

By: Barrientos

S.B. No. 1214

Substitute the following for S.B. No. 1214:

By: Naishtat

C.S.S.B. No. 1214

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the selection and retention of an insurance broker by
3 certain counties; imposing an administrative penalty.

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

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

7 Sec. 262.036. SELECTION AND RETENTION OF INSURANCE BROKER.

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

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

22 (c) A broker of record retained under this section may not
23 submit any insurance carrier proposal to the county or direct any
24 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.