

BILL ANALYSIS

H.B. 1893
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Financial Institutions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The 1994 Federal Crime Act (18 U.S.C. Section 1033) makes it a federal crime, subject to fine or imprisonment not to exceed five years, or both, for an individual who has been convicted of any criminal felony involving dishonesty or a breach of trust, or who has been convicted of an offense under the Federal Crime Act, to willfully engage in the business of insurance whose activities affect interstate commerce, unless such person has the written consent of an insurance regulatory official authorized to regulate insurance companies to engage in the business of insurance.

The existence of this federal statute makes it necessary that insurance companies and insurance executives determine that none of their officers, directors, employees or agents have been convicted of this criminal activity. A primary source used to determine whether a person has been convicted of such criminal offense is background checks through consumer reporting agencies.

However, Section 20.05(a)(4), Texas Business and Commerce Code, currently prohibits a consumer reporting agency from providing a consumer report that discloses "... a record of arrest, indictment, or conviction of a crime in which the date of disposition, release, or parole predates the consumer report by more than seven years...."

The purpose of this bill is to correct this conflict of state and federal laws by permitting consumer reporting agencies to furnish the conviction information needed by an insurer to avoid its violation of the Federal Crime Act.

H.B. 1893 authorizes a consumer credit reporting agency to provide certain information if the information is needed to avoid a violation of federal law.

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

H.B. 1893 amends Section 20.05, Business & Commerce, as follows:

The bill provides that a consumer reporting agency may furnish a consumer report identifying conviction information to an individual if the individual is seeking the consumer report to comply with the 1994 Federal Crime Act.

EFFECTIVE DATE

September 1, 2005

H.B. 1893 79(R)