

BILL ANALYSIS

Senate Research Center
77R4490 AJA-F

H.B. 1703
By: Smithee (Jackson)
Business & Commerce
5/2/2001
Engrossed

DIGEST AND PURPOSE

A previous recodification of insurance statutes introduced a grammatical error into the statute relating to captive insurance, which is insurance that is owned by a corporation and only insures the parent corporation or its affiliates. The error had the effect of removing certain exemptions relating to advertising and definitions of insurance activities that applied to a captive insurer's ability to insure the parent company. H.B. 1703 applies these exemptions to certain captive insurance companies.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 101.053(b), Insurance Code, to read as follows:

(b) Provides that Sections 101.051 and 101.052 do not apply to an activity in this state by or on the sole behalf of a nonadmitted captive insurance company that insures solely directors' and officers' liability insurance for the directors and officers of the company's parent and affiliated companies.

SECTION 2. Effective date: September 1, 2001.