

BILL ANALYSIS

Senate Research Center

H.B. 3354
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Economic Development
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Engrossed

DIGEST

In the past, the Texas Workers' Compensation Insurance Fund's (fund) board of directors has experienced problems conducting routine business when board members' terms expired and no successor was appointed for a period of time. H.B. 3354 would enable the board of directors to continue conducting the business of the fund in the event that delays arise in the appointment or reappointment of board members. H.B. 3354 also addresses the fund's recommendation that its board be required to meet quarterly, rather than monthly, now that fund operations have stabilized.

The fund is currently restricted in the amount of interest that it may charge employers electing not to prepay workers' compensation premiums and has requested the ability to charge more competitive rates. H.B. 3354 would enable the fund to more effectively compete in this area.

PURPOSE

As proposed, H.B. 3354 makes the following changes and clarifications with regard to the powers and duties of the fund and its board of directors:

- 1) adds language to the fund's statute clarifying the legislative purposes for the Texas Workers' Compensation Insurance Fund's (fund) existence;
- 2) enables the board of directors of the fund (board) to conduct routine business when delays arise in the appointment or reappointment of board members;
- 3) allows the board to meet quarterly rather than monthly;
- 4) allows the fund to charge higher, more competitive rates of interest to employers choosing not to prepay their workers' compensation insurance premiums;
- 5) authorizes the fund to use 20 percent of its surplus each year for the purpose of retiring the bonds used to start-up the fund.

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 Section 2(a), Article 5.76-3, Insurance Code, to provide that the Texas Workers' Compensation Insurance Fund (fund) is created as a corporate body with the powers provided by this subchapter, rather than in this article, and with all general corporate powers incident to its operation as a corporate body. Requires the fund to serve as a competitive force in the marketplace; guarantee the availability of workers' compensation insurance in this state; and serve as an insurer of last resort as provided under Article 5.76-4 of this code.

SECTION 2. Amends Sections 3(a) and (m), Article 5.76-3, Insurance Code, to require a member of the board of directors of the fund (board) whose term has not expired to continue to serve until

the member's replacement is appointed by the governor. Requires the board to hold meetings at least once each calendar quarter, rather than once each month.

SECTION 3. Amends Section 7(c), Article 5.76-3, Insurance Code, to delete text regarding a certain auction rate.

SECTION 4. Amends Section 13, Article 5.76-3, Insurance Code, to require money in the fund to be invested, subject to a policy by the comptroller, rather than the state treasurer, in certain investments. Deletes existing Subdivisions (f)(1) and (f)(2). Authorizes the board, not more than once in any calendar year, to use up to 20 percent of any surplus that exceeds the ratio specified in Subsection (f) of this section to assist in prepaying or retiring before maturity the bonds issued pursuant to Article 5.76-5, Insurance Code. Authorizes the fund to pay cash dividends or allow a credit on renewal premium for each policyholder insured with the fund other than a policyholder insured under Article 5.76-4 of this code. Provides that a dividends or credit requires prior approval of the department, rather than the Texas Department of Insurance. Requires the fund to file annual statements with the Department of Insurance and the Texas Workers' Compensation Commission in the same manner as required of other workers' compensation insurance carriers, and requires the commissioner, rather than the State Board of Insurance, to include a report on the fund's condition in the commissioner's annual report under Article 1.25 of this code. Makes conforming changes.

SECTION 5. Effective date: September 1, 1997.

SECTION 6. Emergency clause.
Effective date: upon passage.