

## **BILL ANALYSIS**

C.S.H.B. 3164  
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Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested stakeholders explain that in order to prove an insurer's commitment to policyholders, the insurer often makes a voluntary deposit directly with the comptroller of public accounts that is set aside for the benefit of the regulator to pay claims if an insurer becomes insolvent. However, the stakeholders report that over time a practice emerged that proved more workable for the market and better for local communities. The stakeholders contend that for decades insurance carriers have been allowed the option of making this voluntary deposit either directly with the comptroller or with a local bank. If deposited with a local bank, the insurance carrier provides the Texas Department of Insurance (TDI) with a deposit receipt and security agreement, and TDI then remits the receipt to the comptroller. The stakeholders argue that this system creates flexibility for the industry and allows local banks to hold the deposit funds, keeping the money in local communities. C.S.H.B. 3164 seeks to codify this practice.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3164 amends the Insurance Code to authorize a domestic insurer to deposit money or other assets required for the security of an insurer's policyholders or creditors with the Texas Department of Insurance in accordance with the bill's provisions, notwithstanding any Insurance Code requirement that an insurer deposit with the comptroller of public accounts such money or other assets for the security of an insurer's policyholders or creditors, including a deposit required by another state. The bill requires such authorized deposits to be approved by the commissioner of insurance and held under the commissioner's control; subjects an authorized deposit to any requirements applicable to that type of deposit; and prohibits an authorized deposit from being substituted or withdrawn by the insurer without the commissioner's approval. The bill exempts from its provisions any special deposits required to be made under potentially hazardous conditions and a deposit of fees or taxes under the Insurance Code.

### **EFFECTIVE DATE**

September 1, 2015.

## COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3164 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

### INTRODUCED

SECTION 1. Insurance Code Chapter 423 is amended to add Section 423.004 to read as follows:

Sec. 423.004. Statutory Deposits. (a) Notwithstanding any requirement to make a deposit with the comptroller under this Code, an insurer may make the deposit in accordance with the chapter.

(b) Deposits made under this section shall:  
(1) be approved by the commissioner;  
(2) be subject to the requirements applicable to that type of deposit; and  
(3) be held under the commissioner's control and may not be substituted or withdrawn by the insurer without the commissioner's approval.

(c) This section shall not apply to any deposit made under Chapter 406.

SECTION 2. This Act takes effect September 1, 2015.

### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Chapter 423, Insurance Code, is amended by adding Section 423.004 to read as follows:

Sec. 423.004. STATUTORY DEPOSITS WITH DEPARTMENT. (a) Except as provided by Subsection (c), notwithstanding any requirement under this code that an insurer deposit with the comptroller money or other assets for the security of an insurer's policyholders or creditors, including a deposit required by another state, an insurer may deposit the required money or other assets with the department in accordance with this section.

(b) A deposit authorized by Subsection (a):  
(1) must be approved by the commissioner;  
(2) is subject to any requirements applicable to the type of deposit;  
(3) must be held under the commissioner's control; and  
(4) may not be substituted or withdrawn by the insurer without the commissioner's approval.

(c) This section does not apply to any deposit made under Chapter 406 or a deposit of fees or taxes under this code.

SECTION 2. Same as introduced version.