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Senate Engrossed

State of Arizona
Senate
Forty-fifth Legislature
Second Regular Session
2002

SENATE BILL 1103

AN ACT

AMENDING SECTION 11-981, ARIZONA REVISED STATUTES; RELATING TO COUNTIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 11-981, Arizona Revised Statutes, is amended to
3 read:

4 11-981. Payment of benefits, losses and claims; establishment
5 of trust funds

6 A. In addition to authority granted pursuant to other provisions of
7 law or city charter, any city, town or county may procure insurance from any
8 insurer authorized by the director of the department of insurance or may
9 establish a self-insurance program for the management and administration of a
10 system for direct payment of benefits, losses or claims or any combination of
11 insurance and direct payments, ~~and~~ including risk management consultation, to
12 provide:

13 1. Health, accident, life or disability benefits for employees and
14 officers of the city, town or county and their dependents.

15 2. Payment of any property loss sustained or lawful claim of liability
16 or fortuitous loss made against the city, town or county or its employees or
17 officers if such employees or officers are acting within the scope of
18 employment or authority.

19 B. If any city, town or county establishes a self-insurance program
20 for the management and administration of a system for direct payment of
21 benefits, losses or claims pursuant to subsection A, the governing body of
22 such city, town or county shall place all funds into a trust fund for the
23 purposes of this section in amounts as determined appropriate by the
24 governing body of the city, town or county, except that any city, town or
25 county establishing such a trust fund shall:

26 1. Designate a risk management consultant or insurance administrator
27 licensed pursuant to title 20, chapter 2, ~~articles~~ ARTICLE 3 or 9, and such
28 license shall be verified by the governing body of the city, town or county.

29 2. The trust shall be administered by at least five joint trustees, of
30 whom no more than one may be a member of the governing body of the city, town
31 or county and no more than one may be an employee of the city, town or
32 county.

33 3. The trustees of the trust must be bonded, a stop-loss provision
34 must be incorporated in the trust agreement, and an annual audit must be
35 performed by an external auditor and a copy of the report kept on file in the
36 offices of the governing body of the city, town or county for a period of not
37 less than five years.

38 4. Not make any expenditure from the trust fund for any purpose not
39 specified in this article.

40 C. Expenditures during the fiscal year from the trust fund and monies
41 in the trust fund at the close of the fiscal year shall not be subject to the
42 provisions of title 42, chapter 17, article 3.

43 D. In the event that such a trust fund is no longer used by the city,
44 town or county for the purposes herein set forth, it shall revert during that
45 fiscal year to the general fund of such city, town or county.

1 E. The authority granted to a city, town or county by this section is
2 not subject to the provisions of title 20, except that any health, life,
3 accident or disability benefit plan shall conform to the benefits required by
4 the provisions of title 20.

5 F. This section shall not be construed to authorize any city, town or
6 county to procure insurance from any insurer not authorized by the director
7 of the department of insurance.