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SECRETARY OF STATE

# WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1989

— ● —

# ENROLLED

HOUSE BILL No. 2414

(By Mr. Del. Seacrist & Rollins )

— ● —

Passed April 8, 1989

In Effect From Passage

**ENROLLED**  
**H. B. 2414**

(By DELEGATES SEACRIST AND ROLLINS)

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[Passed April 8, 1989; in effect from passage.]

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AN ACT to amend and reenact section twenty, article twenty-two, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended; and to amend and reenact section fourteen-d, article three, chapter thirty-three of said code, all relating to retirement benefits for certain municipal employees; requiring municipalities to contribute a minimum amount to its pension and relief funds as determined by the actuarial report; and providing that once the actuarial report determines there is no deficiency in these funds, municipalities are not then required to contribute funds from the municipal pensions and protection fund.

*Be it enacted by the Legislature of West Virginia:*

That section twenty, article twenty-two, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted; and that section fourteen-d, article three, chapter thirty-three of said code be amended and reenacted, all to read as follows:

**CHAPTER 8. MUNICIPAL CORPORATIONS.**

**ARTICLE 22. RETIREMENT BENEFITS GENERALLY; POLICEMEN'S PENSION AND RELIEF FUND; FIREMEN'S PENSION AND RELIEF FUND; PENSION PLANS FOR EMPLOYEES OF WATERWORKS SYSTEM, SEWERAGE SYSTEM OR COMBINED WATERWORKS AND SEWERAGE SYSTEM.**

**§8-22-20. Minimum standards for actuarial soundness.**

1 The board of trustees for each pension and relief fund  
2 shall have regularly scheduled actuarial valuation  
3 reports prepared by a qualified actuary. All of the  
4 following standards must be met:

5 (a) An actuarial valuation report shall be prepared at  
6 least once every three years commencing with the later  
7 of (1) the first day of July, one thousand nine hundred  
8 eighty-three, or (2) three years following the most  
9 recently prepared actuarial valuation report: *Provided*,  
10 That this most recently prepared actuarial valuation  
11 report meets all of the standards of this section.

12 (b) The actuarial valuation report shall consist of, but  
13 is not limited to, the following disclosures: (1) The  
14 financial objective of the fund and how the objective is  
15 to be attained, (2) the progress being made toward  
16 realization of the financial objective, (3) recent changes  
17 in the nature of the fund, benefits provided, or actuarial  
18 assumptions or methods, (4) the frequency of actuarial  
19 valuation reports and the date of the most recent  
20 actuarial valuation report, (5) the method used to value  
21 fund assets, (6) the extent to which the qualified actuary  
22 relies on the data provided and whether the data was  
23 certified by the fund's auditor or examined by the  
24 qualified actuary for reasonableness, (7) a description  
25 and explanation of the actuarial assumptions and  
26 methods, and (8) any other information the qualified  
27 actuary feels is necessary or would be useful in fully and  
28 fairly disclosing the actuarial condition of the fund.

29 (c) After the thirtieth day of June, one thousand nine  
30 hundred eighty-three, and thereafter, the financial  
31 objective of each municipality shall not be less than to  
32 contribute to the fund annually an amount which,  
33 together with the contributions from the members and  
34 the allocable portion of the state premium tax fund for  
35 municipal pension and relief funds established under  
36 section fourteen-d, article three, chapter thirty-three of  
37 this code and other income sources as authorized by law,  
38 will be sufficient to meet the normal cost of the fund  
39 and amortize any actuarial deficiency over a period not

40 more than forty years: *Provided*, That for those funds  
41 in existence on the first day of July, one thousand nine  
42 hundred eighty-one, its actuarial deficiency, if any, shall  
43 not be amortized over a period longer than that which  
44 remains under its current schedule. For purposes of  
45 determining this minimum financial objective, (1) the  
46 value of the fund's assets shall be determined on the  
47 basis of any reasonable actuarial method of valuation  
48 which takes into account fair market value, and (2) all  
49 costs, deficiencies, rate of interest, and other factors  
50 under the fund shall be determined on the basis of  
51 actuarial assumptions and methods which, in aggregate,  
52 are reasonable (taking into account the experience of the  
53 fund and reasonable expectations) and which, in com-  
54 bination, offer the qualified actuary's best estimate of  
55 anticipated experience under the fund. If as a result of  
56 this legislation a municipality's financial commitment to  
57 the fund is materially increased, the municipality may  
58 elect to phase in this increase over the five fiscal years  
59 commencing the first day of July, one thousand nine  
60 hundred eighty-three.

61 Notwithstanding any other provision of this section or  
62 article to the contrary, each municipality shall contrib-  
63 ute annually to the fund an amount which may not be  
64 less than the normal cost, as determined by the actuarial  
65 report.

66 (d) For purposes of this section the term "qualified  
67 actuary" means only an actuary who is a member of the  
68 society of actuaries or the American academy of  
69 actuaries. The qualified actuary shall be designated a  
70 fiduciary and shall discharge his duties with respect to  
71 a fund solely in the interest of the members and  
72 member's beneficiaries of that fund. In order for the  
73 standards of this section to be met, the qualified actuary  
74 shall certify that the actuarial valuation report is  
75 complete and accurate and that in his opinion the  
76 technique and assumptions used are reasonable and  
77 meet the requirements of this section of this article.

78 (e) The cost of the preparation of the actuarial  
79 valuation report shall be paid by the fund.

