

BILL ANALYSIS

Senate Research Center

H.B. 1977
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Economic Development
5-5-97
Engrossed

DIGEST

Currently, the Insurance Code prohibits a property and casualty company from exposing itself to loss on any one risk in an amount that would exceed 10 percent of the company's surplus. However, a company incorporated under Texas law and authorized to do business in Texas is not subject to the risk limitation requirement. This bill would subject property and casualty companies incorporated under Texas law and authorized to do business in Texas to the 10 percent risk limitation.

PURPOSE

As proposed, H.B. 1977 subjects property and casualty companies incorporated under Texas law and authorized to do business in Texas to the 10 percent risk limitation.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1(a), Article 21.72, Insurance Code, to prohibit an insurance company incorporated under the laws of this state from exposing itself to any loss or hazard on any one risk in an amount that exceeds 10 percent of the company's surplus.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.