

LOCAL GOVERNMENT CODE

TITLE 4. FINANCES

SUBTITLE B. COUNTY FINANCES

CHAPTER 119. COUNTY GOVERNMENT LIABILITY INSURANCE POOL

Sec. 119.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of trustees of the county government risk management pool.

(2) "Fund" means the county government risk management fund.

(3) "Plan" means the plan of operation of the county government risk management pool.

(4) "Pool" means the County Government Risk Management Pool created under this chapter.

(5) "Volunteer fire department" means a fire department that is operated on a not-for-profit basis.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1995, 74th Leg., ch. 1056, Sec. 1, eff. Aug. 28, 1995.

Sec. 119.002. CREATION OF RISK MANAGEMENT POOL. (a) On the adoption of a resolution by the commissioners courts of at least 10 counties in this state, the County Government Risk Management Pool is created to insure each county in this state that purchases coverage in the pool against liability for the acts or omissions of that county and the officials and employees of that county under the law.

(b) Any county in this state that meets the criteria established by the pool in its plan of operation may purchase coverage from the pool. The county may use county funds to pay any fees, contributions, or premiums required to be a part of the pool and to obtain coverage through the pool.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1993, 73rd Leg., ch. 561, Sec. 4, eff. Aug. 30, 1993.

Sec. 119.003. ORGANIZATION OF POOL; TEMPORARY BOARD. On the creation of the pool, each commissioners court adopting a resolution to create the pool shall select one representative to

meet with the representatives of the other counties adopting creation 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 for the pool.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 119.004. PLAN OF OPERATION. (a) Within 30 days after the date the temporary board is selected, 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 but must 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;

(2) a summary of the method for managing and operating the pool;

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

(4) underwriting standards and procedures for the evaluation of risks, which must provide that any county that applies shall be provided coverage for an initial period of at least one year, regardless of that county's loss history;

(5) procedures for the purchase of reinsurance;

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

(7) methods, procedures, and guidelines for:

(A) the establishment of premium rates;

(B) the limits of coverage available through the pool; and

(C) the management and investment of the county government risk management fund; and

(8) methods and procedures for defraying losses and

expenses of the pool.

(b) The temporary board shall complete the plan within 90 days after the date the temporary board is appointed.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 119.005. BOARD OF TRUSTEES. (a) The board of trustees shall govern, administer, and operate the pool and the fund.

(b) Within 15 days after the date the plan is completed by the temporary board, 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 board duties as additional duties of the person's original office or employment. A member or employee of the board is not liable with respect to any claims for which coverage is provided by the pool or brought against any county covered by the pool.

(c) Each member and each employee of the board who has authority over money in the fund or over money collected or invested by the pool must execute a bond in an amount determined by the board, payable to the pool, and conditioned that the person will faithfully perform the person's duties. The cost of the bond shall be paid by the pool.

(d) The board shall determine premium rates and coverage limits to ensure that the pool and the fund are actuarially sound.

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

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

(g) The board may adopt any rules, exercise any powers, and enter into any contracts necessary to carry out this chapter and the plan.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 119.006. RISK MANAGEMENT FUND. (a) On taking office, the initial regular board shall create the county government risk management fund.

(b) The board shall credit to the fund:

(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.

(c) 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 participating counties up to the limits of the coverage provided by the pool. Money in the fund also may be used to pay the administrative and management costs of the pool and the fund up to the limits provided by the plan.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 119.007. CERTAIN REQUIREMENTS FOR INITIAL COVERAGE; SURCHARGE. (a) To obtain coverage during the initial coverage period, the standards included in the plan may require a county to participate in a risk management appraisal and to adhere to the recommendations made in the appraisal. If the recommended 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.

(b) 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.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 119.008. NOT INSURANCE; BOARD OF INSURANCE LACKS JURISDICTION. (a) The pool created under this chapter is not insurance for purposes of the Insurance Code and other laws of this state.

(b) The State Board of Insurance has no jurisdiction over the pool or over any other governmental insurance pool created under The Interlocal Cooperation Act (Article 4413(32c), Vernon's

Texas Civil Statutes).

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 119.009. PARTICIPATION BY OTHER POLITICAL SUBDIVISIONS. (a) A political subdivision other than a county may participate in the County Government Risk Management Pool established under this chapter.

