

## **BILL ANALYSIS**

Senate Research Center

S.B. 1565  
By: Cain  
Economic Development  
4-15-97  
Committee Report (Amended)

### **DIGEST**

Currently, the Texas Department of Insurance (department) is authorized to use its own salaried examiners or the services of qualified persons or firms in making examinations of insurance organizations. This provision may allow the department to hire an examiner who has inadequate background and knowledge to perform such examinations. This bill would require the department to use its own salaried examiners or the services of other persons who meet certain qualifications.

### **PURPOSE**

As proposed, S.B. 1565 revises the qualifications and compensation of persons performing examinations of insurance organizations.

### **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 Article 1.04A, Insurance Code, as follows:

Article 1.04A. SALARIED EXAMINERS. (a) Requires, rather than authorizes, the Department of Insurance (department), in making examinations of any insurance organization as provided by law, to only use its own salaried examiners or the services of persons having knowledge of this code, the Texas Administrative Code, and departmental procedural guidelines, rules, and regulations; knowledge of association examination procedures; the credentials of a certified financial examiner as granted by the Society of Financial Examiners; extensive experiences as the examiner-in-charge of association examinations; ability to supervise and train examination staff members of the department; at least 10 years of examination experience as an employee of the department; and Texas examination experience within the preceding five years. Deletes text authorizing the department to use the services of persons or firms qualified to perform such examinations or assist in the performance of such examinations. Requires all fees paid to those persons whose services are used to be in accordance with the provisions of this article. Deletes text relating to payment at the usual and customary rates charged for examination services. Makes conforming changes.

(b) Provides that compensation for the contract examiners to be calculated as 120 percent of the step 4, salary group 21, annual amount from the position classification salary schedule and converted to a daily rate. Prohibits a salary charge from being made for days on which examiners are absent due to sickness or any other cause, provided the company is open for the normal transaction of business. Requires the examiner, if the examiner is available for work on site on any national holiday or any other day that the company has optionally closed for business, to be allowed salary and per diem allowances for that particular day. Provides that meals and lodging expenses for examinations performed outside of a 50-mile radius of the examiner's official domicile will be reimbursed on a basis not to exceed rates published in the geographical expense reimbursement plan (GERP). Provides that no per diem meals and lodging reimbursement will be allowed for examinations performed within a 50-mile radius of the examiner's official domicile. Provides that examiners are authorized to return to the official domicile every other

weekend. Provides that expenses will be paid based on the lesser of airfare or mileage. Provides that this reimbursement is made in lieu of the per diem allowance. Provides that mileage reimbursement will be paid according to the rules of reimbursement in effect for department examiners. Makes conforming changes.

SECTION 2. Severability Clause.

SECTION 3. Requires any rule adopted by the commissioner of insurance which is not in conformity to the standards set forth in SECTION 1 of this Act to be null and void and of no force or effect.

SECTION 4. Provides that if any provision of this Act is in conflict with any other law, rule, regulations, or provisions of the Insurance Code, this Act shall control.

SECTION 5. Emergency clause.  
Effective date: upon passage.

#### **SUMMARY OF COMMITTEE CHANGES**

Amendment 1

Page 2, line 8, insert between the words "the" and "examiners," the word "contract."