SUBJECT:	Allowing insurers to transfer premium tax credits
COMMITTEE:	Insurance — favorable, without amendment
VOTE:	9 ayes — Smithee, Van de Putte, Averitt, Bonnen, Burnam, Eiland, G. Lewis, Olivo, Wise
	0 nays
WITNESSES:	For — Ronald Cobb, American Insurance Association
	Against — None
	On — Kevin Brady, Texas Department of Insurance
BACKGROUND:	The Property and Casualty Insurance Guaranty Association pays claims for insurance companies that become insolvent. Every property and casualty company operating in Texas pays an assessment to the guaranty association to cover claims, administrative costs and other guaranty association expenses. Assessments are based on the amount of insurance the companies sell in Texas. Insurers may credit assessments paid against current and future premium taxes, up to 10 percent per year for 10 years.
DIGEST:	HB 1708 would authorize property and casualty insurance companies to transfer premium tax credits as part of a merger, acquisition or total assumption of reinsurance or if the commissioner approved the transfer.
	HB 1708 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.
SUPPORTERS SAY:	HB 1708 would clarify that insurers can legally transfer premium tax credits as part of a merger or acquisition. The question of whether companies could transfer premium tax credits arose recently in a merger between two large insurance companies. While nothing in the law prohibits this practice, HB 1708 would provide clear authority for such transactions.

OPPONENTS
SAY:

HB 1708 should also authorize the transfer of premium tax credits in life, accident and health and title insurance, as well as property and casualty insurance. Authorizing this practice specifically and only for property and casualty insurers could raise a question about whether it would also be legal for other insurance lines to do the same thing.

NOTES:

The companion bill, SB 1278 by Lucio, has been referred to the Senate Economic Development.