

- SUBJECT:** Liability insurance approval for state agencies
- COMMITTEE:** Insurance — favorable, without amendment
- VOTE:** 6 ayes — Smithee, Seaman, Eiland, Isett, B. Keffer, Taylor
0 nays
3 absent — Oliveira, Thompson, Van Arsdale
- WITNESSES:** For — None
Against — None
On — Karen Pettigrew, Office of the Attorney General
- BACKGROUND:** Under Government Code, sec. 612.002, enacted by the 73rd Legislature in 1993, a state agency that owns and operates a motor vehicle, an item of power equipment, an aircraft, or a motorboat or other watercraft may insure its employees against liability arising out of its operation, maintenance, or use. The section specifies that a state agency that elects to provide insurance under this provision shall purchase one or more policies from a liability insurance company authorized to transact business in this state. The liability insurance must be provided on policy forms approved by the State Board of Insurance, now the Texas Department of Insurance (TDI), and by the attorney general as to liability coverage.
- The 75th Legislature in 1997 created the State Office of Risk Management (SORM) in order to merge into one agency the functions of risk management and workers' compensation claims administration for state employees. In 2001, the 77th Legislature, through HB 1203 by Brimer, expanded SORM's risk management duties to approve all purchases of property, casualty, or liability insurance coverage by state agencies, except the University of Texas System, the Texas A&M University System, the Texas Tech System, and the Texas Department of Transportation.
- DIGEST:** HB 933 would amend Government Code, sec. 612.002 (b) by deleting the requirement that liability insurance purchased for a state agency be on

policy forms approved by the State Board of Insurance and that the liability coverage be approved by the attorney general.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS
SAY:**

HB 933 would eliminate duplicative efforts by two state agencies to approve liability insurance coverage for state officers and employees who operate a motor vehicle, power equipment, aircraft, or watercraft. The affected code section specifying that the attorney general must approve such liability coverage predates the existence of SORM. SORM regularly and appropriately advises state agencies on these types of insurance purchases. The four state entities excluded from SORM's risk management charge are completely capable of making decisions regarding liability insurance related to the operation of motor vehicles and power equipment through their own risk managers.

Policy forms of a liability insurance company authorized to transact business in Texas are, by law, approved by TDI, so requiring in sec. 612.002 that the liability policy forms be approved by TDI is not necessary. This bill would eliminate the requirement that two different agencies approve this type of liability coverage and would allow for more efficient use of state resources.

**OPPONENTS
SAY:**

No apparent opposition.