

BILL ANALYSIS

C.S.H.B. 3266
By: Gallego
Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

To clarify that if a trade association has a group workers' compensation plan for its members, the class codes of those members qualify for the group and do not require Texas Department of Insurance approval. The bill does not, however, require the insurance company insuring the group to accept any risk or class code into the group. Thus, the company underwriter makes the determination of whether an association member is compatible with the group.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends the Insurance Code by further defining "group" to include the members of a trade association of business entities that join together with the approval of the commissioner.

SECTION 2. Section 2(b): This section holds that two or more business entities, or members of a trade association of business entities, may join together to form a group upon approval of the commissioner.

Section 2(c): This section stipulates that eligibility to join a group is contingent upon one of two factors:

- (1) the entity must be engaged in a business pursuit that is the same or similar to the other business entities participating in the same group, as determined by the commissioner; or
- (2) be a member of a trade association of business entities.

SECTION 3. Amends the Insurance Code to make this law applicable only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2004. A policy delivered, issued for delivery, or renewed before January 1, 2005 is governed by the law as it existed immediately before the effective date of this Act, and is continued in that effect.

EFFECTIVE DATE

September 1, 2003

COMPARISON OF ORIGINAL TO SUBSTITUTE

As originally introduced, HB 3266 would have removed the requirement that the Texas Department of Insurance approve the class codes of employers to be included in any group workers' compensation policy written in Texas. It would have left that decision to the insurance company insuring the group.

The substitute removes that requirement only for members of a trade association which sponsors workers'

compensation group for the benefit of its members.