

SUBJECT: Revising prohibitions on unauthorized insurance

COMMITTEE: Insurance — favorable, without amendment

VOTE: 7 ayes — Smithee, Burnam, G. Lewis, J. Moreno, Olivo, Seaman, Wise
0 nays
2 absent — Eiland, Thompson

WITNESSES: None

BACKGROUND: Insurance Code, art. 1.14-1 empowers the Texas Department of Insurance and the insurance commissioner to take action against people who engage in the business of insurance in Texas without authorization. Art. 1.14-1, sec. 13 makes unauthorized insurance a third-degree felony, punishable by two to 10 years in prison and an optional fine of up to \$10,000. It is a defense to prosecution if the defendant's actions do not fit the code's definition of the business of insurance.

DIGEST: HB 3086 would define the offense of unauthorized insurance as engaging in the business of insurance without authorization or exemption from authorization by the department. The offense also would include engaging in the business of insurance after the commissioner had revoked or suspended authorization. The bill would repeal current law that provides a defense to prosecution if the defendant's actions are not included in the definition of the business of insurance. It also would make nonsubstantive changes and update references to other laws.

HB 3086 would take effect September 1, 1999, and would apply only to offenses committed on or after that date.

NOTES: SB 1787 by Bivins, which contains the same provisions as HB 3086, in addition to provisions on proof of financial responsibility and insurance availability, passed the Senate by voice vote on April 30 and has been referred to the House Insurance Committee.