

BILL ANALYSIS

Senate Research Center
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S.B. 248
By: Ellis
Economic Development
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As Filed

DIGEST

Currently, Texas law does not provide any investment program directing insurers to make charitable contributions or community investments. This bill amends the Insurance Code to provide that insurers who generate annual written premiums of at least \$2 million in Texas have an affirmative obligation to invest in low-income communities. This bill also requires insurers to annually report their charitable contributions and investments in communities to the Texas Department of Insurance.

PURPOSE

As proposed, S.B. 248 requires community investments by certain insurers, and the annual reporting of those and other investments by the insurers to the Department of Insurance.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the insurance commissioner in SECTION 1 (Sec. 5, Article 21.39-C, Chapter 21E, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 21E, Insurance Code, by adding Article 21.39-C, as follows:

Art. 21.39-C. COMMUNITY INVESTMENTS; REPORT

Sec. 1. LEGISLATIVE FINDINGS; PURPOSE. Sets forth the findings of the legislature regarding investment capital. Sets forth the purpose of this article as increasing sound investments by insurers in low-income communities and providing information to the state on investments in low-income communities.

Sec. 2. DEFINITIONS. Defines "area median income," "insurer," and "low income."

Sec. 3. COMMUNITY INVESTMENT. Provides that each insurer that generates an average annual written premium of at least \$2 million in this state has a continuing and affirmative obligation to invest in low-income communities.

Sec. 4. REPORT. Requires each insurer to annually report to the Department of Insurance certain information. Requires the information reported to be correct as of a certain date.

Sec. 5. RULES. Requires the insurance commissioner (commissioner) to adopt rules necessary to implement Section 3. Requires the commissioner to adopt rules regarding the submission of reports under this article. Authorizes the commissioner to establish different filing dates for different types of insurers to coordinate with required filing dates under this code.

Sec. 6. INVESTMENTS NOT AUTHORIZED. Provides that this article does not authorize an insurer to make an investment not otherwise authorized by this code.

Sec. 7. PUBLIC INFORMATION. Establishes that a report filed under this article is public information.

SECTION 2. Effective date: September 1, 1999, except that an insurer is not required to file an annual report under Article 21.39-C, Insurance Code, until January 31, 2000.

SECTION 3. Emergency clause.