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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL**  
**No. 1961** Session of  
1977

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INTRODUCED BY SPITZ, NOYE, REED, CALTAGIRONE, MACKOWSKI,  
GREENLEAF, DOYLE AND WAGNER, DECEMBER 8, 1977

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REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, DECEMBER 8, 1977

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AN ACT

1 Establishing a special fund in the State Treasury for the  
2 payment of certain claims against officers and employees of  
3 political subdivisions.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Fund; purpose.

7 There is hereby created in the Treasury Department a fund to  
8 be known as the "Indemnification Fund." The money in the fund  
9 shall be used to indemnify and pay on behalf of officers and  
10 employees of political subdivisions all sums that the officers  
11 and employees are legally obligated to pay because of their  
12 errors or omissions in the performance of their official duties.

13 Section 2. Limits.

14 The first \$500 of each claim shall not be paid from the fund  
15 and the maximum payment for each claim shall not exceed  
16 \$100,000.

17 Section 3. Requirements for participation in fund.

18 (a) A political subdivision that is unable to obtain errors

1 and omissions insurance in the private or voluntary insurance  
2 market may apply for coverage under the Indemnification Fund.

3 (b) The applicant shall submit a sworn statement that  
4 attempts to obtain errors and omissions coverage have been  
5 unsuccessful and shall list at least three insurers empowered to  
6 write such coverage have declined to do so.

7 (c) Political subdivisions shall not be eligible for  
8 coverage under the fund if insurance is otherwise available but  
9 the cost exceeds the charges made by the fund.

#### 10 Section 4. Charges.

11 The charges to political subdivisions for coverage by the  
12 Indemnification Fund shall be fixed by the Insurance  
13 Commissioner in accordance with accepted rate fixing practices.

#### 14 Section 5. Investments.

15 The State Treasurer may invest money in the fund not required  
16 for the current payment of claims as money of the Commonwealth  
17 is invested and the income from investments shall be credited to  
18 the fund.

#### 19 Section 6. Payment of claims.

20 Errors and omissions claims that have been settled and the  
21 settlement approved by the court of common pleas having  
22 jurisdiction or final judgments against an officer or employee  
23 shall be paid by the State Treasurer.

#### 24 Section 7. Effective date.

25 This act shall take effect in 60 days.