(b) A political subdivision participating in the pool under this section is entitled to the same coverage provided to a county and may participate under the same terms and conditions as a county. Added by Acts 1993, 73rd Leg., ch. 561, Sec. 5, eff. Aug. 30, 1993.

Sec. 119.010. CERTAIN COVERAGE AUTHORIZED; DISTRICT JUDGES. The pool may provide coverage against liability for the acts or omissions of a district judge whose judicial district is located, in whole or in part, within the geographic boundaries of a county participating in the pool that arise in the course and scope of the judge's official duties as a judge. A county participating in the pool, a district judge from personal funds, or both the county and the judge, may pay the additional cost of this coverage. Added by Acts 1995, 74th Leg., ch. 1056, Sec. 2, eff. Aug. 28, 1995.

Sec. 119.011. CERTAIN COVERAGE AUTHORIZED; VOLUNTEER FIRE DEPARTMENTS. The pool may provide coverage against liability for the acts or omissions of:

(1) a volunteer fire department that contracts with a county participating in the pool for the provision of fire protection or fire-fighting equipment under Subchapter A, Chapter 352;

(2) a volunteer for a fire department described by Subdivision (1), to the extent the acts or omissions arise in the course and scope of the volunteer's activities as a volunteer for the fire department; and

(3) a person described by Section 352.004(b).

Added by Acts 1995, 74th Leg., ch. 1056, Sec. 2, eff. Aug. 28, 1995.

Sec. 119.012. NOTICE OF CANCELLATION OR CHANGE OF COVERAGE.

(a) Except as provided by Subsection (b), cancellation of coverage for liability provided through the pool under this chapter other than cancellation for nonpayment of contribution, or any change to the terms or conditions of the coverage, may not take effect before the 60th day after the earlier of the date that written notice of the change is:

(1) delivered to the county judge or presiding officer of the governing body of each affected county or other political subdivision; or

(2) mailed, by certified mail, to the county judge or presiding officer of the governing body of each affected county or other political subdivision.

(b) Notice is not required for cancellation or a change to the terms or conditions of the coverage made:

(1) at the request of the affected county or other political subdivision; or

(2) by mutual agreement of the governing body, or authorized agent, of the affected county or other political subdivision and the pool if:

(A) the mutual agreement is evidenced by a writing; and

(B) not later than the 72nd hour before the governing body takes formal action with respect to the agreement, the writing described by Paragraph (A) is provided, electronically or by certified mail, to the county judge or presiding officer of the governing body of the political subdivision.

(c) The notice must be printed in at least 12-point bold-faced type and must specify the reasons for the cancellation or change.

(d) In the case of cancellation of the coverage, the notice must state that, on request of the affected county or other political subdivision, the pool shall refund to the county or political subdivision the pro rata unearned paid contribution of the county or political subdivision. This subsection does not apply if the refund is paid at the time the notice is made.

Added by Acts 1997, 75th Leg., ch. 1419, Sec. 1, eff. Sept. 1, 1997.

Sec. 119.013. QUALIFICATIONS OF ADMINISTRATOR. The individual responsible for administration of the pool, whether employed by the pool or any other entity:

(1) must hold at least a bachelor's degree in a field relating to insurance, finance, business management, or law or hold the professional designation of:

(A) Chartered Property Casualty Underwriter granted by the American Institute for Property and Liability Underwriters;

(B) Certified Insurance Counselor granted by the Society of Certified Insurance Counselors; or

(C) Associate in Risk Management granted by the Insurance Institute of America;

(2) must have at least five years experience in administration of risk pools, commercial insurance production or management, or risk management; and

(3) during each calendar year, shall participate in a minimum of 20 hours of continuing education that:

(A) is acceptable to the board; and

(B) relates to the types of coverage provided by the pool, risk management, or administration of risk pools.

Added by Acts 1997, 75th Leg., ch. 1419, Sec. 1, eff. Sept. 1, 1997.

Sec. 119.014. APPLICATION REQUIREMENTS. The requirements of Section [119.012](#) shall apply to cancellation of, or any change to the terms or conditions of, a contractual obligation to indemnify for liability for the acts or omissions of a county or its officers and employees provided to any county through any intergovernmental risk-sharing pool or insurance coverage.

Added by Acts 1997, 75th Leg., ch. 1419, Sec. 1, eff. Sept. 1, 1997.