

BILL ANALYSIS

Senate Research Center

H.B. 1829
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Economic Development
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Engrossed

DIGEST

Current law protects consumers who buy property and casualty insurance from licensed insurers who become insolvent, by providing for the Texas Property and Casualty Insurance Guaranty Association (association) to pay policyholders' claims. The association collects funds to pay claims by charging its member insurers an assessment based on the value of all net direct written premiums of all member insurers. The Texas Insurance Code defines a "member insurer" as any person who writes any kind of insurance to which the Texas Property and Casualty Insurance Guaranty Act (Act) applies under Section 3 of the Act, including the exchange of reciprocal or inter-insurance contracts, and who is licensed to transact insurance in this state. Although stock, mutual, Lloyds insurers, reciprocal or inter-insurance exchange, and county mutual insurance companies are not encompassed within the statutory definition, the Texas Department of Insurance treats them as member insurers. This treatment may contravene existing law because the Insurance Code exempts these insurers from the operation of all insurance laws except as specifically provided by law. H.B. 1829 includes any stock, mutual, Lloyds insurer, reciprocal or inter-insurance exchange, or county mutual insurance company among the member insurers of the Texas Property and Casualty Insurance Guaranty Association.

PURPOSE

As proposed, H.B. 1829 relates to membership in the Texas Property and Casualty Insurance Guaranty Association.

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 5(10), Article 21.28-C, Insurance Code, to redefine "member insurer" to mean any insurer, rather than person, who writes any kind of insurance to which the Texas Property and Casualty Insurance Guaranty Act applies under Section 3 (Scope), and is licensed to transact insurance in this state, including any stock, mutual, Lloyds insurer, reciprocal or interinsurance exchange, or county mutual insurance company. Proposes to delete the following language: "or other insurer licensed to transact insurance in this state." (This language does not currently exist in the definition of "member insurer.")

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.