

BILL ANALYSIS

Senate Research Center

H.B. 922
By: Driver (Duncan)
Economic Development
4-23-97
Engrossed

DIGEST

Currently, three directors of the Life, Accident, Health and Hospital Service Insurance Guaranty Association board are chosen from 10 member companies having the largest total direct premium income. Broadening the number of member companies from which these directors are chosen would enable the association to recruit and maintain the most qualified directors. This bill would increase from 10 to 50 the number of member companies from which three members are chosen. Additionally, this bill would prohibit a director from having pecuniary interest in a contribution before the association.

PURPOSE

As proposed, H.B. 922 increases the number of member companies from which three of the directors of the Life, Accident, Health and Hospital Insurance Guaranty Association are chosen from 10 to 50. This bill prohibits a director from having pecuniary interest in a contribution before the association.

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 Sections 7(a) and (d), Article 21.28-D, Insurance Code, to require the commissioner of insurance, rather than the State Board of Insurance, to appoint a board of directors of the Life, Accident, Health and Hospital Insurance Guaranty Association (association) consisting of nine members, three of whom shall be chosen from employees or officers chosen from the 50, rather than 10, member companies having the largest total direct premium income based on the latest financial statement on file at date of appointment. Prohibits a public representative from being, among other items, an officer, director, or employee of an insurance company, insurance agency, agent, broker, solicitor, adjuster, or any other business entity regulated by the Department of Insurance, rather than the State Board of Insurance. Prohibits a director of the association from receiving any money or valuable thing directly, indirectly, or through any substantial interest in any other corporation, firm, or business unit for, among other actions, contribution of assets, policies of insurance, or property made by the association or the supervisor, conservator, or receiver on behalf of an impaired insurer. Deletes text in Subsection (d) relating to any member company or other entity represented by the director. Prohibits a director of the association from having a pecuniary interest, rather than from being pecuniarily or contractually interested in, as principal, co-principal, agent, or beneficiary, directly, indirectly, or through substantial interest in any other corporation, firm, or business unit, in, among other items, the contribution. Makes conforming changes.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.