SUBJECT: Removing reporting requirement by insurer of certain disciplinary actions

COMMITTEE: Insurance — favorable, without amendment

VOTE: 9 ayes — Phillips, Muñoz, R. Anderson, Gooden, Oliverson, Paul,
                Sanford, Turner, Vo

                0 nays

WITNESSES: For — Beaman Floyd, Texas Coalition for Affordable Insurance
                Solutions; (*Registered, but did not testify*: Thomas Ratliff, American
                Insurance Association; Paul Martin, National Association of Mutual
                Insurance Companies; Joe Woods, Property Casualty Insurers Association
                of America; Susan Ross, State Farm Insurance; Amanda Martin, Texas
                Association of Business)

                Against — None

                On — (*Registered, but did not testify*: Leah Gillum, Texas Department of
                Insurance)

BACKGROUND: Insurance Code, sec. 81.003(b) requires an insurer to notify and send a
                copy of any applicable order or judgment to the Commissioner of
                Insurance within 30 days after the date of the:

                • suspension or revocation of the insurer's right to transact business
                  in another state;
                • receipt of an order to show cause why the insurer's license in
                  another state should not be suspended or revoked; or
                • imposition of a penalty, forfeiture, or sanction on the insurer for a
                  violation of the insurance laws of another state.

                Insurance regulators participate in national regulatory enforcement
                databases. Observers contend that a reporting obligation requiring an
                insurer to notify and provide certain documentation to the commissioner
                on an insurer's violation of certain insurance laws of another state is

redundant and obsolete.

DIGEST: HB 2665 would remove the requirement that an insurer notify and send a copy of any applicable order or judgment to the Commissioner of Insurance within 30 days after the date of an imposition of a penalty, forfeiture, or sanction on the insurer for a violation of the insurance laws of another state.

The bill would take effect September 1, 2017.

NOTES: A companion bill, SB 1012 by Creighton, was approved by the Senate on April 19 and has been referred to the House Committee on Insurance.