

## **BILL ANALYSIS**

H.B. 2614  
By: Eiland  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The purpose of HB 2614 is to enhance consistent regulation of all insurance companies by expressly making Lloyds companies and reciprocal exchanges subject to department information requests under Section 38.001, Insurance Code. This section requires insurers to respond to reasonable inquiries from the Department of Insurance within 10 days of receipt. Current law provides that unless a statute expressly states that it applies to a Lloyds company or reciprocal exchanges, those entities are exempt from that statute. None of these entities is currently expressly included within the scope of Section 38.001, Insurance Code. This legislation amends Sections 942.003 and 941.003 of the Insurance Code to make reciprocal exchanges and Lloyds expressly subject to the requirements of Section 38.001, Insurance Code.

### **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 §38.001(b) to include Lloyds plan or reciprocal or interinsurance exchanges, or agent to the entities that may receive a reasonable inquiry from the department.

SECTION 2: Amends the list of articles referenced in §941.003(b) that a Lloyds company is subject to. Deletes articles 5.49 (maintenance tax on gross premiums) and 21.21 (unfair competition and unfair practices). Adds Chapters 251 ( Insurance maintenance taxes) 252 (fire and allied lines maintenance taxes) 541 (unfair methods of competition and unfair or deceptive acts or practices), and also adds §38.001( data collection and reporting).

SECTION 3: Amends the list of articles referenced in §942.003(b) that a reciprocal and interinsurance exchange is subject to. Deletes article 21.21 (unfair competition and unfair practices) and adds Chapter 541 (unfair methods of competition and unfair or deceptive acts or practices) and also adds §38.001 (data collection and reporting).

SECTION 4: Provides that the change in law made by Section 38.001, Insurance Code, applies only to an inquiry made by the Texas Department of Insurance on or after the effective date of this Act. An inquiry made by the Texas Department of Insurance before the effective date of this Act is covered by the law in effect at the time the inquiry is made, and that law is continued in effect for that purpose.

### **EFFECTIVE DATE**

September 1, 2005