

BILL ANALYSIS

Senate Research Center
76R2989 PB-D

C.S.H.B. 542
By: Brimer (Fraser)
Economic Development
5/12/1999
Committee Report (Substituted)

DIGEST

Currently, all sitting board members of the Texas Workers' Compensation Insurance Fund must be policyholders of the fund. Since 1994, the policyholder base of the fund has decreased nearly 50 percent, making it increasingly difficult to locate and recruit board members. This bill would delete the requirement that board members of the fund be policyholders, in order to provide the fund the option of recruiting board members from outside its policyholder base, if necessary.

PURPOSE

As proposed, C.S.H.B. 542 deletes the requirement that board members of the Texas Workers' Compensation Insurance Fund be policyholders of the fund, in order to provide the fund the option of recruiting board members from outside its policyholder base, if necessary.

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 3, Article 5.76-3, Insurance Code, by deleting the requirement that to be eligible for appointment as a member of the board of directors (board) of the Texas Workers' Compensation Insurance Fund (fund) a person must be a policyholder of the fund or an officer or employee of a policyholder and must maintain that status during the period on the board. Deletes text providing that failure to maintain eligibility requirements disqualifies a board member and creates a vacancy on the board. Deletes text requiring the initial appointees to the board to be employers in this state. Makes conforming and nonsubstantive changes.

SECTION 2. Amends Section 9(c), Article 5.76-3, Insurance Code, to authorize the Texas Workers' Compensation Insurance Fund (fund) to establish multitiered systems to price, rather than provide, workers' compensation insurance policies to insureds in its competitive programs as well as to insureds whose policies are offered pursuant to Article 5.76-4 of this code, rather than to insureds who would not otherwise meet the fund's underwriting standards. Authorizes the systems to provide for higher or lower premium payments by insureds based on the fund's evaluation of the underwriting characteristics of the individual risk and the appropriate premium to be charged for the policy coverages, rather than by insureds who present higher than normal risks within a class.

SECTION 3. Emergency clause.
Effective date: upon passage.