

BILL ANALYSIS

Senate Research Center

S.B. 1037
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Economic Development
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As Filed

DIGEST

Insurance companies are a major source of capital in Texas, collecting approximately \$42 billion in premiums annually. Communities are in need of greater investment for small businesses, affordable housing, farms and other economic development needs. This bill would require insurance companies to invest in low-income communities in a manner that has a positive effect on those communities. Additionally, this bill would require insurers to annually report to the Department of Insurance each charitable contribution and investment made in a low-income community.

PURPOSE

As proposed, S.B. 1037 provides that each insurer that generates an annual written premium of at least \$2 million in this state has a continuing and affirmative obligation to invest in low-income communities of this state in a manner that has a positive effect on those communities.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Sections 4(a)(5) and 5, Article 21.39-C, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 21E, Insurance Code, by adding Article 21.39-C, as follows:

Art. 21.39-C. COMMUNITY INVESTMENTS; REPORT

Sec. 1. LEGISLATIVE FINDINGS; PURPOSE. Sets forth the legislative findings in regard to increasing safe and sound investments by insurers in low-income communities and providing to the state information on investments in low-income communities.

Sec. 2. DEFINITIONS. Defines "area median income," "insurer," and "low income."

Sec. 3. COMMUNITY INVESTMENT. Provides that each insurer that generates an annual written premium of at least \$2 million in this state has a continuing and affirmative obligation to invest in low-income communities of this state in a manner that has a positive effect on those communities.

Sec. 4. REPORT. Requires each insurer to annually report to the Department of Insurance (department) certain information regarding investments and other similar information required by rule of the commissioner of insurance. Requires the information required by Subsection (a) of this section to be correct on the last day of the latest month preceding the 30th day before the date on which the report is filed with the department.

Sec. 5. RULES. Requires the commissioner to adopt rules as necessary to implement Section 3 of this article. Requires the commissioner to adopt rules on the submission of reports under this article. Authorizes the commissioner to establish different filing dates for different types of insurers to coordinate the filing date with the filing date for a different report required under this code.

Sec. 6. INVESTMENTS NOT AUTHORIZED. Provides that this article does not authorize an insurer to make an investment not otherwise authorized by this code.

Sec. 7. PUBLIC INFORMATION. Provides that a report filed under this article is public information.

SECTION 2. (a) Effective date: September 1, 1997, except as provided by Subsection (b).

(b) Provides that an insurer is not required to file an annual report under Article 21.39-C, Insurance Code, as added by this Act, before January 31, 1998. Provides that an insurer is not required to make a community investment as required by Section 3, Article 21.39-C, Insurance Code, as added by this Act, until the calender year beginning January 1, 1998.

SECTION 3. Emergency clause.