

BILL ANALYSIS

C.S.H.B. 3771
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Judiciary & Civil Jurisprudence
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that certain provisions of state law relating to the approval of insurance companies to provide structured settlement annuity contracts are outdated and make reference to obsolete ratings and to companies no longer in business. There are concerns that these outdated references can lead to confusion in the courts and negatively impact consumers and businesses. C.S.H.B. 3771 seeks to address these concerns by updating those references.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3771 amends the Property Code to change the type of rating of an insurance company a court may consider in approving the insurance company for purposes of providing certain structured settlement annuity contracts by replacing the consideration of an industry rating equivalent to at least two statutorily specified rating organizations with the consideration of an issuer credit rating equivalent to a National Association of Insurance Commissioners (NAIC) 1 designation from a national or international rating agency that:

- has registered with the federal Securities and Exchange Commission;
- is designated as a nationally recognized statistical rating organization; and
- is on the list of Credit Rating Providers by the Securities Valuation Office of the NAIC.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3771 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include a provision authorizing a presiding judge to resolve disputes regarding which company will provide the structured settlement annuity contracts by making a certain determination.