

1-1 By: Smithee (Senate Sponsor - Zaffirini) H.B. No. 2839
 1-2 (In the Senate - Received from the House May 3, 2023;
 1-3 May 5, 2023, read first time and referred to Committee on Business
 1-4 & Commerce; May 19, 2023, reported favorably by the following vote:
 1-5 Yeas 10, Nays 0; May 19, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10			X	
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to a liquidity stress test for certain insurance
 1-22 companies.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subchapter B, Chapter 823, Insurance Code, is
 1-25 amended by adding Section 823.0596 to read as follows:

1-26 Sec. 823.0596. LIQUIDITY STRESS TEST. (a) In this section:

1-27 (1) "Liquidity stress test framework" means an
 1-28 evidence-based analysis that aims to capture the impact on
 1-29 financial markets of aggregate asset sales of certain insurers
 1-30 under various liquidity stress scenarios.

1-31 (2) "Scope criteria" means the designated exposure
 1-32 bases, including minimum magnitudes of the bases for a specified
 1-33 data year, adopted by the commissioner by rule under Subsection (e)
 1-34 to establish a preliminary list of insurers included in the
 1-35 liquidity stress test framework for that data year.

1-36 (3) "Ultimate controlling person" has the meaning
 1-37 assigned by Section 823.055.

1-38 (b) The ultimate controlling person of an insurer shall file
 1-39 the insurer's results of a specific year's liquidity stress test
 1-40 performed using the liquidity stress test framework adopted by the
 1-41 commissioner by rule under Subsection (e) if:

1-42 (1) this state is the lead state of the insurer's
 1-43 group; and

1-44 (2) the insurer or the insurer's group meets the scope
 1-45 criteria.

1-46 (c) The filing must be made on the reporting template for
 1-47 the relevant year adopted by the commissioner by rule under
 1-48 Subsection (e).

1-49 (d) The commissioner may exempt from the filing requirement
 1-50 for a data year an insurer described by Subsection (b) after the
 1-51 commissioner consults with other state insurance commissioners
 1-52 regarding the impact that exempting the insurer may have on the
 1-53 aggregation of liquidity stress test results filed by other
 1-54 insurers with those states.

1-55 (e) The commissioner by rule shall adopt a liquidity stress
 1-56 test framework, including scope criteria and reporting templates,
 1-57 consistent with the framework published by the National Association
 1-58 of Insurance Commissioners to facilitate the aggregation of results
 1-59 from the liquidity stress test filed with this and other states.

1-60 (f) The commissioner shall collect the results filed under
 1-61 Subsection (b) and report them to the National Association of

2-1 Insurance Commissioners in a manner that facilitates the
2-2 aggregation of other insurers' results filed with this and other
2-3 states.

2-4 (g) In addition to the confidentiality protections under
2-5 Section 823.011:

2-6 (1) a filing required by Subsection (b) in the
2-7 possession or control of the department that is obtained by,
2-8 created by, or disclosed to the commissioner or any other person,
2-9 including the National Association of Insurance Commissioners, is
2-10 recognized by this state as being proprietary and to contain trade
2-11 secrets; and

2-12 (2) the commissioner and any other person, including
2-13 the National Association of Insurance Commissioners, who receives a
2-14 filing required by Subsection (b) may not testify or be required to
2-15 testify in any private civil action concerning that filing.

2-16 SECTION 2. This Act takes effect September 1, 2023.

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