

## **BILL ANALYSIS**

Senate Research Center  
77R4300 MXM-F

S.B. 605  
By: Sibley  
Business & Commerce  
2/26/2001  
As Filed

### **DIGEST AND PURPOSE**

Currently, the federal Gramm-Leach-Bailey Act (GLBA) provides for states to review affiliations between banks, securities firms, insurance companies, and other financial companies during the 60 days prior to the effective date or change of control. The Texas Insurance Code in some cases provides the Texas Department of Insurance (TDI) a longer period of time to review affiliations. This provision could be interpreted as preventing or restricting affiliations which are prohibited under the provisions of GLBA. As proposed, S.B. 605 amends the Texas Insurance Code to shorten the review time for affiliation filings to 60 days so that Texas laws will conform with GLBA. S.B. 605 also requires TDI to review and take action on all affiliation filings within 60 days, thereby shortening the review period in some cases.

### **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 5(a)(1), Article 21.49-1, Insurance Code, to require the statement filed under this Subsection (a) to be filed not later than the 60th day before the proposed effective date of the acquisition or change of control and subject to public inspection at the office of the commissioner of insurance (commissioner), and a copy thereof is required to be sent by the acquiring party to the domestic insurer.

SECTION 2. Amends Sections 5(c)(1) and (2), Article 21.49-1, Insurance Code, to require the commissioner to approve or deny any acquisition or change referred to in Subsection (a) not later than the 60th day after the date the statement required by that subsection is filed. Authorizes the 60-day period to be waived by the person filing the statement and the domestic insurer. Requires the commissioner, on the request of either the person filing the statement or the domestic insurer, to hold a public hearing on a denial. Requires the commissioner, in considering whether to approve or deny, to consider whether immediately upon the acquisition or change of control the domestic insurer referred to in Subsection (a) would not be able to satisfy the requirements for the insurance of a new certificate of authority or a license to write the line or lines of insurance for which it is presently licensed; and the effect of such acquisition or change of control would be substantially to lessen competition in any line or subclassification lines of insurance in this State or tend to create a monopoly therein. Requires the public hearing referred to in this subsection to be held not later than the 60th day, rather than 45 days, after the date of the denial, rather than the statement required by Subsection (a) is filed, and at least 20 days' notice thereof is required to be given by the commissioner to the person filing the statement and to the domestic insurer unless such person and the domestic insurer waive such notice. Deletes text regarding matter's placed on the commissioner's contested case docket. Makes conforming changes.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: upon passage or September 1, 2001.