

By: Oliverson

H.B. No. 3924

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the operation of and coverage by a nonprofit
3 agricultural organization.

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

5 SECTION 1. Title 8, Insurance Code, is amended by adding
6 Subtitle N to read as follows:

7 SUBTITLE N. NONPROFIT AGRICULTURAL ORGANIZATION COVERAGE

8 CHAPTER 1699. NONPROFIT AGRICULTURAL ORGANIZATION COVERAGE

9 Sec. 1699.001. DEFINITION OF NONPROFIT AGRICULTURAL
10 ORGANIZATION. As used in this chapter, "nonprofit agricultural
11 organization" means an organization:

12 (1) that is tax-exempt under Internal Revenue Code
13 under Section 501(c) (5)

14 (2) that is domiciled in Texas;

15 (3) that was in existence before 1940;

16 (4) the members of which include residents of at least
17 98% of the counties in Texas;

18 (5) that collects annual dues from its members; and

19 (6) that was created to promote and develop the most
20 profitable and desirable system of agriculture and the most
21 wholesome and satisfactory conditions of rural life in accordance
22 with its Articles of Incorporation and Bylaws.

23 Sec. 1699.002 NONPROFIT AGRICULTURAL ORGANIZATION
24 COVERAGE. As used in this chapter, "nonprofit agricultural

1 organization coverage" means health benefit coverage provided
2 under this chapter that is: (1) sponsored by: (a) a nonprofit
3 agricultural organization; or (b) an affiliate of a nonprofit
4 agricultural organization (2) offered only to: (a) members of the
5 nonprofit agricultural organization; and (b) families of the
6 members of the nonprofit agricultural organization; (3) deemed by
7 the nonprofit agricultural organization to be important in
8 assisting its members to live long and productive lives (4) not
9 considered insurance under this title or any other provision of
10 Texas law; and (5) not subject to the regulatory authority of the
11 department of insurance under this title or any other provision of
12 Texas law.

13 1699.003 ACKNOWLEDGEMENT.

14 (a) An individual applying for nonprofit agricultural
15 organization coverage under this chapter shall be notified by the
16 nonprofit agricultural organization and must acknowledge that the
17 nonprofit agricultural organization coverage:(1) is not considered
18 insurance; and (2) is not subject to the administrative rules of the
19 Texas Department of Insurance.

20 (b) The acknowledgement required by subsection (a) must be
21 in writing and signed by the individual. The nonprofit agricultural
22 organization shall: (1) keep a copy of the written acknowledgement
23 for the duration of the contract under which the individual is
24 provided coverage under this chapter; and (2) provide a copy of the
25 acknowledgment to the individual at the individual's request.

26 Sec. 1681.004. EXEMPTION. Notwithstanding any other
27 provision of this code, a nonprofit agricultural organization that

1 acts in accordance with this chapter is not considered to be
2 engaging in the business of insurance.

3 SECTION 2. This Act takes effect January 1, 2022.