

BILL ANALYSIS

H.B. 3045
By: Hull
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The most recent biennial report of the Texas Department of Insurance (TDI) included recommendations to remove outdated statutes and provide regulatory relief to plans under TDI jurisdiction. One of these recommendations is to remove the requirement for health maintenance organizations (HMOs) to submit fidelity bonds to the comptroller of public accounts. Currently, HMOs are required to submit these bonds on their officers and employees to the comptroller to protect their members in the event of insolvency. However, legislation was enacted last session moving HMOs into the Texas Life & Health Insurance Guaranty Association, a nonprofit entity created by the legislature in 1973 as a last resort to protect policyholders from insolvency. Moving HMOs into the association has since rendered the requirement to deposit bonds with the comptroller duplicative and unnecessary. H.B. 3045 seeks to address this issue by removing statutory requirements for HMOs to deposit certain bonds with the comptroller.

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

H.B. 3045 amends the Insurance Code to do the following with respect to domestic life, health, or accident insurance companies:

- remove the requirement for a company seeking to withdraw securities deposited with the comptroller of public accounts or a portion of the deposit to first substitute a deposit of securities of a like class and of an amount and value equal to the withdrawn deposit or portion of deposit; and
- repeal the following:
 - the requirement for a company to maintain a deposit of securities as long as it has outstanding any liability to a policyholder in Texas; and
 - provisions relating to withdrawal of a deposit after a merger, consolidation, or total reinsurance by two or more companies.

H.B. 3045 repeals the following with respect to a health maintenance organization (HMO):

- provisions requiring an HMO to maintain in force in its own name a fidelity bond on its officers and employees or to make instead a cash deposit with the comptroller;
- provisions requiring a management contractor seeking to contract with an HMO to have in force in its own name a fidelity bond on its officers and employees or to make instead a deposit of cash or securities with the comptroller; and

- provisions requiring an HMO to make an initial deposit of cash, securities, or other guarantees with the comptroller and to make subsequent deposits under certain circumstances.

The bill requires the comptroller, on the bill's effective date, to release, transfer, and deliver to the owner any deposits made by an HMO under these repealed provisions. The bill authorizes an HMO instead, at its option and after receiving approval of the commissioner of insurance, to deposit with the comptroller cash, securities, or any combination of cash, securities, and other guarantees and to withdraw a deposit made to the comptroller or any portion of the deposit.

H.B. 3045 amends the Health and Safety Code to make a conforming change.

H.B. 3045 repeals the following provisions of the Insurance Code:

- Section 841.355;
- Section 841.357;
- Sections 843.105(d), (e), (f), and (g);
- Section 843.402; and
- Section 843.405.

EFFECTIVE DATE

September 1, 2021.