

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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SENATE BILL 468

Short Title: Insurance Coverage/Public Buildings. (Public)

Sponsors: Senators Sawyer, Johnson, and Burgin (Primary Sponsors).

Referred to: Rules and Operations of the Senate

April 3, 2019

1 A BILL TO BE ENTITLED  
2 AN ACT TO REDUCE THE IMPACT TO TAXPAYERS OF NATURAL DISASTERS AND  
3 OTHER INSURABLE RISKS BY ENHANCING INSURANCE COVERAGE FOR  
4 PUBLIC BUILDINGS.

5 The General Assembly of North Carolina enacts:

6  
7 **STATE PROPERTY INSURANCE FUND AMENDMENTS**

8 **SECTION 1.(a)** Article 31 of Chapter 58 of the General Statutes reads as rewritten:

9 "Article 31.

10 "Insuring State Property, Officials and Employees.

11 **"§ 58-31-1. State Property ~~Fire~~ Insurance Fund created.**

12 Upon the expiration of all existing policies of fire insurance upon state-owned buildings,  
13 fixtures, furniture, and equipment, including all such property the title to which may be in any  
14 State department, institution, or agency, the State of North Carolina shall not reinsure any of such  
15 properties.

16 There is hereby created a "State Property ~~Fire~~ Insurance Fund," which shall be as a special  
17 fund in the State treasury, for the purpose of providing a reserve against loss from fire and other  
18 perils as specified in this Article at State departments and institutions. The State Treasurer shall  
19 be the custodian of the "State Property ~~Fire~~ Insurance Fund" and shall invest its assets in  
20 accordance with the provisions of G.S. 147-69.2 and 147-69.3. ~~The unexpended appropriations~~  
21 ~~of State departments and institutions for fire insurance premiums for the fiscal year 1944-1945~~  
22 ~~and the appropriations for fire insurance premiums made for the biennium 1945-1947 or that may~~  
23 ~~hereafter be made for this purpose shall be transferred to the "State Property Fire Insurance~~  
24 ~~Fund."~~

25 **"§ 58-31-5. Appropriations; fund to pay administrative expenses.**

26 ~~Upon the expiration of the existing fire insurance policies on said properties and in making~~  
27 ~~appropriations for any biennium after the next biennium, the~~ Each year the Commissioner shall  
28 file with the Department of Administration ~~his~~ an estimate of the appropriations which will be  
29 necessary in order to set up and maintain an adequate reserve in the State Property Insurance  
30 Fund to provide ~~a fund~~ coverage sufficient to protect the State, its departments, institutions, and  
31 agencies from loss or damage to any of said properties up to ~~fifty per centum (50%)~~ seventy-five  
32 percent (75%) of the value thereof. To maintain adequate coverage levels, the Commissioner  
33 shall annually adjust by two percent (2%) the value of all State property covered by the State  
34 Property Insurance Fund. Appropriations made for the creating of such fire insurance reserves  
35 against property of the Department of Agriculture and Consumer Services, or the Department of



1 Transportation or any special operating fund shall be charged against the funds of such  
2 departments.

3 The State Property ~~Fire~~ Insurance Fund is authorized and empowered to pay all the  
4 administrative expenses occasioned by the administration of ~~Article 31 of Chapter 58 of the~~  
5 ~~General Statutes.~~this Article.

6 **"§ 58-31-10. Payment of losses on basis of actual cost of restoration or replacement; rules;  
7 insurance and reinsurance; ~~sprinkler leakage insurance.~~reinsurance.**

8 (a) In the case of total or partial loss of any property of any State agency or institution,  
9 the Commissioner shall determine the amount of loss and certify that amount to the agency or  
10 institution concerned and to the Director of the Budget and Council of State. The Director of the  
11 Budget and Council of State may authorize transfers from the Fund to the agency or institution  
12 that suffered the loss in amounts that are necessary to pay for the actual cost of restoration or  
13 replacement of the property. In the event there is not a sufficient amount in the Fund to pay for  
14 the actual cost of restoration or replacement, the Director of the Budget and the Council of State  
15 may supplement the Fund by transferring amounts from the Contingency and Emergency Fund.

