

BILL ANALYSIS

Senate Research Center
79R7921 HLT-F

H.B. 1893
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Business & Commerce
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The 1994 Federal Crime Act (18 U.S.C. Section 1033) makes it a federal crime for an individual who has been convicted of any criminal felony involving dishonesty or a breach of trust, or who has been convicted of an offense under the Federal Crime Act, to willfully engage in the business of insurance. This statute also makes it a federal crime for an individual engaged in the business of insurance to willfully permit the unlawful participation described above by any other person.

As a result, insurance companies and insurance executives must be certain that none of their officers, directors, employees or agents have been convicted of this criminal activity. A primary source used to determine whether a person has been convicted of such criminal offense is background checks through consumer reporting agencies.

However, Section 20.05(a)(4), Business & Commerce Code, currently prohibits a consumer reporting agency from providing a consumer report that discloses "... a record of arrest, indictment, or conviction of a crime in which the date of disposition, release, or parole predates the consumer report by more than seven years...."

Thus, the insurance company and its officers are prohibited by federal law from employing someone convicted of certain crimes but they are denied the opportunity to discover the existence of those convictions beyond seven years through the use of consumer reports because of the Texas statute.

H.B. 1893 authorizes a consumer reporting agency to provide certain information if the information is needed to avoid a violation of federal law.

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 20.05, Business & Commerce Code, by adding Subsection (b-1), to authorize a consumer reporting agency to furnish to a person a consumer report that contains information described by Subsection (a) if the information is needed by the person to avoid a violation of 18 U.S.C. Section 1033.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2005.