

## **BILL ANALYSIS**

Senate Research Center  
80R7505 PB-F

H.B. 1849  
By: Hancock (Brimer)  
State Affairs  
5/17/2007  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Current law requires the Texas Department of Insurance (TDI) to impose, and the comptroller of public accounts to collect, a fee on all domestic life insurance companies for valuing life insurance policies by the department, which may not exceed \$10 for each \$1 million of insurance in force. This fee is charged regardless of the nature or type of life insurance. For many years the fee was required of domestic insurers in order to cover costs incurred by TDI actuaries to mathematically check the calculations of the life insurer's mortality reserves. However, TDI no longer checks the reserves or provides any mathematical verification of the mortality reserves as was previously done.

H.B. 1849 repeals the life valuation fee and repeals the statute that currently authorizes insurers to take a premium tax credit in the amount of valuation fees paid.

### **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 202.052(a), Insurance Code, as follows:

(a) Requires the Texas Department of Insurance (TDI) to impose and the comptroller of public accounts (comptroller) to collect a fee, rather than fees, for the use of the state from each authorized insurer writing a class of insurance authorized under Chapter 841 (Life, Health, or Accident Insurance Companies) for filing of the insurer's annual statement. Prohibits the amount of the fee from exceeding \$500. Deletes existing text providing for a fee of \$10 per \$1 million of insurance provided by the insurer for valuing life insurance policies.

SECTION 2. Amends Section 222.007(a), Insurance Code, as follows:

(a) Entitles an insurer or health maintenance organization to a credit on the amount of tax due under this chapter (Life, Health, or Accident Insurance Premium Tax) for all examination and evaluation fees paid to the state during the calendar year for which the tax is due, except as otherwise provided by this section. Provides that an insurer is not entitled such a credit for fees paid for valuing life insurance policies.

SECTION 3. Makes application of this Act prospective to January 1, 2008.

SECTION 4. Effective date: September 1, 2007.