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**GOVERNMENT CODE - GOV**

**TITLE 1. GENERAL [100 - 7931.000]** ( Title 1 enacted by Stats. 1943, Ch. 134. )

**DIVISION 7. MISCELLANEOUS [6000 - 7599.200]** ( Division 7 enacted by Stats. 1943, Ch. 134. )

**CHAPTER 5.5. Local Agency Self-Insurance Authority [6599.01 - 6599.41]** ( Chapter 5.5 added by Stats. 1986, Ch. 1327, Sec. 1. )

**ARTICLE 1. Organization and Powers [6599.01 - 6599.10]** ( Article 1 added by Stats. 1986, Ch. 1327, Sec. 1. )

**6599.01.** Pursuant to Section 6 of Article XVI of the California Constitution, local agencies may enter into a joint pooling agreement to form a single statewide insurance pooling arrangement administered by a single statewide agency for the payment of tort liability or public liability losses incurred by such agencies. The agency shall be known as the Local Agency Self-Insurance Authority.

(Added by Stats. 1986, Ch. 1327, Sec. 1.)

**6599.02.** As used in this chapter:

(a) "Local agency" means any city, county, city and county, school district, special district, authority, other political subdivision of or within the state, an association or consortium of school districts formed or operating pursuant to Section 35179 of the Education Code, or any joint powers authority composed of any of these agencies.

(b) "Original board" means the first board of directors constituted and selected pursuant to Section 6599.06.

(c) "Board" means the original board and any successor board selected and constituted under this chapter.

(Amended by Stats. 1987, Ch. 32, Sec. 3. Effective May 29, 1987.)

**6599.03.** In addition to the powers specified in Chapter 5 (commencing with Section 6500), the authority may issue revenue bonds or certificates of participation, or both, to establish capital, surplus, and prudent reserves, and may secure payment of the bonds and interest by pledging all or part of its revenues from the receipt of premiums.

(Added by Stats. 1986, Ch. 1327, Sec. 1.)

**6599.04.** Except as otherwise provided in this chapter, Chapter 5 (commencing with Section 6500) applies to the authority.

(Added by Stats. 1986, Ch. 1327, Sec. 1.)

**6599.05.** The authority is not a state agency and has no power at any time or in any manner to pledge the credit of the state.

(Added by Stats. 1986, Ch. 1327, Sec. 1.)

**6599.06.** The authority shall be organized and administered by a board of directors. The original board shall be constituted and selected as follows:

(a) Two directors shall be appointed by the County Supervisors Association of California and at least one shall have no less than five years of proven successful experience at a management level in providing risk management and insurance services to a county or an insurance joint powers agency composed of counties.

(b) Two directors shall be appointed by the League of California Cities and at least one shall have not less than five years of proven successful experience at a management level in providing risk management and insurance services to a city or an insurance joint powers agency composed of cities.

(c) One director shall be appointed by the California Special District Association and one director shall be appointed by the Association of California Water Agencies.

(d) Two directors shall be appointed by the California School Boards Association and at least one member shall have no less than five years of proven successful experience at a management level in providing risk management and insurance services to a school district or an insurance joint powers agency composed of school districts.

(e) One director shall be a person selected by a majority vote of the other eight members.

(f) The original directors shall hold their first meeting not later than April 1, 1987, and shall hold office until the permanent composition of the board is determined by the agreement or agreements entered pursuant to this chapter and the appointment and qualification of their successors, but in no event longer than three years.

*(Added by Stats. 1986, Ch. 1327, Sec. 1.)*

**6599.07.** There shall not be any liability in an individual or private capacity on the part of the board of directors or any member of the board, or any officer or employee of the authority for or on account of any act performed or obligation entered into in an official capacity, when done in good faith, without intent to defraud and in connection with the administration, management, or conduct of the authority or affairs relating to it. Members of the board and employees and officers of the authority are public employees for purposes of Division 3.6 (commencing with Section 810) of Title 1.

*(Added by Stats. 1986, Ch. 1327, Sec. 1.)*

**6599.08.** The authority shall be operated on an actuarially sound basis and become neither more nor less than self-supporting. For that purpose, loss experience and expense shall be ascertained and credits, refunds, and assessments may be made as determined appropriate by the board. The authority shall have the powers and duties set forth in this chapter and the powers and duties given it by its agreement. The original board may enter into the original joint powers agreement creating and governing the authority, which shall be made subject to subsequent modification and termination by the members of the authority.

*(Added by Stats. 1986, Ch. 1327, Sec. 1.)*

**6599.09.** The board shall do all of the following:

(a) Develop, promulgate, and effectuate loss prevention programs, risk management programs, and safety programs.

(b) Subject to Section 6599.10, establish minimum standards for entry into membership and continued participation in the authority which shall include standards for risk management and loss control in addition to those other standards that the board deems appropriate.

(c) Establish standards and requirements for exit from the authority, which shall include those limits and conditions on exit that the board determines appropriate to insure actuarial soundness of the authority.

*(Added by Stats. 1986, Ch. 1327, Sec. 1.)*

**6599.10.** All those local agencies that request membership in the authority and meet the standards established by the authority pursuant to Section 6599.09, for entry into and continued participation in the authority may become members of the authority. If the authority determines that a local agency requesting membership meets the underwriting standards of the authority, the authority, upon receipt of the premium prescribed by the authority, shall admit the requesting local agency to membership. No local agency may be denied membership unless the board determines the agency cannot be actuarially safely underwritten. Premiums shall be based upon all appropriate actuarial data, including, but not limited to, claims and loss experience of applicant member agencies. Local agencies may request membership individually or through insurance joint powers authorities.

*(Added by Stats. 1986, Ch. 1327, Sec. 1. Note: Sections 6599.1, 6599.2, and 6599.3 are in Chapter 5, following Section 6599.)*