

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

2

HOUSE BILL 582  
Second Edition Engrossed 4/17/89

Short Title: Fire Ins. Fund Rewrite.

(Public)

---

Sponsors: Representatives Hasty; Mills, Beard, Brawley, Bowman, Duncan, Lutz, Isenhower, and Mercer.

---

Referred to: Commerce.

---

March 15, 1989

1 A BILL TO BE ENTITLED  
2 AN ACT TO REWRITE THE LAWS CONCERNING THE INSURING OF STATE  
3 PROPERTY, OFFICIALS, AND EMPLOYEES.

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 58 of the General Statutes is amended by adding a new  
6 Article to read:

7 **“ARTICLE 51.**  
8 **“INSURING STATE PROPERTY, OFFICIALS, AND EMPLOYEES.**

9 **“§ 58-790. State Property Fire Insurance Fund.**

10 There is created the State Property Fire Insurance Fund (‘Fund’), which is a special  
11 fund in the State Treasury, for the purpose of providing a reserve against loss from fire  
12 and other perils at State agencies. The State Treasurer shall be the custodian of the  
13 Fund and shall invest its assets in accordance with the provisions of G.S. 147-69.2 and  
14 G.S. 147-69.3. As used in this Article, ‘agency’ or ‘agencies’ includes agencies,  
15 departments, boards, commissions, and institutions of the State.

16 **“§ 58-791. Appropriations; fund to pay administrative expenses.**

17 In making appropriations for any biennium, the Commissioner shall file with the  
18 Department of Administration his estimate of the appropriations that will be necessary  
19 in order to set up and maintain an adequate reserve to provide a fund sufficient to  
20 protect the State and its agencies from loss or damage to any property up to one hundred  
21 percent (100%) of the value thereof. Effective July 1, 1991, premiums for fire and  
22 extended coverage shall be paid by each State agency in accordance with rates fixed by

1 the Commissioner. The Fund is authorized to pay all the administrative expenses  
2 occasioned by the administration of this Article.

3 **"§ 58-792. Other perils insurance.**

4 Upon the request of any agency, property insurance to cover perils other than fire  
5 and those under extended coverage may be provided on designated State-owned  
6 property of such agency. Premiums for such insurance coverage shall be paid by each  
7 requesting agency in accordance with rates fixed by the Commissioner. Losses covered  
8 by such insurance may be paid for out of the Fund in the same manner as fire losses.  
9 The Commissioner, with the approval of the Governor and Council of State, is  
10 authorized to purchase from insurers admitted to do business in North Carolina such  
11 insurance or reinsurance as may be necessary to protect the Fund against loss with  
12 respect to such insurance coverage.

13 **"§ 58-793. Information furnished Commissioner by officials in charge.**

14 It is the duty of the different officials of agencies having in their custody any  
15 property belonging to the State to inform the Commissioner, giving him in detail a full  
16 description of same, and to keep him informed of any changes in such property or its  
17 location or surroundings.

18 **"§ 58-794. Commissioner to inspect State property; plans submitted.**

19 It is the duty of the Commissioner at least once in each year, or more often whenever  
20 he deems it to be necessary, to visit, inspect, and thoroughly examine each State agency  
21 or other State property with a view to its protection from fire and other perils, as well as  
22 to the safety of its occupants or the property therein in case of fire and other perils, and  
23 call to the attention of the official having the same in charge any defect noted by him or  
24 any improvement deemed necessary. No board, commission, superintendent, or other  
25 person or persons authorized and directed by law to select plans and erect buildings for  
26 the use of the State or any institution thereof shall receive and approve of any plans until  
27 they are submitted to and approved by the Commissioner as to the safety of the  
28 proposed buildings from fire and other perils, as well as the protection of the occupants  
29 in case of fire and other perils. The Commissioner also has the authority to inspect  
30 State buildings or structures while they are under construction and has the authority to  
31 require remedial actions to correct any variances from such plans.

32 **"§ 58-795. Payment of losses on basis of actual cost of restoration or replacement;  
33 rules.**

34 (a) In the case of total or partial loss of any property of any State agency, the  
35 Commissioner shall determine the amount of loss and certify that amount to the agency  
36 concerned and to the Governor and Council of State. The Governor and Council of  
37 State may authorize transfers from the Fund to the agency that suffered the loss in  
38 amounts that are necessary to pay for the actual cost of restoration or replacement of the  
39 property. In the event there is not a sufficient amount in the Fund to pay for the actual  
40 cost of restoration or replacement, the Governor and the Council of State may  
41 supplement the Fund by transferring amounts from the Contingency and Emergency  
42 Fund.

43 (b) The Commissioner, with the approval of the Council of State, is authorized to  
44 adopt rules necessary to carry out the purpose of this Article, which rules shall be

1 binding on all State agencies. Such rulemaking authority is not subject to the provisions  
2 of Chapter 150B of the General Statutes, and may include rules for submitting proof of  
3 losses. The Commissioner, with the approval of the Governor and the Council of State,  
4 is authorized to purchase from qualified insurers insurance or reinsurance necessary to  
5 protect the Fund against loss; and the premiums for this coverage shall be paid from the  
6 Fund.

7 **"§ 58-796. Professional liability insurance for officials and employees of the State.**

8 (a) The Commissioner may acquire professional liability insurance covering the  
9 officers and employees of any agency upon the request of such agency. Premiums for  
10 such insurance coverage shall be paid by the requesting agency at rates fixed by the  
11 Commissioner from funds made available to the agency for the purpose. The  
12 Commissioner, in placing a contract for such insurance, is authorized to place such  
13 insurance through the Public Officers and Employees' Liability Insurance Commission,  
14 and shall exercise all efforts to place such insurance through the said Commission prior  
15 to attempting to procure such insurance through any other source.

16 (b) The Commissioner, pursuant to this section, may acquire professional  
17 liability insurance covering the officers and employees of an agency only if the  
18 coverage to be provided by such policy is coverage of claims in excess of the protection  
19 provided by Articles 31 and 31A of Chapter 143 of the General Statutes.

20 (c) The purchase by any agency of professional liability insurance covering the  
21 law enforcement officers, officers, or employees of such agency shall not be construed  
22 as a waiver of any defense of sovereign immunity by such agency. The purchase of  
23 such insurance shall not be deemed a waiver by any employee of the defense of  
24 sovereign immunity to the extent that such defense may be available to him.

25 (d) The payment by any agency of funds as premiums for professional liability  
26 insurance through the plan provided in this section, covering the law enforcement  
27 officers, officials, or employees of such agency is hereby declared to be for a public  
28 purpose.

29 **"§ 58-797. Insurance and official fidelity bonds for State agencies to be placed by**  
30 **Department; exception; costs of placement.**

31 Except as provided in G.S. 58-27.23, all insurance and all official fidelity and surety  
32 bonds authorized for State agencies shall be effected and placed by the Department; and  
33 the cost of such placement shall be paid by the agency involved upon bills rendered to  
34 and approved by the Commissioner.

35 **"§ 58-798. Liability insurance required for State-owned vehicles.**

36 Every agency shall acquire motor vehicle liability insurance on all State-owned  
37 motor vehicles under its control."

38 Sec. 2. G. S. 58-189 through 58-194.2 are repealed.

39 Sec. 3. This act is effective upon ratification.