

## **BILL ANALYSIS**

Senate Research Center

H.B. 3304  
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Economic Development  
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Engrossed

### **DIGEST**

Currently, Article 1.28, Insurance Code, authorizes a domestic insurer, if it provides written notice to the commissioner of insurance of its intent to relocate books and records and if the commissioner does not disapprove within 30 days after that notice is given, to locate and maintain all or any portion of its books, records, and accounts and its principal offices outside of Texas at a location within the United States. Although the expenses incurred by the Texas Department of Insurance (department) to examine the books, records, accounts, or principal offices of a domestic insurer located outside Texas are prohibited from being used as a credit on or offset to the amount of premium taxes to be paid by the insurer to the state, the department has been hesitant to approve the relocation of books and records because the reimbursements for expenses are not deposited in the department's examiners' fund. Due to this, each out-of-state examination costs the department funds that can be used for other examinations. This bill would require any books, records, and accounts of insurance companies that are located outside this state to be made available to the department, either electronically or at a designated branch or agency office within this state, within three business days of a written request by the department.

### **PURPOSE**

As proposed, H.B. 3304 sets forth requirements and guidelines for the maintenance of certain books and records of certain insurers.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Section 1(g), Article 1.28, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article 1.28, Insurance Code, to provide that this article does not apply to normal accounts including policyholder and claim files of a domestic insurance company (insurer), rather than of either a branch office or agency office of such a company, relating to the business produced by or through an agency of the company whether or not such agency is an affiliate under Article 21.49-1. Requires the insurer to be a health maintenance organization (HMO) that is affiliated with other HMOs or health care providers. Prohibits a separate notice of intent from being required if the insurer has an agreement to maintain its books and records outside the state that meets the applicable requirements of Article 21.49-1, Insurance Code, or this article. Requires the commissioner of insurance to adopt rules allowing the maintenance of the books and records of an insurer subject to this article with a nonaffiliated entity other than an agency and to allow a domestic HMO to comply with this article.

SECTION 2. Effective date: September 1, 1999.  
Makes application of this Act prospective.

SECTION 3. Emergency clause.