

BILL ANALYSIS

Senate Research Center

H.B. 2736
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Intergovernmental Relations
5-17-97
Committee Report (Amended)

DIGEST

Currently, Texas insurance law provides that a notice of change in policy be given to the policy holder prior to implementation. This bill would require the Texas Association of Counties, a quasigovernmental entity that offers risk pool management, to comply with insurance industry standards by providing written notice of a change in policy to all affected counties.

PURPOSE

As proposed, H.B. 2736 requires the Texas Association of Counties, a quasigovernmental entity that offers risk pool management, to comply with insurance industry standards by providing written notice of a change in policy to all affected counties.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 119, Local Government Code, by adding Sections 119.012 and 119.013, as follows:

Sec. 119.012. NOTICE OF CANCELLATION OF CHANGE OF COVERAGE. (a) Prohibits 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, from taking effect before the 60th day after the earlier of the date that written notice of the change is delivered to the county judge or presiding officer of the governing body of each affected county or other political subdivision; or mailed, by certified mail, to the county judge or presiding officer of the governing body of each affected county or other political subdivision.

(b) Provides that notice is not required for cancellation or a change to the terms or conditions of the coverage made at the request of the affected county or other political subdivision; or by mutual agreement of the governing body of the affected county or other political subdivision and the pool if the mutual agreement is evidenced by a writing, and no 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) Sets forth the requirements for the font-type and contents of the notice.

(d) Requires the notice, in the case of cancellation of the coverage, to 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. Provides that this subsection does not apply if the refund is paid at the time the notice is made.

Sec. 119.013. QUALIFICATIONS OF ADMINISTRATOR. Sets forth the qualifications

and requirements for the individual responsible for administration of the pool, whether employed by the pool or any other entity.

SECTION 2. Makes application of this Act prospective to January 1, 1998.

SECTION 3. (a) Provides that an individual responsible for administration of the County Government Risk Management Pool under Chapter 119, Local Government Code, is not required to satisfy the requirements of Sections 119.013(1) and (2), Local Government Code, as added by this Act, before January 1, 1998, or the requirements of Section 119.013(3), Local Government Code, as added by this Act, before December 31, 1998.

(b) Makes application of Section 119.013, Local Government Code, as added by this Act, prospective.

SECTION 4. Effective date: September 1, 1997.

SECTION 5. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amendment 1.

Page 2, lines 4-6, strikes "not later than the 72nd hour after the time the agreement is made, and prior to formal action by the governing body," and replaces with "not later than the 72nd hour before the governing body takes formal action with respect to the agreement,".