

BILL ANALYSIS

Senate Research Center

S.B. 1896
By: Sibley
Economic Development
3-27-97
As Filed

DIGEST

Currently, out-of-state life, health, and accident companies are required to file an annual statement and articles of incorporation and meet capital stock, surplus, and deposit requirements before doing business in Texas. Recently, some states have attempted to force Texas companies to make special deposits and refused to recognize the companies' annual statements. This bill will require the Texas Department of Insurance to impose a regulatory requirement or sanction on an out-of-state company if another state imposes the same regulatory requirement or sanction on a Texas company.

PURPOSE

As proposed, S.B. 1896 requires the Texas Department of Insurance to impose a regulatory requirement or sanction on an out-of-state company if another state imposes the same regulatory requirement or sanction on a Texas company.

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 Chapter 3B, Insurance Code, by adding Article 3.27-5, as follows:

Art. 3.27-5. RECIPROCAL REGULATION

Sec. 1. DEFINITIONS. Defines "insurance regulatory official," "regulatory requirement or sanction," and "state."

Sec. 2. REPORTING REQUIREMENTS. Prohibits the Texas Department of Insurance (department) from accepting an annual statement or other reporting document of an insurance company domiciled in another state to satisfy a condition of doing business in this state if the insurance regulatory official of the other state does not accept certain items.

Sec. 3. RECIPROCITY. Requires the department to impose a regulatory requirement or sanction on a company from another state as a condition of doing business in this state if the insurance regulatory official of the other state imposes, as a condition of doing business in that other state, that regulatory requirement or sanction on an insurance company that is domiciled in this state and that is in compliance with the law and rules of this state.

SECTION 2. Emergency clause.

Effective date: upon passage.