

AN ACT

relating to organizations that are covered by the Charitable Immunity and Liability Act of 1987.

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

SECTION 1. Subdivision (1), Section 84.003, Civil Practice and Remedies Code, is amended to read as follows:

(1) "Charitable organization" means:

(A) any organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 by being listed as an exempt organization in Section 501(c)(3) or 501(c)(4) of the code, if it is a ~~[nonprofit]~~ corporation, foundation, community chest, church, or fund organized and operated exclusively for charitable, religious, prevention of cruelty to children or animals, youth sports and youth recreational, neighborhood crime prevention or patrol, fire protection or prevention, emergency medical or hazardous material response services, or educational purposes, including private primary or secondary schools if accredited by a member association of the Texas Private School Accreditation Commission but excluding fraternities, sororities, and secret societies, or is organized and operated exclusively for the promotion of social welfare by being primarily engaged in promoting the common good and general welfare of the people in a community;

(B) any bona fide charitable, religious,

1 prevention of cruelty to children or animals, youth sports and  
2 youth recreational, neighborhood crime prevention or patrol, or  
3 educational organization, excluding fraternities, sororities, and  
4 secret societies, or other organization organized and operated  
5 exclusively for the promotion of social welfare by being primarily  
6 engaged in promoting the common good and general welfare of the  
7 people in a community, and that:

8 (i) is organized and operated exclusively  
9 for one or more of the above purposes;

10 (ii) does not engage in activities which in  
11 themselves are not in furtherance of the purpose or purposes;

12 (iii) does not directly or indirectly  
13 participate or intervene in any political campaign on behalf of or  
14 in opposition to any candidate for public office;

15 (iv) dedicates its assets to achieving the  
16 stated purpose or purposes of the organization;

17 (v) does not allow any part of its net  
18 assets on dissolution of the organization to inure to the benefit of  
19 any group, shareholder, or individual; and

20 (vi) normally receives more than one-third  
21 of its support in any year from private or public gifts, grants,  
22 contributions, or membership fees;

23 (C) a homeowners association as defined by  
24 Section 528(c) of the Internal Revenue Code of 1986 or which is  
25 exempt from federal income tax under Section 501(a) of the Internal  
26 Revenue Code of 1986 by being listed as an exempt organization in  
27 Section 501(c)(4) of the code;

1 (D) a volunteer center, as that term is defined  
2 by Section 411.126, Government Code; or

3 (E) a local chamber of commerce that:

4 (i) is exempt from federal income tax under  
5 Section 501(a) of the Internal Revenue Code of 1986 by being listed  
6 as an exempt organization in Section 501(c)(6) of the code;

7 (ii) does not directly or indirectly  
8 participate or intervene in any political campaign on behalf of or  
9 in opposition to any candidate for public office; and

10 (iii) does not directly or indirectly  
11 contribute to a political action committee that makes expenditures  
12 to any candidates for public office.

13 SECTION 2. Subsection (g), Section 84.007, Civil Practice  
14 and Remedies Code, is amended to read as follows:

15 (g) Sections 84.005 and 84.006 of this Act do not apply to  
16 any charitable organization that does not have liability insurance  
17 coverage in effect on any act or omission to which this chapter  
18 applies. The coverage shall apply to the acts or omissions of the  
19 organization and its employees and volunteers and be in the amount  
20 of at least \$500,000 for each person and \$1,000,000 for each single  
21 occurrence for death or bodily injury and \$100,000 for each single  
22 occurrence for injury to or destruction of property. The coverage  
23 may be provided under a contract for ~~[of]~~ insurance, a plan  
24 providing for self-insured retention that the charitable  
25 organization has fully paid or establishes to a court that it is  
26 capable of fully and immediately paying, a Lloyd's plan, an  
27 indemnity policy to which all requirements for payment have been or

1 will be met, or other plan of insurance authorized by statute and  
2 may be satisfied by the purchase of a \$1,000,000 bodily injury and  
3 property damage combined single limit policy. For the purposes of  
4 this chapter, coverage amounts are inclusive of a self-insured  
5 retention, a Lloyd's plan, or an indemnity policy to which all  
6 requirements for payment have been or will be met. Nothing in this  
7 chapter shall limit liability of any insurer or insurance plan in an  
8 action under Chapter 541 [~~21~~], Insurance Code, or in an action for  
9 bad faith conduct, breach of fiduciary duty, or negligent failure  
10 to settle a claim.

11 SECTION 3. The change in law made by this Act applies only  
12 to a cause of action that accrues on or after the effective date of  
13 this Act. A cause of action that accrues before the effective date  
14 of this Act is governed by the law in effect immediately before the  
15 effective date of this Act, and that law is continued in effect for  
16 that purpose.

17 SECTION 4. This Act takes effect immediately if it receives  
18 a vote of two-thirds of all the members elected to each house, as  
19 provided by Section 39, Article III, Texas Constitution. If this  
20 Act does not receive the vote necessary for immediate effect, this  
21 Act takes effect September 1, 2011.

S.B. No. 1846

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1846 passed the Senate on April 13, 2011, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1846 passed the House on April 21, 2011, by the following vote: Yeas 148, Nays 0, one present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor