

By: Smithee

H.B. No. 2839

A BILL TO BE ENTITLED

AN ACT

relating to a liquidity stress test for certain insurance companies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 823, Insurance Code, is amended by adding Section 823.0596 to read as follows:

Sec. 823.0596. LIQUIDITY STRESS TEST. (a) In this section:

(1) "Liquidity stress test framework" means an evidence-based analysis that aims to capture the impact on financial markets of aggregate asset sales of certain insurers under various liquidity stress scenarios.

(2) "Scope criteria" means the designated exposure bases, including minimum magnitudes of the bases for a specified data year, adopted by the commissioner by rule under Subsection (e) to establish a preliminary list of insurers included in the liquidity stress test framework for that data year.

(3) "Ultimate controlling person" has the meaning assigned by Section 823.055.

(b) The ultimate controlling person of an insurer shall file the insurer's results of a specific year's liquidity stress test performed using the liquidity stress test framework adopted by the commissioner by rule under Subsection (e) if:

(1) this state is the lead state of the insurer's group; and

1 (2) the insurer or the insurer's group meets the scope
2 criteria.

3 (c) The filing must be made on the reporting template for
4 the relevant year adopted by the commissioner by rule under
5 Subsection (e).

6 (d) The commissioner may exempt from the filing requirement
7 for a data year an insurer described by Subsection (b) after the
8 commissioner consults with other state insurance commissioners
9 regarding the impact that exempting the insurer may have on the
10 aggregation of liquidity stress test results filed by other
11 insurers with those states.

12 (e) The commissioner by rule shall adopt a liquidity stress
13 test framework, including scope criteria and reporting templates,
14 consistent with the framework published by the National Association
15 of Insurance Commissioners to facilitate the aggregation of results
16 from the liquidity stress test filed with this and other states.

17 (f) The commissioner shall collect the results filed under
18 Subsection (b) and report them to the National Association of
19 Insurance Commissioners in a manner that facilitates the
20 aggregation of other insurers' results filed with this and other
21 states.

22 (g) In addition to the confidentiality protections under
23 Section 823.011:

24 (1) a filing required by Subsection (b) in the
25 possession or control of the department that is obtained by,
26 created by, or disclosed to the commissioner or any other person,
27 including the National Association of Insurance Commissioners, is

1 recognized by this state as being proprietary and to contain trade
2 secrets; and

3 (2) the commissioner and any other person, including
4 the National Association of Insurance Commissioners, who receives a
5 filing required by Subsection (b) may not testify or be required to
6 testify in any private civil action concerning that filing.

7 SECTION 2. This Act takes effect September 1, 2023.