
By: **Senator Ruben**
Introduced and read first time: January 11, 2002
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **State Insurance Trust Fund - Participation of State-Aided Nonprofit Health**
3 **Entities**

4 FOR the purpose of authorizing certain health entities to elect to participate in the
5 State Insurance Program through the State Insurance Trust Fund; altering a
6 certain finding of the General Assembly; altering the purpose of a certain
7 program; altering the contents of a certain fund; requiring the Treasurer to
8 provide self-insurance for certain losses of certain health entities; requiring the
9 Treasurer to assess certain health entities for certain coverage; requiring the
10 Treasurer to pay certain losses; requiring the Treasurer to jointly determine the
11 value of certain property under certain circumstances; requiring the Office of
12 the Attorney General to certify the value of a certain liability claim; specifying a
13 certain deductible for certain claims; defining a certain term; and generally
14 relating to the State Insurance Trust Fund.

15 BY repealing and reenacting, with amendments,
16 Article - State Finance and Procurement
17 Section 9-101 through 9-103, 9-105(a), 9-106, and 9-107
18 Annotated Code of Maryland
19 (2001 Replacement Volume)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article - State Finance and Procurement**

23 9-101.

24 (a) In this title the following words have the meanings indicated.

25 (b) "Fund" means the State Insurance Trust Fund.

26 (c) "Program" means the State Insurance Program.

27 (D) "STATE-AIDED HEALTH ENTITY" MEANS A NONPROFIT
28 COMMUNITY-BASED ORGANIZATION THAT:

1 (1) IS LICENSED BY THE DEVELOPMENTAL DISABILITIES
2 ADMINISTRATION TO PROVIDE HABILITATION, REHABILITATION, OR RELATED
3 COMMUNITY SUPPORT SERVICES TO INDIVIDUALS WITH DEVELOPMENTAL
4 DISABILITIES OR MENTAL DISORDERS; AND

5 (2) RECEIVES FUNDING FROM THE DEVELOPMENTAL DISABILITIES
6 ADMINISTRATION IN AN AMOUNT EQUAL TO OR GREATER THAN 25 PERCENT OF THE
7 ORGANIZATION'S TOTAL ANNUAL REVENUE.

8 9-102.

9 (a) The General Assembly finds that it is desirable for the State to have a
10 program of purchased insurance and self-insurance against loss, damage, and
11 liability that the State OR A STATE-AIDED HEALTH ENTITY may incur.

12 (b) The General Assembly intends that the State:

13 (1) insure against loss, damage, and liability as fully as permitted by law
14 or agreement; and

15 (2) have a program for central administration of purchased insurance
16 and self-insurance.

17 9-103.

18 (a) There is a State Insurance Program for providing and administering
19 purchased insurance and self-insurance for the State OR A STATE-AIDED HEALTH
20 ENTITY, including:

21 (1) insurance on [State] property OWNED BY THE STATE OR A
22 STATE-AIDED HEALTH ENTITY;

23 (2) insurance that federal law requires;

24 (3) insurance trust agreements; and

25 (4) insurance against other risk or commitment of the State OR A
26 STATE-AIDED HEALTH ENTITY.

27 (B) A STATE-AIDED HEALTH ENTITY MAY ELECT TO PARTICIPATE IN THE
28 PROGRAM.

29 [(b)] (C) (1) There is a State Insurance Trust Fund.

30 (2) The Fund consists of:

31 (i) each General Fund and special fund appropriation in the State
32 budget to the Treasurer or a unit of the State government for self-insurance;

1 (ii) each General Fund and special fund appropriation to the State
2 Insurance Trust Fund for payment under Title 12, Subtitle 5 of the State Government
3 Article;

4 (iii) each premium that a unit of the State government OR
5 STATE-AIDED HEALTH ENTITY pays for protection under the Fund;

6 (iv) each payment for a loss under purchased insurance; and

7 (v) each payment from salvage or other recovery that results from
8 a loss paid through the Program.

