



2023-2024 General Assembly

# SENATE BILL 508: 2023 Budget Technical/Other Corrections, Sec 6.4: Office of State Fire Marshal Technical Changes

**Committee:**  
**Introduced by:**  
**Analysis of:** Sec 6.4 of S.L. 2024-1

**Date:** August 20, 2024  
**Prepared by:** Karyl Smith  
Staff Attorney

**OVERVIEW:** Section 6.4 of S.L. 2024-1 does the following:

- *Transfers the powers and duties of insuring State property, officials, and employees and public education property and persons from the Department of Insurance and the Commissioner of Insurance to the Office of the State Fire Marshal and the State Fire Marshal.*
- *Makes technical and conforming changes.*

*This section became effective July 1, 2023.*

## CURRENT LAW & BILL ANALYSIS:

### Insuring State Property, Officials, and Employees

Section 6.4(a) of S.L. 2024-1 makes the following changes to Article 31 (Insuring State Property, Officials and Employees) of Chapter 58 (Insurance) of the General Statutes:

- Requires the North Carolina Global TransPark Authority (Authority) to notify the Office of the State Fire Marshal (OSFM), instead of the Commissioner of Insurance (Commissioner), when entering or modifying a contract for certain buildings exempt from Article 31 of Chapter 58.
- Directs the Authority to consult with OSFM, instead of the Commissioner, regarding the adequacy of insurance for fire losses.
- Empowers the State Fire Marshal, instead of the Commissioner, to file his or her estimate of certain appropriations with the Department of Administration.
- Instructs the State Fire Marshal, instead of the Commissioner, to determine and certify the amount of total or partial loss of any property of a State agency or institution.
- Authorizes the State Fire Marshal, instead of the Commissioner, to adopt rules necessary to carry out the purpose of Article 31 of Chapter 58.
- Permits the State Fire Marshal, instead of the Commissioner, to purchase from qualified insurers insurance or reinsurance necessary to protect the State Property Fire Insurance Fund against certain losses.
- Empowers the State Fire Marshal, instead of the Commissioner, to fix sprinkler leakage insurance rates for State agencies and institutions.

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Director



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- Permits the State Fire Marshal, instead of the Commissioner, to adopt insurance forms for coverages provided by the State Property Fire Insurance Fund under Article 31 of Chapter 58.
- Authorizes the State Fire Marshal, instead of the Commissioner, to fix use and occupancy and business interruption insurance rates for certain State departments, agencies, and institutions.
- Allows the State Fire Marshal, instead of the Commissioner, to acquire professional liability insurance under certain conditions to cover the officers and employees of any State department, institution, or agency, upon request.
- Permits the State Fire Marshal, instead of the Commissioner, to fix professional liability insurance rates for certain State departments, agencies, and institutions.
- Authorizes the State Fire Marshal, instead of the Commissioner, to place professional liability insurance contracts through the Public Officers and Employees' Liability Insurance Commission.
- Instructs officers and boards with custody of any State property to inform the State Fire Marshal, instead of the Commissioner, giving a full description of the property and keeping him or her informed of any changes in the property or its location or surroundings.
- Requires the State Fire Marshal, instead of the Commissioner, to submit to the Governor a full report of his or her official action under Article 31 of Chapter 58, along with any recommendations.
- Directs the Office of the State Fire Marshal, instead of the Commissioner, to develop a program to provide policy, requirements, procedures, technical information, and standards for administering a State motor vehicle safety program.
- Requires bills incurred for the placement of certain insurance and official fidelity bonds be rendered to and approved by the State Fire Marshal, instead of the Commissioner.
- Allows OSFM, instead of the Department of Insurance, to obtain design and construction insurance or provide for self-insurance against property damage caused by the State, its departments, agencies, boards, and commissions and all officers and employees of the State in connection with the construction of public works projects.
- Permits OSFM, instead of the Department of Insurance, to use an owner-controlled or wrap-up insurance program in connection with the construction of public works projects if certain conditions are met.

## **Inspecting State Property**

**Section 6.4(b) of S.L. 2024-1** recodifies the provisions instructing the State Fire Marshal to inspect State property and determine its protection from fire.

