

SUBJECT: Repealing Insurance Code provision on fidelity and surety businesses

COMMITTEE: Insurance — favorable, without amendment

VOTE: 9 ayes — Smithee, Duncan, Averitt, Counts, De la Garza, Driver, Dutton,  
G. Lewis, Shields

0 nays

WITNESSES: For — None

Against — None

On — Woody Pogue, Texas Department of Insurance

DIGEST: HB 775 would repeal Insurance Code art. 21.33, which allows corporations that are not life insurance companies to conduct fidelity and surety business or liability insurance business, under the same requirements prescribed for life insurance companies, if they have paid up capital equal to \$200,000. The bill would take immediate effect if approved by two thirds of the membership of each house.

SUPPORTERS SAY: Insurance Code art. 21.33 is outdated and unnecessary. The companies referred to in the article are properly incorporated under Insurance Code art. 2.01, which requires a minimum of \$1 million in capital and \$1 million of surplus. Art. 21.33 apparently would allow such a business to be incorporated with only \$200,000 and not subject to other provisions.

The Texas Department of Insurance reports that no business in Texas is incorporated under the provisions of art. 21.33 and that TDI does not regard it as an incorporation statute. Art. 2.01 has superseded art. 21.33, and repeal of the obsolete provision would eliminate confusion.

OPPONENTS SAY: No apparent opposition