



# The Attorney General of Texas

December 31, 1982

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Mr. Kenneth H. Ashworth  
Coordinating Board  
Texas College and University System  
P. O. Box 12788, Capitol Station  
Austin, Texas 78711

Opinion No. MW-592

Re: Whether a public institution of higher education may, consistent with article 3.50-3 of the Texas Insurance Code, self-insure its employees without purchasing a group insurance policy

Dear Mr. Ashworth:

You inquire as to the ability of a public senior college or university to establish a self-insurance fund to provide life, accident, and health coverage to its employees.

In 1977, the Texas State College and University Employees Uniform Insurance Benefits Act was enacted to provide, inter alia, uniformity in the basic group life, accident, and health insurance coverages for all employees of Texas state colleges and universities. Tex. Ins. Code art. 3.50-3. A public senior college or university is an institution required by the act to provide basic insurance benefits for its employees. Tex. Ins. Code art. 3.50-3, §3(a)(8). Only "qualified carriers" are eligible to bid on the insurance coverage to be provided according to the act. Tex. Ins. Code art. 3.50-3, §4(b)(4)(D)(i). Pursuant to section 3(a)(11) of the act, a "qualified carrier" is:

(A) any insurance company authorized to do business in this state by the State Board of Insurance to provide any of the types of insurance coverages, benefits, or services provided for in this Act under any of the insurance laws of the State of Texas, which has an adequate surplus, a successful operating history, and which has had successful experience in providing and servicing any of the types of group coverage provided for in this Act as determined by the State Board of Insurance;

(B) any corporation operating under Chapter 20 of the Texas Insurance Code which provides any of the types of coverage, benefits, or services provided for in this Act, which has a successful operating history, and which has had successful experience in providing and servicing any of the types of group coverage provided for in this Act as determined by the State Board of Insurance; or

(C) any combination of carriers as herein defined, upon such terms and conditions as may be prescribed by the administrative council.

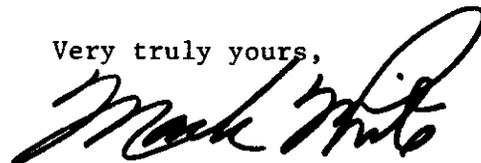
The act further provides that an institution may select and contract for services performed by health maintenance organizations that have authorization to offer health care services to eligible employees in a specific area of Texas. Tex. Ins. Code art. 3.50-3, §4(b)(4)(D)(iv). A self-insured state college or university is not a qualified carrier under the act nor a licensed H.M.O. Therefore, a self-insurance arrangement as described in your request would be impermissible.

Conditioned upon a negative response to your first inquiry, you ask whether a public senior college or university may establish a self-insurance fund in conjunction with the purchase of a stop-loss insurance policy from an insurance company to provide its employees and their dependents with the basic health, life, and accident coverages. We interpret you as asking whether the stop-loss (or excess) policy with a qualified carrier would, in combination with a self-insurance program, assure employees and dependents of the provision of required coverages. In light of the act's clear requirement that the basic coverage be provided by a "qualified carrier," our opinion is that a self-insurance program may not be used to provide any or all of the minimum required coverage.

S U M M A R Y

A self-insurance fund may not be used by a state senior college or university to provide any or all of the uniform life and accident and health benefits required by article 3.50-3 of the Texas Insurance Code.

Very truly yours,



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