

BILL ANALYSIS

Senate Research Center

S.B. 531
By: Duncan
State Affairs
7/10/2013
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 531 clarifies that a governmental unit that creates a self-insurance fund may purchase reinsurance and when a Texas statute or regulation requires a political subdivision or its employees to obtain insurance, the political subdivision may obtain the coverage through a self-insurance fund authorized by the legislature.

These self-insurance funds were created and authorized by the legislature decades ago to provide affordable coverage for the variety of risks encountered by cities, counties, school districts, municipal utility districts, and other political subdivisions throughout Texas.

Currently, there is no language in statute that specifically states that self-insurance funds may purchase reinsurance. Although it is believed that the authority to purchase reinsurance already exists, this bill clarifies that authority.

Various statutes and rules applicable to political subdivisions require that they enter into an insurance contract. As self-insurance funds do not provide insurance—they provide coverage—the funds cannot meet the literal requirement of the various statutes in the same way as they meet many other coverage needs for members. In addition, some licensing agencies and other authorities require proof of insurance in the form of an insurance certificate or require an insurance agent's signature, countersignature, or approval. S.B. 531 amends statute to clarify that those insurance requirements are satisfied by a certificate of coverage issued on behalf of the governmental unit demonstrating that coverage is provided by the fund.

S.B. 531 amends current law relating to self-insurance funds established by governmental units.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2259.031, Government Code, by adding Subsections (c), (d), and (e), as follows:

(c) Authorizes a governmental unit to purchase reinsurance for a risk covered through the self-insurance fund established by the governmental unit (fund).

(d) Authorizes any law, including a regulation, requiring insurance, to be satisfied by coverage provided through the fund.

(e) Authorizes any law, including a regulation, requiring a certificate of insurance or an insurance agent's signature, countersignature, or approval to be satisfied by a certificate of coverage issued on behalf of the governmental unit demonstrating that coverage is provided through the fund.

SECTION 2. Effective date: September 1, 2013.