16 (b) The Commissioner, with the approval of the Council of State, is authorized to adopt  
17 rules necessary to carry out the purpose of this Article, which rules shall be binding on all State  
18 agencies and institutions. ~~The Commissioner, with the approval of the Director of the Budget and~~  
19 ~~the Council of State, is authorized to~~Commissioner shall purchase from qualified insurers  
20 insurance or reinsurance necessary to protect the Fund against loss on any one building and its  
21 contents in excess of fifty thousand dollars (\$50,000), and the premiums for this coverage shall  
22 be paid ~~from the Fund by each requesting department, agency, or institution in accordance with~~  
23 rates fixed by the Commissioner.

24 (c) ~~Upon the request of any State agency or institution, sprinkler leakage insurance shall~~  
25 ~~be provided on designated property of the agency or institution that is insured by the Fund.~~  
26 ~~Premiums for this coverage shall be paid by the requesting agency or institution in accordance~~  
27 ~~with rates fixed by the Commissioner. Losses covered by this insurance may be paid out of the~~  
28 ~~Fund in the same manner as other losses. The Commissioner, with the approval of the Director~~  
29 ~~of the Budget and the Council of State, is authorized to purchase from qualified insurers insurance~~  
30 ~~or reinsurance necessary to protect the Fund against loss with respect to sprinkler leakage~~  
31 ~~insurance coverage.~~

32 **"§ 58-31-12. Policy forms.**

33 ~~The Commissioner, with the approval of the Council of State,~~Commissioner may adopt  
34 insurance forms for coverages provided by the State Property ~~Fire~~ Insurance Fund under this  
35 Article.

36 **"§ 58-31-13. Hazardous conditions in State-owned buildings.**

37 If the Commissioner determines that an undue hazard to life, safety, or property exists  
38 because of a condition or the use of a building owned by the State, the Commissioner shall advise  
39 the proper agency how to limit or prohibit use of the building until the hazard is abated.

40 **"§ 58-31-15. Extended coverage ~~insurance.~~insurance required.**

41 ~~Upon request of any~~Every State department, agency or ~~institution,~~institution shall obtain  
42 ~~extended coverage insurance, and other insurance and any other property insurance, may be~~  
43 ~~provided on designated insurance coverages that the Commissioner determines to be appropriate~~  
44 ~~in light of the location, exposure to risk, age, and any other factors the Commissioner finds~~  
45 ~~relevant to ensure appropriate coverage for state-owned property of such department, agency or~~  
46 ~~institution which is insured by the State Property Fire Insurance Fund. Premiums for such~~  
47 ~~insurance coverage shall be paid by each requesting department, agency or institution in~~  
48 ~~accordance with rates fixed by the Commissioner. Losses covered by such insurance may be paid~~  
49 ~~for out of the State Property Fire Insurance Fund in the same manner as fire losses. Fund as set~~  
50 ~~forth in this Article.~~The Commissioner, with the approval of the Governor and Council of State,  
51 is authorized and empowered to ~~may~~ purchase from insurers admitted to do business in North

1 Carolina such insurance or reinsurance as may be necessary to protect the State Property Fire  
2 Insurance Fund against loss with respect to such insurance coverage. The words "extended  
3 coverage insurance," as used in this section, ~~mean shall include, but is not limited to,~~ insurance  
4 against loss or damage caused by fire, lightning, windstorm, hail, explosion, riot, riot attending  
5 a strike, civil commotion, vandalism, water damage, aircraft, vehicles or smoke.

6 **"§ 58-31-18. Flood insurance.**

7 Flood insurance shall be provided on State-owned property of each department, agency, or  
8 institution which is insured by the State Property Insurance Fund when that property is located,  
9 or becomes located, in an area identified on the latest Flood Insurance Rate Map produced by the  
10 Federal Emergency Management Agency as an area that will be inundated by the flood event  
11 having a one percent (1%) chance of being equaled or exceeded in any given year. Premiums for  
12 flood insurance coverage shall be paid by each department, agency, or institution in accordance  
13 with rates fixed by the Commissioner, and the Commissioner may purchase from insurers  
14 admitted to do business in North Carolina such insurance or reinsurance as may be necessary to  
15 protect the State Property Insurance Fund against loss with respect to flood insurance coverage.

16 **"§ 58-31-20. Use and occupancy and business interruption insurance.**

17 Upon request of any State department, agency or institution, use and occupancy and business  
18 interruption insurance shall be provided on state-owned property of such department, agency or  
19 institution which is insured by the State Property ~~Fire~~-Insurance Fund. Premiums for such  
20 insurance coverage shall be paid by each requesting department, agency or institution in  
21 accordance with rates fixed by the Commissioner. Losses covered by such insurance may be paid  
22 for out of the State Property ~~Fire~~-Insurance Fund in the same manner as fire losses. The  
23 Commissioner, ~~with the approval of the Governor and Council of State, is authorized and~~  
24 ~~empowered to~~ may purchase from insurers admitted to do business in North Carolina such  
25 insurance or reinsurance as may be necessary to protect the State Property ~~Fire~~-Insurance Fund  
26 against loss with respect to such insurance coverage.

27 **"§ 58-31-25. Professional liability insurance for officials and employees of the State.**

28 The Commissioner may acquire professional liability insurance covering the officers and  
29 employees of any State department, institution or agency upon the request of such State  
30 department, institution or agency. Premiums for such insurance coverage shall be paid by the  
31 requesting department, institution or agency at rates fixed by the Commissioner from funds made  
32 available to it for the purpose. The Commissioner, in placing a contract for such insurance is  
33 authorized to place such insurance through the Public Officers and Employees' Liability  
34 Insurance Commission, and shall exercise all efforts to place such insurance through the said  
35 commission prior to attempting to procure such insurance through any other source.

36 The Commissioner, pursuant to this section, may acquire professional liability insurance  
37 covering the officers and employees of a department, institution or agency of State government  
38 only if the coverage to be provided by such policy is coverage of claims in excess of the  
39 protection provided by Articles 31 and 31A of Chapter 143 of the General Statutes.

40 The purchase, by any State department, institution or agency of professional liability  
41 insurance covering the law-enforcement officers, officers or employees of such department,  
42 institution or agency shall not be construed as a waiver of any defense of sovereign immunity by  
43 such department, institution or agency. The purchase of such insurance shall not be deemed a  
44 waiver by any employee of the defense of sovereign immunity to the extent that such defense  
45 may be available to ~~him~~ the Commissioner.

46 The payment, by any State department, institution or agency of funds as premiums for  
47 professional liability insurance through the plan provided herein, covering the law-enforcement  
48 officers or officials or employees of such department, institution or agency is hereby declared to  
49 be for a public purpose.

50 ...

51 **"§ 58-31-35. Information furnished Commissioner by officers in charge.**

1 It is the duty of the different officers or boards having in their custody any property belonging  
2 to the State to inform the Commissioner, giving ~~him in detail a full~~ the Commissioner a full and  
3 detailed description of same, and to keep ~~him~~ the Commissioner informed of any changes in such  
4 property or its location or surroundings.

5 **"§ 58-31-40. Commissioner to inspect State property.**

6 (a) The Commissioner shall, as often as is required in the fire code adopted by the North  
7 Carolina Building Code Council or more often if the Commissioner considers it necessary, visit,  
8 inspect, and thoroughly examine every State property to analyze and determine its protection  
9 from fire, including the property's occupants or contents. The Commissioner shall notify in  
10 writing the agency or official in charge of the property of any defect noted by the Commissioner  
11 or any improvement considered by the Commissioner to be necessary, and a copy of that notice  
12 shall be forwarded by the Commissioner to the Department of Administration.

13 (b) No agency or person authorized or directed by law to select a plan or erect a building  
14 comprising 20,000 square feet or more for the use of any county, city, or school district shall  
15 receive and approve of the plan until it is submitted to and approved by the Commissioner as to  
16 the safety of the proposed building from fire, including the property's occupants or contents.

17 ...."

18 **SECTION 1.(b)** G.S. 147-69.2(a)(12) reads as rewritten:

19 "(12) The State Property ~~Fire~~-Insurance Fund."

20 **SECTION 2.** This act is effective March 31, 2021.