## **State Insurance for Public Education**

**Section 6.4(c) of S.L. 2024-1** makes the following changes to Part 1 (Public Education Property) and Part 2 (Student-Athletic Catastrophic Insurance) of Article 31A (State Insurance for Public Education) of Chapter 58 (Insurance):

- Requires the State Fire Marshal, instead of the Commissioner, to operate an insurance system for public education property and to offer a property insurance system to any approved charter school.

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- Authorizes the State Fire Marshal, instead of the Commissioner, to fix flood insurance rates for public education buildings.
- Allows the State Fire Marshal, instead of the Commissioner, to purchase from qualified insurers insurance or reinsurance necessary to protect the State Public Education Insurance Fund against loss with respect to flood insurance coverage for public education buildings.
- Empowers the State Fire Marshal, instead of the Commissioner, to establish a division to operate an insurance system for public education property, adopt rules and regulations necessary to implement the system, and employ any staff necessary to effectively insure and protect public education property.
- Directs the State Fire Marshal, instead of the Commissioner, to pay the State Treasurer funds from premiums on insurance by public education boards and other related monies.
- Requires the State Fire Marshal, instead of the Commissioner, to proportionately decrease premiums when the State Public Education Property Insurance Fund reaches 5% of total insurance in force.
- Requires each public education board to furnish a full and complete list of all outstanding property insurance policies to the State Fire Marshal, instead of the Commissioner.
- Provides for periodic inspections of all public education properties insured under Article 31A of Chapter 58 by the State Fire Marshal, instead of the Commissioner.
- Instructs individuals making required fire hazard inspections of public schools to provide a copy of their report to the State Fire Marshal, instead of the Commissioner.
- Directs local superintendents to furnish corrective action plans to the State Fire Marshal, instead of the Commissioner.
- Requires public education boards to supply a complete and detailed list of all public education buildings and their contents and other insurable public education property, along with an estimate of the present value of the property, to the State Fire Marshal, instead of the Commissioner.
- Empowers the State Fire Marshal, instead of the Commissioner, to determine and adjust the premium rate for public education property insurance.
- Authorizes the State Fire Marshal, instead of the Commissioner, to furnish a certificate showing the amount of insurance carried on each item of insurable property to each public education board.
- Requires public education boards to make insurance premium payments to the State Fire Marshal, instead of the Commissioner.
- Establishes procedures for the State Fire Marshal, instead of the Commissioner, and the public education board to follow when the extent of the loss or damage by insurable hazards cannot be agreed upon.
- Empowers the State Fire Marshal, instead of the Commissioner, to maintain an inspection and engineering service and to cancel insurance on any public education property when it is deemed no longer insurable.
- Authorizes the State Fire Marshal, instead of the Commissioner, to adopt rules and set rates for additional insurance.

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- Requires the State Fire Marshal, instead of the Commissioner, to offer catastrophic insurance coverage for covered persons to participating schools for covered activities and to fix catastrophic insurance rates for covered activities.

## **Public Officers and Employees Liability Insurance Commission**

**Section 6.4(d) of S.L. 2024-1** does the following:

- Transfers the Public Officers and Employees Liability Insurance Commission (Commission) from the Department of Insurance to OSFM.
- Authorizes the State Fire Marshal, instead of the Commissioner, to appoint 6 of the 11 Commission members.
- Declares that the State Fire Marshal, instead of the Commissioner, or the State Fire Marshal's designee is an ex officio member of the Commission.

**Section 6.4(e) of S.L. 2024-1** allows members serving on the Commission on May 15, 2024, to continue to serve until their terms expire. Upon the expiration of the members' terms, the vacancies must be filled as provided in G.S. 58-32-1, as enacted by Section 6.4(d) of this act.

## **Miscellaneous**

**Section 6.4(f) of S.L. 2024-1** creates two new responsibilities for the OSFM: (i) ratings and inspections and (ii) grants and governmental services.

**Sections 6.4(g), (i), (j), and (k) of S.L. 2024-1** make conforming changes.

**Section 6.4(h) of S.L. 2024-1** makes technical corrections and requires the Secretary of Administration to provide quarterly written reports on State building plans that were reviewed and approved to the State Fire Marshal, instead of the Commissioner.

**EFFECTIVE DATE:** Section 6.4 of S.L. 2024-1 became effective July 1, 2023.