

GOVERNMENT CODE

CHAPTER 653. BONDS COVERING CERTAIN STATE OFFICERS AND EMPLOYEES

Sec. 653.001. SHORT TITLE. This chapter may be cited as the State Employee Bonding Act.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 653.002. LEGISLATIVE INTENT. The intent of the legislature in enacting this chapter is to limit the purchase of surety bonds by state agencies in order that the state, to the greatest extent practicable, shall self-insure for such purposes. This chapter does not affect the purchase by a state agency of any form of insurance other than a surety bond.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 1017, Sec. 1.10, eff. Sept. 1, 2002.

Sec. 653.003. DEFINITIONS. In this chapter:

(1) "Surety bond" means any bond, including a bond for a notary public under Section 406.010, that obligates a surety to pay within certain limits a loss caused by a:

(A) dishonest act of an officer or employee of a state agency; or

(B) failure of an officer or employee of a state agency to faithfully perform a duty of the officer's or employee's office or position.

(2) "Office" means the State Office of Risk Management.

(3) "State agency" means a state department, commission, board, institution, court, or institution of higher education. The term also includes a soil conservation district of the state but does not include any other political subdivision of the state.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 1017, Sec. 1.11, eff. Sept. 1, 2002.

Sec. 653.004. AUTHORITY TO PURCHASE BONDS. (a) Notwithstanding any other law that authorizes or requires a state officer or employee to obtain a surety bond, a state agency may purchase a surety bond for a state officer or employee only if:

(1) required by the constitution of the state or by federal law or regulation;

(2) required by court order; or

(3) approved by the office.

(b) The office may approve the purchase of a surety bond if:

(1) the office finds that the surety bond is warranted by a substantial or unusual risk of loss; or

(2) the office otherwise determines that the purchase of a surety bond is necessary to protect the interests of the state.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 8.42, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1017, Sec. 1.12, eff. Sept. 1, 2002.

Sec. 653.005. SCOPE AND AMOUNT OF BOND COVERAGE. Unless the amount of bond coverage is established as provided by Subsections (a)(1) and (a)(2) of Section 653.004, the office shall determine the necessary scope and amount of bond coverage for a state agency.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 1017, Sec. 1.13, eff. Sept. 1, 2002.

Sec. 653.006. TERMS OF BONDS. A bond may be purchased for three-year coverage.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 653.007. WRITING OF BONDS. (a) Only an insurance company authorized to act as surety in this state may write a bond under this chapter.

(b) A bond under this chapter must be written in triplicate originals on a form approved by the State Board of Insurance.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 653.008. FILING AND CUSTODY OF BONDS. (a) One original of each bond shall be filed with the secretary of state.

(b) One original of each bond shall be filed with the comptroller.

(c) One original of each bond shall be filed with the state agency covered by the bond.

(d) Each state agency is responsible for custody of the bond.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 653.009. PAYMENT OF PREMIUMS. The state, as beneficiary, shall pay premiums on bonds under this chapter from:

(1) money appropriated by the legislature for that purpose;

(2) money appropriated by the legislature to a state agency that may be used for:

(A) administration or administration expense;

(B) operation expense;

(C) general operation expense;

(D) maintenance;

(E) miscellaneous expense; or

(F) contingencies; or

(3) money of a state agency that:

(A) is outside the state treasury; and

(B) may be used by the agency for operational expenses of the agency.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.
Amended by Acts 1999, 76th Leg., ch. 1498, Sec. 2, eff. Sept. 1, 1999.

Sec. 653.010. ATTORNEY GENERAL AUTHORIZED TO RECOVER LOSS. The attorney general, on notice by an agency of a loss covered by a bond under this chapter, may:

(1) immediately bring or cause to be brought an action to recover the loss; and

(2) take any action necessary for recovery of the obligation of the surety.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 653.011. DEPOSIT OF RECOVERY. A recovery of a loss or a recovery on a bond under this chapter shall be deposited to the credit of the fund from which the loss occurred.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 653.012. QUALIFICATION FOR OFFICE OR EMPLOYMENT. Notwithstanding any other law that requires a state officer or employee to obtain a surety bond, a state officer or employee otherwise qualified to hold office, employment, or to serve as a notary public shall not be disqualified because a surety bond has not been obtained for such officer or employee.

Added by Acts 2001, 77th Leg., ch. 1017, Sec. 1.14, eff. Sept. 1, 2002.