

BILL ANALYSIS

Senate Research Center
83R8140 PMO-F

S.B. 801
By: Carona
Business & Commerce
3/8/2013
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Insurance Code requires general property and casualty companies to deposit \$50,000 in cash or securities with the Texas Department of Insurance (TDI). This requirement is unique to general property and casualty companies and was originally enacted as a protection against insolvency. This provision has become unnecessary as current law gives TDI the authority to require deposits when a company's financial situation is considered hazardous. Additionally, the \$50,000 requirement is outdated as a single claim could easily exceed that amount.

S.B. 801 amends the Insurance Code to remove the requirement for a \$50,000 statutory deposit for general casualty companies.

As proposed, S.B. 801 amends current law relating to security deposit requirements for certain insurance companies.

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 Sections 861.252(b) and (d), Insurance Code, as follows:

(b) Authorizes a general casualty company, if, as a prerequisite to engaging in business of insurance in another state, country, or province, the company is required to deposit with the appropriate officer of that state, country, or province, or with the comptroller of public accounts (comptroller), securities or cash, rather than securities or cash in excess of the deposit made under Subsection (a), to deposit with the comptroller any authorized securities or cash sufficient to meet the requirement.

(d) Authorizes a general casualty company to change the company's securities on deposit with the comptroller by withdrawing those securities and substituting an equal amount of other securities consisting only of:

(1) United States currency;

(2) bonds of any state;

(3) bonds or other evidences of indebtedness of the United States the principle and interest of which are guaranteed by the United States;

(4) bonds or other interest-bearing evidences of indebtedness of a county or municipality of any state;

(5) notes secured by first mortgages on otherwise unencumbered real property in this state the title to which is valid and the payment of which is insured wholly or partly by the United States; or

(6) another form of security acceptable to the commissioner of insurance.

Deletes existing text authorizing a general casualty company to change the company's securities on deposit with the comptroller by withdrawing those securities and substituting an equal amount of other securities authorized by Subsection (a) (relating to requiring the company, on granting the charter to the company, to deposit with the comptroller \$50,000).

SECTION 2. Repealer: Section 861.252(a) (relating to requiring a general casualty company to deposit \$50,000 upon the granting of the charter to a general casualty company).

Repealer: Section 982.306 (Deposit for Foreign Casualty Company Not Required), Insurance Code.

SECTION 3. Effective date: upon passage or September 1, 2013.