

AN ACT

relating to the selection and retention of an insurance broker by certain counties; imposing an administrative penalty.

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

SECTION 1. Subchapter C, Chapter 262, Local Government Code, is amended by adding Section 262.036 to read as follows:

Sec. 262.036. SELECTION AND RETENTION OF INSURANCE BROKER.

(a) Notwithstanding any other provision in this chapter, a county with a population of 800,000 or more may select an appropriately licensed insurance agent as the sole broker of record to obtain proposals and coverages for insurance that provides necessary coverage and adequate limits of coverage in all areas of risk, including public official liability, property, casualty, workers' compensation, and specific and aggregate stop-loss coverage for self-funded health care.

(b) The county may retain a broker of record selected under this section only on a fee basis paid by the county. A broker of record retained in this manner may not directly or indirectly receive any other remuneration, compensation, or other form of payment from any other source for the placement of insurance business under the broker of record contract.

(c) A broker of record retained under this section may not submit any insurance carrier proposal to the county or direct any county insurance business to an insurance carrier if the broker has

1 a business relationship or proposed business relationship with the
2 carrier, including an appointment, unless the broker first
3 discloses the nature of that relationship or proposed relationship,
4 in writing, to the county.

5 (d) A broker who violates this section is subject to any
6 disciplinary remedy available under Chapter 82, Insurance Code, or
7 Section 4005.102, Insurance Code, including license revocation and
8 fine.

9 SECTION 2. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1214 passed the Senate on May 3, 2005, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 24, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1214 passed the House, with amendment, on May 20, 2005, by the following vote: Yeas 139, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor