance claims or losses, any nonprofit corporation created pursuant to subdivision (p) of Section 32121 of the Health and Safety Code, and affiliated with a hospital district which is a party to the pool may participate in the pool.

(b) Two or more local public entities having the same governing board, or a mutual water company and a public agency, as authorized under subdivision (b) of Section 6525, may be coinsured under a master policy and the total premium may be prorated among those entities.

(c) The pooling of self-insured claims or losses among entities as authorized in subdivision (a) of Section 990.4 shall not be considered insurance nor be subject to regulation under the Insurance Code.

(d) Any liability or loss under a joint powers agreement for the pooling of self-insured claims or losses authorized by this part and provided pursuant to this section may, notwithstanding Section 620 of the Insurance Code or any other provision of law, be reinsured to the same extent and the same manner as insurance provided by an insurer.

(e) Where a joint powers agreement authorized by this part or authorized pursuant to Section 6516 provides for the pooling of self-insured claims or losses among entities, if any peril insured or covered under contract has existed, and the joint powers authority or other parties to the pool have been liable for any period, however short, the agreement may provide that the party insured or covered under contract is not entitled to the return of premiums, contributions, payments, or advances so far as that particular risk is concerned.

(f) For purposes of this section, “mutual water company” has the same meaning as the term does in Section 14300 of the Corporations Code.

SEC. 2. Section 6525 of the Government Code is amended to read:

6525. (a) Notwithstanding any other provision of this chapter, a mutual water company may enter into a joint powers agreement with any public agency for the purpose of jointly exercising any power common to the contracting parties.

(b) (1) Notwithstanding any other provisions of this chapter, a mutual water company and a public agency may enter into a joint powers agreement for the purpose of risk-pooling in accordance with Section 990.8, provided that the agreement shall ensure that no participating public agency becomes responsible for the underlying debts or liabilities of the joint powers agency, and shall

indemnify any participating public agency against those debts and liabilities.

(2) A joint powers agency established pursuant to this subdivision shall solely utilize any revenues it generates through the insurance provided to its members under this section for its necessary operating expenses, and to provide technical support, continuing education, safety engineering, operational and managerial advisory assistance to its members for the purpose of reducing risk liabilities and furthering the technical managerial and financial capacity of those members.

(c) For purposes of this section, “mutual water company” has the same meaning as the term does in Section 14300 of the Corporations Code.

Approved _____, 2015

Governor