

BILL ANALYSIS

Senate Research Center
89R20627 SCL-D

H.B. 2563
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Natural Resources
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The bill's author informed the committee that the Panhandle Wildfire highlighted the need for prescribed burning to properly manage both public and private lands in Texas. Prescribed burns can have positive effects on wildlife habitat, land management, agricultural production, and, most importantly, wildfire risk mitigation. According to a 2022 press release from the Texas A&M Forest Service, publicly held lands are currently burned at adequate levels. However, less than five percent of all land in Texas is public, and burning must occur more frequently on privately owned lands. The bill's author informed the committee that, for Texas to encourage more prescribed burning on private lands, the state needs more Certified Insured Prescribed Burn Managers (CIPBMs) and to increase the capacity of existing CIPBMs. One way to do this is to increase the availability of liability insurance to CIPBMs, which is currently insufficient. H.B. 2563 seeks to establish the Prescribed Burn Manager Self-Insurance Program, which is a temporary insurance pool administered by the Texas A&M Forest Service.

H.B. 2563 amends current law relating to establishment of the temporary certified and insured prescribed burn manager self-insurance pool and authorizes a fee.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the director of the Texas A&M Forest Service in SECTION 1 (Section 2155.002, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle G, Title 10, Insurance Code, by adding Chapter 2155, as follows:

CHAPTER 2155. TEMPORARY CERTIFIED AND INSURED PRESCRIBED BURN MANAGER SELF-INSURANCE POOL

Sec. 2155.001. DEFINITIONS. Defines "CIPBM," "fund," "program," and "service."

Sec. 2155.002. CIPBM SELF-INSURANCE PROGRAM. (a) Requires the Texas A&M Forest Service (service) to administer a CIPBM self-insurance program (program) that:

- (1) identifies and evaluates risks arising from prescribed burns conducted under Chapter 153 (Prescribed Burning), Natural Resources Code;
- (2) maintains a loss-prevention and loss-control program to reduce risks arising from prescribed burns;
- (3) consolidates and administers prescribed burn risk management and self-insurance programs; and
- (4) provides prescribed burn self-insurance coverage in accordance with Section 2155.003.

(b) Authorizes the service to employ staff to administer the program.

(c) Authorizes the director of the service to adopt rules to implement and administer the program.

Sec. 2155.003. SELF-INSURANCE POOL; COVERAGE. (a) Requires the program to administer a self-insurance pool to provide general liability coverage for CIPBMs who are residents of this state.

(b) Requires that the coverage indemnify a participating CIPBM for liability arising from a prescribed burn. Requires that the coverage limits provided be the minimum amounts required for purposes of Section 153.082 (Insurance), Natural Resources Code.

(c) Prohibits the self-insurance pool from providing coverage for a risk other than prescribed burning conducted by a participating CIPBM. Provides that prohibited coverage includes workers' compensation, automobile liability, and errors and omissions or professional liability.

(d) Provides that the self-insurance coverage provided under this section is authorized to be funded only from money available from the fund.

(e) Authorizes the director of the service to recommend requirements for participation in coverage under this section and equipment and safety standards for the prescribed burns to be covered under this section.

Sec. 2155.004. PARTICIPATION IN SELF-INSURANCE POOL. (a) Requires a CIPBM, to participate in coverage provided under Section 2155.003, to submit a written request to the program in the form and manner prescribed by the service.

(b) Requires the director of the service to approve the request for participation if the CIPBM to be covered is certified under Section 153.048 (Certified and Insured Prescribed Burn Managers), Natural Resources Code.

Sec. 2155.005. TRAINING REQUIREMENTS. (a) Requires a participating CIPBM, as a condition for continuing participation in coverage provided under Section 2155.003, to complete a wildfire suppression course offered or sanctioned by the service that trains the CIPBM on proper coordination with this state or local fire departments in the event that a prescribed burn escapes its predetermined boundaries and proper assistance in the suppression of a naturally occurring wildfire.

(b) Requires the service to develop the course described by Subsection (a) in compliance with the minimum standards for prescribed burn manager certification under Section 153.048, Natural Resources Code, and maintain records of a participating prescribed CIPBM's completion of the course.

Sec. 2155.006. TEMPORARY CIPBM SELF-INSURANCE FUND. (a) Provides that the fund is an account in a depository selected by the board of regents of The Texas A&M University System in the manner provided by Section 51.003 (Depositories), Education Code, for funds subject to the control of institutions of higher education under Section 51.002 (Funds Subject to Control), Education Code.

(b) Provides that the fund is composed of an amount not to exceed \$25 million appropriated by the legislature, money collected under Section 2155.008, and interest accruing on money in the fund.

(c) Provides that money in the fund is authorized to be spent only for funding self-insurance under the program or administering this chapter, including paying the salaries and expenses of staff for the program and the fund.

Sec. 2155.007. LIMITATION ON STATE'S LIABILITY. Provides that the state's liability for all losses covered by self-insurance provided under this chapter is limited to the assets of the fund, and the state is not otherwise liable for those losses.

Sec. 2155.008. SELF-INSURANCE FEE; COST-SHARING REQUIREMENTS. (a) Authorizes the service to assess and collect a reasonable fee from participating CIPBMs to provide self-insurance coverage under this chapter. Requires the service to also establish reasonable cost-sharing requirements, including appropriate deductibles.

(b) Requires the service, in establishing the amount of the fee and the cost-sharing requirements, to consider the amount that could be charged to CIPBM for similar insurance coverage provided to that CIPBM in accordance with the Insurance Code and ensure that a deductible is sufficiently high to deter the use of the self-insurance coverage for minor losses and ensure the self-insurance coverage is used only for significant losses.

(c) Requires the service to adjust the amount of a premium for the self-insurance coverage under this chapter by using the information collected under Section 2155.009.

(d) Requires that money collected under this section be deposited to the credit of the fund.

Sec. 2155.009. PRESCRIBED BURN DATA COLLECTION. Requires a participating CIPBM, for each prescribed burn the CIPBM conducts, to report in the form and manner prescribed by the service information regarding the amount of land burned in acres by county, the date of the burn, and whether the burn resulted in a financial loss or wildfire response.

Sec. 2155.010. EXCESSIVE CLAIMS. Authorizes the service, if the service determines that a participating CIPBM has made excessive claims under self-insurance coverage under this chapter, to terminate the CIPBM's participation in the self-insurance pool under this chapter or refer the CIPBM to the Prescribed Burning Board for disciplinary action under Section 153.102 (Disciplinary Action; Schedule of Sanctions), Natural Resources Code, as if the CIPBM violated Chapter 153 of that code.

Sec. 2155.011. LEGAL REPRESENTATION. (a) Authorizes the service to employ an attorney to represent a CIPBM in a liability action for which insurance coverage is provided under this chapter.

(b) Prohibits the attorney general from providing the services described by Subsection (a).

Sec. 2155.012. EXPIRATION OF PROGRAM AND CHAPTER. Provides that the program and this chapter expire September 1, 2040. Provides that, on expiration of the program, the remaining balance in the fund that is not needed to pay claims is transferred to the statewide fire contingency account established under Section 88.117 (Statewide Fire Contingency Account), Education Code.

SECTION 2. Effective date: September 1, 2025.