

## **BILL ANALYSIS**

C.S.H.B. 2508  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Observers note that the Charitable Immunity and Liability Act of 1987 was enacted to reduce the liability exposure and insurance costs of charitable organizations and their employees and volunteers for certain policy reasons. Interested parties note that legislation is needed to clarify whether certain common forms of insurance coverage and plans qualify under that act. Interested parties seek to amend the act to expressly state that the type of insurance coverage contemplated includes self-insured retention plans, Lloyd's plans, and certain indemnity policies. C.S.H.B. 2508 seeks to make certain statutory changes relating to immunity and liability issues regarding unincorporated charitable organizations, charitable organizations that use self-insured retentions in their insurance coverage, and charitable organizations that use Lloyd's plans and indemnity policies.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2508 amends the Civil Practice and Remedies Code, in a provision establishing the applicability of provisions under the Charitable Immunity and Liability Act of 1987, to authorize liability insurance coverage to be provided under a plan providing for self-insured retention that the charitable organization has fully paid or establishes to a court that it is capable of fully and immediately paying, a Lloyd's plan, or an indemnity policy to which all requirements for payments have been or will be met, in addition to a contract for insurance or other plan authorized by state law. The bill specifies, for the purposes of the Charitable Immunity and Liability Act of 1987, that coverage amounts are inclusive of a self-insured retention, a Lloyd's plan, or an indemnity policy to which all requirements for payment have been or will be met. The bill redefines "charitable organization" to include a church and, in provisions of law including certain corporations, foundations, community chests, or funds in that definition, to remove the specification that such entities are nonprofit. The bill makes a nonsubstantive change.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 2508, in the provision redefining "charitable organization," differs from the original by including a church in the term's meaning, in addition to corporation, foundation, community chest, or fund, and removing a specification that these entities are nonprofit, whereas the original removes corporation, foundation, community chest, or fund from the definition and specifies that the term means a nonprofit entity. The substitute, in a provision of law authorizing a charitable

organization's liability insurance coverage to be provided under a contract for insurance or other authorized plan, differs from the original by adding, in addition to a Lloyd's plan, a provision authorizing that coverage to be provided under a plan providing for self-insured retention that the charitable organization has fully paid for or the entity establishes to a court that it is capable of fully and immediately paying for, or by an indemnity policy to which all requirements for payment have been or will be met, whereas the original adds insurance coverage provided under a plan for self-insured retention, a Lloyd's plan, or an indemnity policy. The substitute differs from the original in nonsubstantive ways.