

CHAPTER 17

H.B. No. 99

AN ACT

relating to the creation of a county government risk management pool and to the regulation of certain local government insurance pools.

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

SECTION 1. Title 70, Revised Statutes, is amended by adding Article 4413(32i) to read as follows:

Art. 4413(32i). COUNTY GOVERNMENT RISK MANAGEMENT POOL. (a) In this article:

- (1) "County" means any county in this state.*
- (2) "Pool" means the County Government Risk Management Pool.*
- (3) "Fund" means the county government risk management fund.*
- (4) "Board" means the board of trustees of the pool.*
- (5) "Plan" means the pool's plan of operation.*

(b) On adoption of a resolution to create the pool by the commissioners courts of not fewer than 10 counties in this state, the County Government Risk Management Pool is created to insure each county that purchases coverage in the pool against liability for its acts and omissions under the law.

(c) Any county in this state that meets the criteria established by the pool in its plan may purchase from the pool coverage insuring it against liability for its acts or omissions under the law and may use funds of the county to pay any fees, contributions, or premiums required to be a part of the pool and to obtain that coverage.

(d) On authorization to create the pool as provided in Section (b) of this article, each commissioners court adopting a resolution to create the pool shall select one representative to meet with representatives of the other counties adopting the resolutions. At the meeting, the representatives shall adopt guidelines for developing an organizational plan for the pool and shall select nine persons from their number to serve as a temporary board of trustees.

(e) Within 30 days after selection, the members of the temporary board shall meet and begin to prepare a detailed plan of operation for the pool. The plan may include any matters relating to the organization and operation of the pool and its finances and shall include:

(1) the organizational structure of the pool, including the number, method of selection, and method of procedure and operation of the regular board of trustees for the pool and a summary of the method for managing and operating the pool;

(2) a description of the fees, contributions, or financial arrangements necessary to cover the initial expenses of the pool and estimates supported by statistical data of the amounts of those fees, contributions, or other financial arrangements;

(3) underwriting standards and procedures for the evaluation of risks which shall provide that any county that makes application shall be afforded coverage for an initial period of not less than one year regardless of loss history. A longer period of initial coverage may be set by the board. To obtain such coverage during this initial period the standards may require that the county participate in a risk management appraisal and adhere to the recommendations of such appraisal. If such risk management techniques do not sufficiently reduce losses to meet the pool's underwriting criteria within the initial coverage period, the county may be denied subsequent coverage by the pool. A surcharge may be applied to any risk covered during the initial period if the risk does not meet the basic underwriting criteria established by the board;

(4) procedures for purchase of reinsurance;

(5) *methods, procedures, and guidelines for establishing rates for premiums for and limits of coverage in the pool;*

(6) *procedures for the processing and payment of claims;*

(7) *methods and procedures for defraying losses and expenses of the pool; and*

(8) *methods, procedures, and guidelines for the management and investment of the fund.*

(f) *The temporary board shall complete the plan within 90 days after the date of the appointment of the temporary board.*

(g) *The pool is governed by a board of trustees as provided in the plan. Not later than the 15th day after the plan is completed by the temporary board of trustees, the initial regular board must be selected and take office as provided by the plan. A person serving on the board who is a county officer or employee performs duties on the board as additional duties required of his original office or employment. The general administration and operation of the pool and its fund are vested in the board. A member or employee of the board is not liable with respect to any claims for which coverage is provided by the pool or against any county covered by the pool against whom a claim is made. Each member of the board and each employee of the board who has any authority over money in the fund or money collected or invested by the pool shall execute a bond in an amount determined by the board, payable to the pool, conditioned on the faithful performance of his duties. The cost of the bond shall be paid by the pool.*

(h) *Immediately after taking office, the initial regular board shall create the county government risk management fund. The fund must include:*

(1) *fees, contributions, and premiums collected by the pool;*

(2) *investments of money in the fund;*

(3) *interest earned on investments made by the pool; and*

(4) *any other income received by the pool from any sources.*

(i) *The board shall manage and invest the money in the fund in the manner provided by the plan. The money in the fund shall be used to pay liability claims and judgments against counties that are participants in the pool up to the limits of the coverage provided by the pool. Also, money in the fund may be used to pay the administrative and management costs of the pool and the fund up to the limits provided in the plan.*

(j) *The board shall determine the rates for premiums that will be charged and the limits of coverage provided to assure that the pool and the fund are actuarially sound.*

(k) *The board may purchase reinsurance for any risks covered by the pool.*

(l) *The board may exercise any powers and may enter into any contracts necessary to carry out this article and the plan.*

(m) *The board may employ a fund manager and other persons necessary to carry out this article and the plan. Also, the board may employ or contract with persons or insurance carriers for underwriting, accounting, claims, and other services.*

(n) *The board may adopt rules to carry out this article and the plan.*

(o) *The pool provided by this article is not considered insurance under the Insurance Code and other laws of this state and the State Board of Insurance has no jurisdiction over the pool or any other governmental insurance pool created in accordance with The Interlocal Cooperation Act (Article 4413(32c), Vernon's Texas Civil Statutes).*

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.

Ch. 17, § 2

69th LEGISLATURE—SECOND CALLED SESSION

Passed by the House on September 1, 1986, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 99 on September 4, 1986, by the following vote: Yeas 122, Nays 1, 1 present, not voting. Passed by the Senate, with amendments, on September 3, 1986, by the following vote: Yeas 28, Nays 0.

Approved Sept. 23, 1986.

Effective Sept. 23, 1986.