

## **BILL ANALYSIS**

Senate Research Center

S.B. 1938  
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State Affairs  
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### **DIGEST AND PURPOSE**

Currently, mortgage guaranty insurance companies are required by law to deposit 50 percent of their premiums in a contingency reserve fund. The fund is used to cover catastrophic losses. As proposed, S.B. 1938 authorizes a mortgage guaranty insurer to withdraw money from the fund with the approval of the commissioner of insurance.

### **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 Article 21.50, Section 5, Texas Insurance Code, to authorize a mortgage guaranty insurer to withdraw from the contingency reserve any amounts which are in excess of the requirements set out in Section 6 of this article, with the approval of the commissioner of insurance (commissioner). Authorizes the commissioner, in reviewing a request for withdrawal, to consider those records that may be necessary to evaluate the request, including, but not limited to, records relating to loss development and trends. Authorizes the commissioner to also consider the financial condition of the reinsurer, if any portion of the contingency reserve for which withdrawal is requested is maintained by a reinsurer.

SECTION 2. Effective date: September 1, 2003.