

By: Morgan

H.B. No. 3983

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of risk pools primarily consisting of political subdivisions.

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

SECTION 1. Subtitle C, Title 5, Local Government Code, is amended by adding Chapter 172A to read as follows:

CHAPTER 172A. GENERAL PROVISIONS FOR RISK POOLS PRIMARILY
CONSISTING OF POLITICAL SUBDIVISIONS

Sec. 172A.001. APPLICABILITY OF CHAPTER. This chapter applies only to a risk pool that primarily consists of political subdivisions.

Sec. 172A.002. CONFLICT OF LAWS. To the extent of a conflict between this chapter and other law, this chapter controls.

Sec. 172A.003. RULES. The commissioner of insurance may adopt rules to implement this chapter.

Sec. 172A.004. APPLICABILITY OF INSURANCE LAWS. The following insurance laws apply to coverage provided by a risk pool subject to this chapter:

(1) Title 4, Insurance Code;

(2) Subtitle C, Title 5, Insurance Code; and

(3) Chapter 830, Insurance Code.

Sec. 172A.005. REQUIRED DISCLOSURES. A risk pool that provides health or property and casualty coverage to the members of the pool must annually provide to risk pool members:

1 (1) a written disclosure that the risk pool is not
2 insurance and is not regulated in the same manner as insurers
3 providing similar coverage;

4 (2) a copy of the declarations page of the coverage
5 provided under the risk pool that:

6 (A) lists and identifies each type of coverage
7 provided under the risk pool; and

8 (B) describes the process for filing claims and
9 appeals;

10 (3) a copy of the risk pool's budget for the preceding
11 risk pool year;

12 (4) a report stating the financial status of the risk
13 pool; and

14 (5) a report with a written explanation of each claim
15 denial made by the risk pool in the preceding risk pool year.

16 Sec. 172A.006. ENFORCEMENT. (a) The commissioner of
17 insurance and the Texas Department of Insurance may enforce this
18 chapter against a risk pool in the same manner as the department
19 enforces an insurance law against an insurer under Subtitle B,
20 Title 2, Insurance Code.

21 (b) A person may bring an action against a risk pool in
22 accordance with a law authorizing a private action under Subtitle
23 C, Title 5, Insurance Code. Governmental immunity of a risk pool to
24 suit and from liability is waived to the extent of liability created
25 by this subsection.

26 SECTION 2. Section 172A.004, Local Government Code, as
27 added by this Act, applies only to a contract entered into on or

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1 after January 1, 2026.

2 SECTION 3. This Act takes effect September 1, 2025.