

BILL ANALYSIS

Senate Research Center
77R13018 AJA-F

H.B. 2830
By: Smithee (Sibley)
Business & Commerce
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Engrossed

DIGEST AND PURPOSE

The Texas Department of Insurance (department) has been unsuccessful in obtaining convictions against individuals involved in the sale of unauthorized insurance from locations in Texas to persons who are residents of other states. There is a need to clarify the statutes with regard to this unauthorized insurance activity to eliminate any possible safe harbors for individuals who are engaged in such activities. H.B. 2830 provides that the unlicensed or unauthorized practice of the business of insurance that affects persons in another state or jurisdiction is considered the business of insurance in this state.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 101.001, Insurance Code, by adding Subsection (d) to provide that it is also a concern that this state not become a safe harbor for persons or insurers engaged in the unauthorized business of insurance in this state, regardless of whether the insureds or other persons affected by the unauthorized business of insurance are residents of this state.

SECTION 2. Amends Section 101.051, Insurance Code, by adding Subsection (c) to provide that an act described by Subsection (b) by an unlicensed or unauthorized person or insurer that occurs in this state and that affects a person in another state or jurisdiction constitutes the business of insurance in this state.

SECTION 3. Makes application of the change in law made by Section 101.051(c), Insurance Code, as added by this Act, prospective regarding conduct engaged in on or after the effective date of this Act.

SECTION 4. Effective date: September 1, 2001.