9 (3) The General Assembly intends that the State budget include
10 sufficient General Fund appropriations to provide in the State Insurance Trust Fund
11 a reserve that the Treasurer considers adequate to cover losses under § 9-105 of this
12 title.

13 9-105.

14 (a) (1) The Treasurer shall provide self-insurance for:

15 (i) loss of or damage to [State] motor vehicles OWNED BY THE
16 STATE OR A STATE-AIDED HEALTH ENTITY;

17 (ii) loss of or damage to hulls of State vessels;

18 (iii) loss of or damage to [State] real property OWNED BY THE
19 STATE OR A STATE-AIDED HEALTH ENTITY, to the extent that purchased insurance
20 does not cover the loss or damage; [and]

21 (iv) loss as a result of a settlement or judgment to the extent that
22 the Board of Public Works pays the loss under Title 12, Subtitle 5 of the State
23 Government Article; AND

24 (V) LOSS AS A RESULT OF A SETTLEMENT OR JUDGMENT ARISING
25 FROM A LIABILITY CLAIM AGAINST A STATE-AIDED HEALTH ENTITY.

26 (2) The Treasurer may provide self-insurance for loss of or damage to
27 State personal property, including fine arts. However, for any fine art item that the
28 Treasurer determines is irreplaceable, the indemnity shall be only for repair of
29 damage.

30 (3) To the extent that funds are available in the State budget, the
31 Treasurer may provide self-insurance for any other loss risk that the Treasurer finds
32 appropriate.

33 9-106.

34 (a) If a unit of the State government is funded by special or federal funds, the
35 Treasurer shall assess the unit a premium for coverage under the Fund that is needed
36 to pay losses due to total protection or applicable deductions on purchased insurance.

1 (B) THE TREASURER SHALL ASSESS EACH STATE-AIDED HEALTH ENTITY
2 THAT PARTICIPATES IN THE PROGRAM A PREMIUM FOR COVERAGE UNDER THE
3 FUND.

4 [(b)] (C) After considering the potential exposure of the Fund and its loss
5 experience, the Treasurer shall try to set premiums so as to produce funds that
6 approximate the payments from the Fund.

7 9-107.

8 (a) Subject to the limitations in this section, the Treasurer shall pay a unit of
9 the State government OR A STATE-AIDED HEALTH ENTITY for a loss that is covered
10 under § 9-105 of this title, without regard to whether the unit is funded wholly or
11 partly from general, special, or federal funds.

12 (b) (1) [The unit of the State government that had State property at the
13 time of its loss or damage and the Treasurer jointly shall determine the value of the
14 property] THE TREASURER SHALL DETERMINE THE VALUE OF A PROPERTY CLAIM
15 JOINTLY WITH:

16 (I) THE UNIT OF STATE GOVERNMENT THAT HAD THE STATE
17 PROPERTY AT THE TIME OF ITS LOSS OR DAMAGE; OR

18 (II) THE STATE-AIDED HEALTH ENTITY THAT OWNED THE
19 PROPERTY AT THE TIME OF ITS LOSS OR DAMAGE.

20 (2) The Office of the Attorney General shall determine and certify to the
21 Treasurer the value of a liability claim against the State OR A STATE-AIDED HEALTH
22 ENTITY.

23 (3) The Treasurer may not pay from the Fund any money for loss or
24 liability in excess of the value certified under this subsection.

25 (c) (1) Notwithstanding any other provision of this title, the [1st] FIRST
26 \$1,000 of value of each loss, damage, or liability occurrence of a unit shall be paid
27 from its appropriations in the State budget unless, on recommendation of the
28 Secretary of Budget and Management, the Treasurer reduces the amount.

29 (2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, THE
30 FIRST \$1,000 OF VALUE OF EACH LOSS, DAMAGE, OR LIABILITY OCCURRENCE OF A
31 STATE-AIDED HEALTH ENTITY SHALL BE PAID BY THE STATE-AIDED HEALTH
32 ENTITY.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 October 1, 2002.