

BILL ANALYSIS

Senate Research Center

H.B. 2193
By: Wise (Cain)
Economic Development
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Engrossed

DIGEST

Currently, the Insurance Code requires an alien surplus lines insurer to maintain a trust fund in an amount not less than \$1.5 million to protect policyholders in the event of an insolvency. Texas' current requirement is one of the lowest in the nation. H.B. 2193 requires an alien insurer to provide evidence that it maintains in the United States an irrevocable trust fund in a federal reserve system member bank in an amount not less than \$5.4 million.

PURPOSE

As proposed, H.B. 2193 requires an alien surplus lines insurer to provide evidence that it maintains in the United States an irrevocable trust fund in a federal reserve system member bank in an amount not less than \$5.4 million.

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 8(d), Article 1.14-2, Insurance Code, to require an alien surplus lines insurer to provide evidence that it maintains in the United States an irrevocable trust fund in a federal reserve system member bank in an amount not less than \$5.4 million, rather than \$1.5 million.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Emergency clause.