



VACORP

TO: County Administrators
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DATE: April 1, 2011

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The question has been raised as to whether a local government's participation in an insurance pool such as VACo Group Self Insurance Risk Pool is subject to the Virginia Public Procurement Act, Chapter 7 of Title 11 of the Code of Virginia (11-35 through 11-80).

VACo Group Self Insurance Risk Pool is organized pursuant to The Local Government Group Self-Insurance Pools Act, Chapter 27 of Title 15.2 of the Code of Virginia (15.2-2700 et seq.) which authorizes one or more political subdivisions of Virginia to contract with other political subdivisions to form a group self-insurance pool to provide liability and other coverages for its members.

The Virginia Public Procurement Act is directed at procurement of goods or services from non-governmental contractors and suppliers. Section 11-41 of the Code provides, in part:

All public contracts with nongovernmental contractors for the purchase or lease of goods or for the purchase of services, insurance or construction shall be awarded after competitive sealed bidding or competitive negotiation....

VACo Group Self Insurance Risk Pool is wholly owned by the political subdivisions which are its members. It is not a non-governmental contractor or supplier as contemplated by the Virginia Public Procurement Act. As such, the Virginia Public Procurement Act does not apply and it is not necessary for a local government to procure bids for insurance if it decides to participate in the pool.