

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1658
By: Sibley
Business & Commerce
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Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, documents obtained by the Texas Department of Insurance (department) during the course of an investigation of an insurer, agent, or other regulated entity may be considered open record material. If such documents are indeed open record, the entity being investigated or others could obtain copies of the documents and thwart the investigation. C.S.S.B. 1658 allows the department to maintain the confidentiality of these documents.

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 Chapter 38A, Insurance Code, by adding Section 38.003, as follows:

Sec. 38.003. REQUEST FOR DOCUMENTS UNDER DEPARTMENT INVESTIGATION. (a) Defines “authorization.”

(b) Authorizes the Department of Insurance (department) to request relevant documents as part of an investigation from an insurance company, agent, or holder of an authorization relating to certain matters.

(c) Requires a person who receives a request from the department under Subsection (b) to respond to the request with the production of requested documents not later than the 10th business day after the date the request is received unless additional time is requested and approved by the department. Requires the department to grant a reasonable extension if the documentary evidence requested is voluminous in nature or other extenuating circumstances warrant such an extension.

(d) Prohibits documentary material produced pursuant to an inquiry under this section, unless otherwise ordered by a court for good cause shown, from being produced for inspection or copying by, or disclosed to, any person other than the authorized employee of the department without the consent of the person who produced the material. Requires the department to prescribe reasonable terms and conditions under which the documentary material is made available for inspection and copying by the person who produced the material or any authorized representative of that person.

(e) Authorizes the department to use the documentary material or copies of the material as the department determines necessary in the discharge of the department’s duties, including presentation before any court. Prohibits any material that contains trade secrets from being presented except with the approval of the court in which the action is pending after adequate notice to the person furnishing the material.

SECTION 2. Effective date: September 1, 2001.
Makes application of this Act prospective.

SUMMARY OF COMMITTEE CHANGES

SECTION 1. Amends As Filed S.B. 1658 by conforming text to legislative drafting standards. Makes technical changes to clarify proposed text.

SECTION 2. Conforms proposed text to legislative drafting standards.