

By: Springer

S.B. No. 1973

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.