

## **BILL ANALYSIS**

Senate Research Center

S.B. 1740  
By: Armbrister  
Economic Development  
4-16-97  
As Filed

### **DIGEST**

Currently, the law requires the Texas workers' compensation insurance facility to contract with the Texas workers' compensation insurance fund to assume all claim liabilities of the facility by January 1, 1999. The facility has ceased writing workers' compensation insurance under the employers' rejected risk fund on January 1, 1994, and has since been in the process of preparing for the contractual transfer of its claim liabilities, and for dissolution. This bill would provide for the dissolution of the workers' compensation insurance facility operation as an independent entity by transferring control of the facility to the Texas Property and Casualty Insurance Guaranty Association. This bill also repeals the requirement that the facility contract with the workers' compensation insurance fund to assume its claim liabilities.

### **PURPOSE**

As proposed, S.B. 1740 provides for the dissolution of the workers' compensation insurance facility operation as an independent entity by transferring control of the facility to the Texas Property and Casualty Insurance Guaranty Association. This bill also repeals the requirement that the facility contract with the workers' compensation insurance fund to assume its claim liabilities.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Sets forth the findings and declarations of the legislature. Sets forth the purpose of this Act. Requires this Act to be liberally construed in conformity with the legislative findings and purposes.

SECTION 2. Requires the members of the governing committee of the Texas workers' compensation insurance facility (committee) to be deemed to have resigned and the board of directors of the Texas Property and Casualty Insurance Guaranty Association (board) to replace the committee on December 31, 1997. Requires the board to submit a plan to the commissioner of insurance no later than October 31, 1997.

SECTION 3. Requires any assessment of members made after January 1, 1997 to be made as provided by Section 18, Insurance Code and subject to Section 21, Insurance Code.

SECTION 4. Requires the Texas Property and Casualty Insurance Guaranty Association to succeed all rights, defenses, immunities, and liabilities of the Texas workers' compensation facility (facility) by or against the facility on December 31, 1997, and causes of action which arise after that date related to actions or omissions before that date. Provides that the litigation and causes of action are governed under Article 5.76-2, Insurance Code.

SECTION 5. Makes application of Sections 2.05(h) and 2.12, Article 5.76-2 Insurance Code retroactive to December 15, 1997.

SECTION 6. Sets forth indemnity of the Texas workers' compensation insurance facility or its governing committee, executive director, staff, agents, servants, attorneys, consultants, employees,

or member insurers.

SECTION 7. Repealer: Section 18.24(b), Chapter 12, Acts of the 72nd Legislature, 2nd Called Session, 1991, as amended by Section 8, Chapter 885, Acts of the 73rd Legislature, 1993 (Transitions).

(b) Repealer: Section 2.03, Article 5.76-2, Insurance Code (Amendments to charters), effective December 31, 1997.

SECTION 8. Provides that this Act controls, if in conflict with any other law or statute.

SECTION 9. Emergency clause.  
Effective date: upon passage.