

By: Villarreal

H.B. No. 1103

A BILL TO BE ENTITLED

AN ACT

relating to liability insurance for certain child-care facilities and child-placing agencies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article 21.49-3, Insurance Code, is amended by adding Section 3C to read as follows:

Sec. 3C. ELIGIBILITY OF CERTAIN CHILD-CARE FACILITIES AND CHILD-PLACING ENTITIES. (a) A nonprofit child-care facility or child-placing agency is entitled to receive coverage under this article if the facility or agency:

(1) is licensed under Chapter 42, Human Resources Code;

(2) is accredited by a national accreditation agency, such as the Joint Commission on Accreditation of Healthcare Organizations or the Council on Accreditation, in accordance with rules adopted by the executive commissioner of the Health and Human Services Commission; and

(3) contracts with the Department of Family and Protective Services to provide services to children in foster care and those children represent not less than 25 percent of the total number of children served annually by the facility or agency.

(b) The association shall provide liability insurance coverage under this section in a form and in at least the amounts sufficient to satisfy the requirements of Section 42.049, Human

1 Resources Code. The insurance coverage provided may, in accordance
2 with the plan of operation, include additional related liability
3 coverages necessary or advisable for the operations of the facility
4 or agency.

5 (c) A nonprofit child-care facility or child-placing agency
6 that obtains liability insurance coverage under this section has a
7 contingent liability as described by Section 5 of this article and
8 is subject to assessment under that section. The facility or agency
9 participates in a policyholder's stabilization reserve fund under
10 Section 4A or 4B of this article or under a separate policyholder's
11 reserve fund, as determined by order of the commissioner. A
12 separate policyholder's stabilization reserve fund established by
13 order of the commissioner under this subsection operates in the
14 same manner as a stabilization reserve fund created under Section
15 4B of this article.

16 (d) Except as provided by Subsection (e) of this section, a
17 liability insurance policy issued to a nonprofit child-care
18 facility or child-placing agency under this section is issued in
19 the same manner and subject to the same procedures as a medical
20 liability insurance policy issued under this article.

21 (e) The commissioner by rule may provide that a provision of
22 this article does not apply to liability insurance issued to a
23 nonprofit child-care facility or child-placing agency under this
24 section if the commissioner determines that the provision is
25 inappropriate to the type of liability insurance provided under
26 this section.

27 SECTION 2. Not later than December 31, 2006, the board of

1 directors of the joint underwriting association established under
2 Article 21.49-3, Insurance Code, shall propose to the commissioner
3 of insurance amendments to the association's plan of operation
4 necessary to implement Section 3C, Article 21.49-3, Insurance Code,
5 as added by this Act.

6 SECTION 3. Not later than March 1, 2006, the joint
7 underwriting association established under Article 21.49-3,
8 Insurance Code, shall offer the liability coverage required under
9 Section 3C, Article 21.49-3, Insurance Code, as added by this Act.

10 SECTION 4. This Act takes effect September 1, 2005.