

**Commercial  
Insurance Plans**

A district may procure contracts with any insurance company authorized to do business in Texas to insure its employees under a policy of group health, accident, accidental death and dismemberment, disability income replacement and hospital, surgical, and/or medical expense insurance or a group contract providing for annuities. Dependents of employees may be insured under group policies which provide hospital, surgical, and/or medical expense insurance. *Insurance Code 3.51, Sec. 1*

Exception

A district that is participating in the uniform group coverage program established under Insurance Code Article 3.50-7 (now Insurance Code Chapter 1579) may not procure or renew health insurance contracts under Insurance Code Article 3.51 after the date on which uniform group coverage is implemented. *Insurance Code 3.51, Sec. 3(a)* [See CRD]

**Premium Payments**

Districts procuring policies insuring their employees under Insurance Code Article 3.51, Section 1 may pay all or any portion of the premiums on such policies from local funds of the district, but in no event shall any part of such premiums be paid from funds paid such districts by the state. *Insurance Code 3.51, Sec. 1(b)*

The insureds' contributions to the premiums for such insurance or annuities may be deducted by the employer from the insureds' salaries when authorized in writing by the respective employees. *Insurance Code 3.51, Sec. 1(a)*

**Self-Insurance Fund**

A district may establish a self-insurance fund to protect the district and its officers, employees, and agents from any insurable risk or hazard. A district may issue public securities and use the proceeds for all or part of the fund, or use any money available to the district for the fund.

The district may purchase reinsurance for a risk covered through the fund. Any law or regulation requiring insurance may be satisfied by coverage provided through the fund. Any law or 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 district demonstrating that coverage is provided through the self-insurance fund.

*Gov't Code 2259.031*

"Public security" means an obligation authorized to be issued under Government Code Chapter 2259, including a bond, certificate, or note. *Gov't Code 2259.001(3)*

**Designated Broker of  
Record**

A district may not use a designated broker of record to purchase insurance contracts with premiums of an aggregate value of \$50,000 or more for each 12-month period. If a district expends less than

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\$50,000, in the aggregate, on insurance premiums for each 12-month period, the district may use a designated broker of record to purchase insurance contracts, but the board shall ensure that the use of a designated broker of record is in the district's best interest and select a designated broker of record in a manner it determines is consistent with good business management. *Atty. Gen. Op. JC-0205 (2000)*

[For information regarding procurement requirements, see CH.]

**Risk-Retention  
Groups**

A district may become a member of a risk retention group formed under the Liability Risk Retention Act of 1986 (15 U.S.C. 3901) to obtain insurance against an insurable risk. *Gov't Code 2259.061*