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HOUSE BILL NO. 1652

Offered January 16, 1995

A *BILL to amend and reenact § 2.1-526.8:1 of the Code of Virginia, relating to insurance plans administered by the Department of General Services through its Division of Risk Management.*

Patrons—Woodrum, Croshaw, Deeds, Griffith and Jones, J.C.

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:**1. That § 2.1-526.8:1 of the Code of Virginia is amended and reenacted as follows:**

§ 2.1-526.8:1. Insurance plans administered by the Department of General Services, Division of Risk Management, for political subdivisions and constitutional officers.

A. The Department of General Services, through its Division of Risk Management, shall establish an insurance plan or plans subject to the approval of the Governor, which may be purchased insurance, self-insurance or a combination of self-insurance and purchased insurance to provide protection against liability imposed by law for damages and against incidental medical payments resulting from any claim made against any county, city or town; authority, board, or commission; sanitation, soil and water, planning or other district; public service corporation owned, operated or controlled by a locality or local government authority; constitutional officer; *state court-appointed attorney*; affiliate or foundation of a state department, agency or institution; or the officers, agents or employees of any of the foregoing for acts or omissions of any nature while in an authorized governmental or proprietary capacity and in the course and scope of employment or authorization.

B. Participation in such insurance plan shall be voluntary and shall be approved by the participant's respective governing body or by the State Compensation Board in the case of constitutional officers, *by the office of the Executive Secretary of the Virginia Supreme Court in the case of state court-appointed attorneys*, and by the Department of General Services, Division of Risk Management. Upon such approval, the Division shall assume sole responsibility for plan management, compliance, or removal.

C. The Division of Risk Management shall provide for the legal defense of participating entities and shall reserve the right to settle or defend claims presented under the plan. All prejudgment settlements shall be approved in advance by the Division of Risk Management.

D. An insurance plan established pursuant to this section shall provide for the establishment of a trust fund for the payment of claims covered under such plan. The funds shall be invested in the manner provided in § 2.1-185 and interest shall be added to the fund as earned.

The trust fund shall also provide for payment of legal defense costs, actuarial costs, administrative costs, contractual costs and all other expenses related to the administration of such plan.

E. The Division of Risk Management shall, in its sole discretion, set the premium and administrative cost to be paid to it for providing an insurance plan established pursuant to this section. The premiums and administrative costs set by the Division shall be payable in the amounts at the time and in the manner that the Division in its sole discretion shall require. The premiums and administrative costs need not be uniform among participants, but shall be set so as to best insure the financial stability of the plan.

INTRODUCED

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