

BILL ANALYSIS

Senate Research Center
81R10545 PB-F

H.B. 4359
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Some states use contract examiners to perform examinations of insurers and may not coordinate those examinations with other states. This lack of coordination may result in duplicate examination or, in some instances, in duplicate charges for the same examination work. Because the insurer is required to pay the costs of examination, this often results in duplicate costs to the insurer.

H.B. 4359 amends current law relating to the registration with the Texas Department of Insurance of certain contract examiners.

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 751.052, Insurance Code, as follows:

Sec. 751.052. COORDINATION WITH OTHER STATES; REGISTRATION OF CONTRACT EXAMINER. (a) Creates this subsection from existing text. Requires the commissioner of insurance (commissioner) to coordinate the Texas Department of Insurance's (TDI) market analysis and examination efforts with other states through the National Association of Insurance Commissioners.

(b) Requires a person with whom another state contracts to perform any market analysis or examination initiated by the other state of an insurer domiciled in this state to register with and provide certain information to TDI's chief examiner.

(c) Provides that it is a violation of this code for a person to accept compensation from multiple states for the same examination, if doing so results in duplicative costs to the insurer being examined. Provides that it is not a violation of this code for an examiner to conduct an examination of an insurer for the benefit of multiple states in a coordinated examination and the examiner to accept compensation from the states participating in the coordinated examination to reduce the examination costs to the insurer being examined.

SECTION 2. Amends Subchapter C, Chapter 401, Insurance Code, by adding Section 401.107, as follows:

Sec. 401.107. REGISTRATION OF CONTRACT EXAMINERS. (a) Requires a person with whom another state contracts to perform any examination initiated by the other state of an insurer domiciled in this state to register with and provide certain information to TDI's chief examiner.

(b) Provides that it is a violation of this code for a person to accept compensation from multiple states for the same examination, if doing so results in duplicative costs to the insurer being examined. Provides that it is not a violation of this code for an examiner to conduct an examination of an insurer for the benefit of multiple states in a coordinated examination and the examiner to accept

compensation from the states participating in the coordinated examination to reduce the examination costs to the insurer being examined.

SECTION 3. Amends Section 4053.107, Insurance Code, by adding Subsections (d) and (e), as follows:

(d) Requires a person with whom another state contracts to perform any examination initiated by the other state of a managing general agent licensed under this chapter to register with and provide certain information to TDI's chief examiner.

(e) Provides that it is a violation of this code for a person to accept compensation from multiple states for the same examination, if doing so results in duplicative costs to the managing general agent being examined. Provides that it is not a violation of this code for an examiner to conduct an examination of a managing general agent for the benefit of multiple states in a coordinated examination and the examiner to accept compensation from the states participating in the coordinated examination to reduce the examination costs to the managing general agent being examined.

SECTION 4. Effective date: upon passage or September 1, 2009.