**CHAPTER 33. INSURANCE.****ARTICLE 3. LICENSING, FEES AND TAXATION OF INSURERS.****§33-3-14d. Additional fire and casualty insurance premium tax; allocation of proceeds; effective date.**

1       (a) For the purpose of providing additional revenue  
2       for municipal policemen's and firemen's pension and  
3       relief funds and additional revenue for volunteer and  
4       part volunteer fire companies and departments, there is  
5       hereby levied and imposed, on and after the first day  
6       of January, one thousand nine hundred eighty-two, an  
7       additional premium tax equal to one percent of gross  
8       direct premiums collected, less premiums returned to  
9       policyholders because of cancellation of policies, for fire  
10      insurance and casualty insurance policies. For purposes  
11      of this section, casualty insurance shall not include  
12      insurance on the life of a debtor pursuant to or in  
13      connection with a specific loan or other credit transac-  
14      tion or insurance on a debtor to provide indemnity for  
15      payments becoming due on a specific loan or other  
16      credit transaction while the debtor is disabled as defined  
17      in the policy. Except as otherwise provided in this  
18      section, all provisions of this article relating to the levy,  
19      imposition and collection of the regular premium tax  
20      are applicable to the levy, imposition and collection of  
21      the additional tax.

22      All moneys collected from this additional tax shall be  
23      received by the commissioner and paid by him into a  
24      special account in the state treasury, designated the  
25      municipal pensions and protection fund. The net  
26      proceeds of this tax after appropriation thereof by the  
27      Legislature shall be distributed in accordance with the  
28      provisions of subsection (c) of this section.

29      (b) Before the first day of August, one thousand nine  
30      hundred eighty-three, and before the first day of August  
31      of each calendar year thereafter, the treasurer of each  
32      municipality in which a municipal policemen's or  
33      firemen's pension and relief fund has been established  
34      shall report to the state treasurer the average monthly  
35      number of members who worked at least one hundred

36 hours per month of municipal policemen's or firemen's  
37 pension systems during the preceding fiscal year. Before  
38 the first day of August, one thousand nine hundred  
39 eighty-three, and before the first day of August of each  
40 calendar year thereafter, the state fire marshal shall  
41 report to the state treasurer the names and addresses  
42 of all volunteer and part volunteer fire companies and  
43 departments within the state which meet the eligibility  
44 requirements established in section eight-a, article  
45 fifteen, chapter eight of this code.

46 Before the first day of September, one thousand nine  
47 hundred eighty-three, and before the first day of  
48 September of each calendar year thereafter, the state  
49 treasurer shall allocate and authorize for distribution  
50 the revenues in the municipal pensions and protection  
51 fund which were collected during the preceding ca-  
52 lendar year to municipal policemen's and firemen's  
53 pension and relief funds and to volunteer and part  
54 volunteer fire companies and departments. Seventy-five  
55 percent of the aforementioned revenues allocated shall  
56 be allocated to municipal policemen's and firemen's  
57 pension and relief funds and twenty-five percent of such  
58 allocated revenues shall be allocated to volunteer and  
59 part volunteer fire companies and departments: *Pro-*  
60 *vided*, That in any year the actuarial report required by  
61 section twenty, article twenty-two, chapter eight of this  
62 code indicates no actuarial deficiency in the municipal  
63 policemen's or firemen's pension and relief fund, no  
64 revenues may be allocated from the municipal pensions  
65 and protection fund to that fund. The revenues from the  
66 municipal pensions and protection fund shall then be  
67 allocated to all other pension funds which have an  
68 actuarial deficiency.

69 (c) (1) Each municipal pension and relief fund shall  
70 have allocated and authorized for distribution a pro rata  
71 share of the revenues allocated to municipal policemen's  
72 and firemen's pension and relief funds based upon the  
73 corresponding municipality's average monthly number  
74 of members who worked at least one hundred hours per  
75 month during the preceding fiscal year. All moneys  
76 received by municipal pension and relief funds under

77 this section may be expended only for the purposes  
78 described in sections sixteen through twenty-eight,  
79 article twenty-two, chapter eight of this code.

80 (2) Each volunteer fire company or department shall  
81 receive an equal share of the revenues allocated for  
82 volunteer and part volunteer fire companies and  
83 departments.

84 (3) In addition to the share allocated and distributed  
85 in accordance with subdivision (1) of this subsection,  
86 each municipal fire department composed of full-time  
87 paid members and volunteers and part volunteer fire  
88 companies and departments shall receive a share equal  
89 to the share distributed to volunteer fire companies  
90 under subdivision (2) of this subsection reduced by an  
91 amount equal to such share multiplied by the ratio of  
92 the number of full-time paid fire department members  
93 who are also members of a municipal firemen's pension  
94 system to the total number of members of such fire  
95 department.

96 (d) The allocation and distribution of revenues pro-  
97 vided for in this section are subject to the provisions of  
98 section twenty, article twenty-two, and sections eight-a  
99 and eight-b, article fifteen, chapter eight of this code.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

*Frederick L. Rouse*  
Chairman Senate Committee

*L. L. Satter*  
Chairman House Committee

Originating in the House.

Takes effect from passage.

*Lord C. Mills*  
Clerk of the Senate

*Donald L. Kopp*  
Clerk of the House of Delegates

*Sam D. Tucker*  
President of the Senate

*B. H. C. C.*  
Speaker of the House of Delegates

The within is approved this the 27th  
day of April, 1989.  
*Gaston Caperton*  
Governor



PRESENTED TO THE

GOVERNOR

Date 4/24/89

Time 2:07