

BILL ANALYSIS

Senate Research Center
79R3210 KCR-D

S.B. 1283
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Business & Commerce
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The Insurance Holding Company System Regulatory Act (Act) requires the Texas Department of Insurance (TDI) to review changes in the control and ownership of insurance companies as well as certain transactions and relationships between insurers and their affiliates.

The protections of the Act do not currently extend to an insurance company holding system if each affiliate in the system is privately owned by five or fewer individuals. This broad exemption lessens TDI's ability to accomplish the purposes of the Act because affiliates owned by five or fewer people are also capable of causing harm to the public interest and policyholders.

As proposed, S.B. 1283 amends the Act contained in Chapter 823, Insurance Code, by removing the exemption for insurance holding company systems owned by five or fewer individuals. This change would restore the broad applicability of the Act that existed until 1995.

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. Repealer: Section 823.015(a) (relating to the exemption of certain insurance holding company systems from the applicability of Chapter 823), Insurance Code.

SECTION 2. Provides that an insurance company holding system that becomes subject to Chapter 823 (Insurance Holding Company Systems), Insurance Code, as a result of the change in law made by this Act is not required to comply with that chapter before January 1, 2006.

SECTION 3. Effective date: September 1, 2005.