

BILL ANALYSIS

Senate Research Center
85R6091 MEW-F

S.B. 1012
By: Creighton
Business & Commerce
3/20/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, insurance companies doing business in Texas are required to notify the Texas Department of Insurance (TDI) of certain disciplinary actions occurring in other states. Specifically, Section 81.003(b)(3), Insurance Code, requires insurers to deliver to TDI a copy of any applicable order or judgment within 30 days of the imposition of a penalty, forfeiture, or sanction on the insurer for a violation of the insurance laws of another state.

This reporting requirement has become redundant since TDI and the insurance regulators of the various states have begun to maintain regulatory enforcement databases online through their standard-setting and regulatory support organization the National Association of Insurance Commissioners (NAIC). These databases are available to consumers, state insurance regulators, federal insurance regulators, insurance companies, and other interested parties. The databases include the Complaint Database System (CDS), the Regulatory Information Retrieval System (RIRS), and the Market Actions Tracking System (MATS). The enforcement databases also include the information required to be reported to TDI under Section 81.003(b)(3), Insurance Code.

Electronic reporting has made paper reporting requirements obsolete. Texas is one of only four states that continue to require paper reporting by insurers. By repealing this provision, the legislature will eliminate a redundant paper reporting requirement applicable to all Texas insurance companies.

S.B.1012 amends Chapter 81, Insurance Code, to remove the requirement that an insurance company doing business in Texas notify the commissioner of insurance and deliver a copy of any applicable order or judgment within 30 days of the imposition of a penalty, forfeiture, or sanction on the insurer for a violation of the insurance laws of another state.

As proposed, S.B. 1012 amends current law relating to notification by an insurer of certain disciplinary actions imposed on the insurer for a violation of the insurance laws of another state.

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 81.003(b), Insurance Code, to delete existing text requiring an insurer to notify the commissioner of insurance (commissioner) and to deliver a copy of any applicable order or judgment to the commissioner not later than the 30th day after the date of the imposition of a penalty, forfeiture, or sanction on the insurer for a violation of the insurance laws of another state. Makes nonsubstantive changes.

SECTION 2. Effective date: September 1, 2017.