

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2259. SELF-INSURANCE BY GOVERNMENTAL UNITS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2259.001. DEFINITIONS. In this chapter:

(1) "Governmental unit" means:

(A) a state agency or institution;

(B) a local government; or

(C) an entity acting on behalf of a state agency or institution or local government.

(2) "Local government" means a municipality or other political subdivision of this state or a combination of political subdivisions, including a combination created under Chapter 791.

(3) "Public security" means an obligation authorized to be issued under this chapter, including a bond, certificate, or note.

(4) "State agency or institution" includes an institution of higher education.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

Sec. 2259.002. SELF-INSURANCE NOT WAIVER OF IMMUNITY. The establishment and maintenance of a self-insurance program by a governmental unit is not a waiver of immunity or of a defense of the governmental unit or its employees.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

SUBCHAPTER B. SELF-INSURANCE FUND

Sec. 2259.031. ESTABLISHMENT OF FUND. (a) A governmental unit may establish a self-insurance fund to protect the governmental unit and its officers, employees, and agents from any insurable risk or hazard.

(b) The governmental unit may:

(1) issue public securities and use the proceeds for

all or part of the fund; or

(2) use any money available to the governmental unit for the fund.

(c) The governmental unit may purchase reinsurance for a risk covered through the fund.

(d) Any law, including a regulation, requiring insurance may be satisfied by coverage provided through the fund.

(e) Any law, including a regulation, requiring a certificate of insurance or an insurance agent's signature, countersignature, or approval may be satisfied by a certificate of coverage issued on behalf of the governmental unit demonstrating that coverage is provided through the fund.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 428 (S.B. [531](#)), Sec. 1, eff. September 1, 2013.

Sec. 2259.032. PUBLIC PURPOSE. The issuance of a public security or the use of available money for a self-insurance fund under this subchapter is a public purpose of the governmental unit.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

Sec. 2259.033. PAYMENT SOURCE FOR PUBLIC SECURITIES: STATE AGENCY OR INSTITUTION. Public securities issued by a state agency or institution under this subchapter may be payable from any available source of revenue.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

Sec. 2259.034. PAYMENT SOURCE FOR PUBLIC SECURITIES: LOCAL GOVERNMENT. (a) Public securities issued by a local government under this subchapter may be payable from taxes imposed by and revenues of the local government, including:

(1) ad valorem, sales and use, and hotel occupancy taxes;

(2) revenue derived by the local government from any system or other specified source; or

(3) any combination of taxes and revenue.

(b) The issuance of public securities by a local government under this subchapter that are payable from ad valorem taxes is subject to the laws applicable to the issuance of public securities by the local government for other purposes, including Chapter 1251, with respect to the necessity for and conduct of an election.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

Sec. 2259.035. SALE OF PUBLIC SECURITIES. A governmental unit may sell public securities issued under this subchapter at a public or private sale.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

Sec. 2259.036. COUNTY OR MUNICIPAL CERTIFICATES OF OBLIGATION. As provided by Subchapter C, Chapter 271, Local Government Code, a county or municipality may issue and sell for cash, at a public or private sale, certificates of obligation for the establishment and maintenance of a self-insurance fund under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

Sec. 2259.037. APPLICABILITY OF INSURANCE LAWS. The Insurance Code and other laws of this state relating to the provision or regulation of insurance do not apply to:

(1) an agreement entered into under this subchapter;
or

(2) the proceeds of public securities issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

SUBCHAPTER C. RISK RETENTION GROUPS

Sec. 2259.061. FORMATION OF RISK RETENTION GROUP. A governmental unit may form or become a member of a risk retention group formed under the Liability Risk Retention Act of 1986 (15 U.S.C. Section 3901 et seq.) to obtain insurance against an insurable risk.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

Sec. 2259.062. PAYMENT SOURCE FOR GROUP: STATE AGENCY OR INSTITUTION. A state agency or institution may make a payment under a risk retention group agreement from any source, including a legislative appropriation.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.

Sec. 2259.063. PAYMENT SOURCE FOR GROUP: LOCAL GOVERNMENT.

(a) A local government may make a payment under a risk retention group agreement from proceeds of taxes imposed by and revenues of the local government, including:

(1) ad valorem, sales and use, and hotel occupancy taxes;

(2) revenue derived by the local government from any system or other specified source; or

(3) any combination of taxes and revenue.

(b) A local government that does not have authority to impose ad valorem taxes for payment of contractual debts may make a payment under a risk retention group agreement from an annual appropriation of proceeds of ad valorem taxes the local government is authorized to impose.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 5, eff. Sept. 1, 1999.