

CHAPTER 229

S.B. No. 853

An Act relating to the creation and administration of a self-insurance trust by certain savings and loan associations and to the authority of the State Board of Insurance; adding Article 21.49-7 to Chapter 21, Insurance Code, as amended.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Chapter 21, Insurance Code, as amended, is amended by adding Article 21.49-7 to read as follows:

“Article 21.49-7. SELF-INSURANCE TRUST FOR SAVINGS AND LOAN ASSOCIATIONS

“Section 1. DEFINITIONS. *In this article:*

“(1) ‘Savings and loan association’ means a savings and loan association chartered under federal or state law whose principal office is located in this state.

“(2) ‘Board’ means the State Board of Insurance.

“(3) ‘Trustees’ means the trustees of a self-insurance trust created under this article.

“Section 2. CREATION OF TRUST; COVERAGE. *(a) Two or more savings and loan associations may create a trust under this article to provide insurance and indemnity coverage for its members and their officers and directors.*

“(b) Insurance and indemnity coverage provided by the trust shall be limited to savings and loan blanket bonds covering losses resulting from dishonest acts and criminal acts of employees or losses resulting from robbery or both.

“Section 3. ORGANIZING TRUST; TRUST PLAN. Before organizing and operating a trust under this article, the savings and loan associations proposing to organize the trust shall select trustees to administer the trust and shall prepare a detailed plan of organization and operation in the form and manner prescribed by the board. The proposed plan shall be submitted to the board for examination, suggested changes, and final approval. After final approval the plan may be amended with the approval of the board.

“Section 4. CONDITION FOR PLAN APPROVAL. The board shall approve a proposed plan under this article only if it is satisfied that the trust has and will continue to possess the ability to pay valid claims made to it.

“Section 5. TRUST FUND. (a) The trustees of the trust shall create a trust fund to pay claims made under the coverage provided by the trust.

“(b) The trustees shall administer and control the trust fund and shall pay claims and invest money of the trust fund as provided by the plan.

“Section 6. TRUST PARTICIPATION. A savings and loan association that is one of the associations organizing the trust may participate in the trust by entering into contracts or agreements with the trustees for insurance and indemnity coverage that the trust may provide and paying the required contribution to the trust fund.

“Section 7. TRUSTEE DETERMINATIONS. The trustees shall determine in accordance with the plan the amount of coverage to be provided savings and loan associations participating in the trust and the amount of contributions to be paid by those associations.

“Section 8. STAFF AND CONSULTANTS; SALARIES AND COSTS. (a) The trustees shall employ appropriate professional staff and consultants for management of the trust program.

“(b) The trustees shall pay the salaries of professional staff and consultants and other costs of administering the trust program from the trust fund. The total amount paid for payment of salaries and administration may not exceed an amount fixed by the board, which amount may not exceed 35 percent of the total amount of money in the trust fund in any one year.

“Section 9. BOARD SUPERVISION. A trust whose plan is approved by the board under this article is subject to the continuing supervision of the board relating to its solvency and to approval of its policy forms. The board may set certain minimum requirements to ensure the capability of the trust to satisfy its contractual obligations.

“Section 10. RULES. The board may adopt reasonable rules that are necessary to carry out this article.

“Section 11. APPLICATION OF INSURANCE LAWS. A trust created under this article is not engaged in the business of insurance under this code and under other laws of this state, and this code, including the Texas Property and Casualty Insurance Guaranty Act (Article 21.28-C, Vernon’s Texas Insurance Code), is inapplicable to a trust organized and operated under this article.”

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on April 16, 1985, by the following vote: Yeas 28, Nays 1; passed the House on May 17, 1985, by the following vote: Yeas 116, Nays 0, two present not voting.

Approved: June 3, 1985

Effective: Immediately