

BILL ANALYSIS

Senate Research Center

H.B. 1975
By: Smithee (Sibley)
Economic Development
4-23-97
Engrossed

DIGEST

Currently, the Insurance Code contains several statutes that authorize and mandate financial examinations of various insurance carriers. The frequency of these examinations varies significantly and may result in extra expenses for insurance carriers and inefficiencies for the Department of Insurance (department) in scheduling the examinations. This bill requires all carriers to undergo an examination every three years unless the commissioner of insurance determines that the financial strength of the carrier justifies less-frequent examinations every five years. Additionally, this bill would subject all carriers to the same requirements in paying the department for examinations.

PURPOSE

As proposed, H.B. 1975 requires all insurance carriers to undergo an examination every three years unless the commissioner of insurance determines that the financial strength of the carrier justifies less-frequent examinations every five years. Additionally, this bill would subject all carriers to the same requirements in paying the Department of Insurance for examinations.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 9.22, Insurance Code, to require every title insurance company, domestic or foreign, to file a verified statement with the commissioner of insurance (commissioner), rather than the Board of Insurance Commissioners (board). Deletes existing text regarding the duties of the board. Provides that each title insurance company is subject to Articles 1.15 and 1.16 of this code. Makes conforming changes.

SECTION 2. Amends Article 10.33, Insurance Code, to delete existing text regarding appointments of the board.

SECTION 3. Amends Article 10.35, Insurance Code, to delete existing text regarding actual expenses of examiners. Provides that each foreign society is subject to Articles 1.15 and 1.16 of this code. Makes conforming changes.

SECTION 4. Amends Article 13.09, Insurance Code, as follows:

Art. 13.09. New heading: EXCEPTIONS AND EXEMPTIONS; EXAMINATIONS. Provides that Articles 1.15 and 1.16 of this code apply to corporations and associations regulated under this chapter.

SECTION 5. Amends Article 14.16, Insurance Code, to delete existing Article 14.16. Makes conforming changes.

SECTION 6. Amends Article 17.22(a), Insurance Code, to delete existing Subdivision (3). Makes conforming changes.

SECTION 7. Amends Article 20.21, Insurance Code, as follows:

Art. 20.21. New heading: BOOKS AND RECORDS; EXAMINATION. Deletes existing text regarding showing all funds collected. Makes a conforming change.

SECTION 8. Amends Section 5B(a), Article 21.49, Insurance Code, to delete existing Subsection (a). Makes a conforming change.

SECTION 9. Amends Section 10, Article 21.49-3, Insurance Code, to delete text regarding examinations. Makes a conforming change.

SECTION 10. Repealers: Article 17.18, Insurance Code (Biennial examination) and Section 5B(c), Article 21.49, Insurance Code (Catastrophe Property Insurance Pool Act).

SECTION 11. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 12. Emergency clause.