

BILL ANALYSIS

Senate Research Center

H.B. 1287
By: Counts (Duncan)
Economic Development
5-14-97
Engrossed

DIGEST

Currently, the statute governing operations of the Texas Title Insurance Guaranty Association (association), Article 9.48, Insurance Code, does not clearly define the procedure for the return of assessments or authorize the association to transfer funds from its administrative account. This bill will address both problems by amending Section 9 of Article 9.48. These changes would allow excess funds in the association accounts to go to the guaranty fee account where it can be used to fund the title examiners.

The association has three accounts specified by statute. The guaranty fee account is for receipt of guaranty fees collected on title policies and is used to pay the expenses of the title examiners employed by the commissioner of insurance and the covered claims of title agents. The title account is for receipt of funds assessed against member insurers and used to pay covered claims of insolvent insurers. The administrative account is for receipt of investment income from the other accounts and is used to pay the administrative expenses of the association.

H.B. 1287 would clarify the procedure for transferring funds between the three association accounts, state the purpose of the funds, and define how this money is disbursed.

PURPOSE

As proposed, H.B. 1287 clarifies the procedure for transferring funds between the three Texas Title Insurance Guaranty Association accounts, states the purpose of the funds, and defines how this money is disbursed.

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 Section 9, Article 9.48, Insurance Code (Texas Title Insurance Guaranty Act), by amending Subsection (b) and by adding Subsection (c), to provide that should the Texas Title Insurance Guaranty Association (association) at any time determine that money exists in the title account, rather than in the administrative account or the title account, in excess of a certain amount, it shall cause the excess money to be returned pro rata to the holders of any participation receipts on which there is a balance outstanding after deducting any credits taken against premium taxes as authorized by Section 15 of this article. Requires any excess money remaining in the title account after the distribution to be transferred, rather than retained, by the association to the guaranty fee account to be used as provided by, rather than held pursuant to, this article. Requires the association to transfer the excess money to the guaranty fee account to be used as provided by this article, under certain conditions.

SECTION 2. Emergency clause.
Effective date: upon passage.