

## **BILL ANALYSIS**

Senate Research Center  
79R17554 E

C.S.H.B. 2614  
By: Eiland (Lucio)  
Business & Commerce  
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Committee Report (Substituted)

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Section 38.001, Insurance Code, requires insurers to respond to reasonable Texas Department of Insurance (TDI) inquiries within 10 days of receipt. TDI's authority to obtain information has been challenged by a reciprocal exchange that refused to respond to TDI's inquiries due to its exemption from this requirement under Section 942.003, Insurance Code. Lloyds companies have similar exemption pursuant to Section 941.003, Insurance Code. Reciprocal exchanges and Lloyds companies write a significant volume of business in the automobile and homeowners lines of business. The inability to require these companies to respond to TDI's requests for information could severely impair TDI's ability to provide proper oversight of the companies' operations.

C.S.H.B. 2614 enhances consistent regulation of all insurance companies by expressly making Lloyds companies and reciprocal exchanges expressly subject to information requests from the Texas Department of Insurance under Section 38.001, Insurance Code.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 38.001(b), Insurance Code, to authorize the Texas Department of Insurance (TDI) to address a reasonable inquiry to any insurance company, including a Lloyd's plan or reciprocal or interinsurance exchange, or an agent or other holder of an authorization relating to the person's business condition or any matter connected with the person's transactions that TDI considers necessary for the public good or for the proper discharge of TDI's duties.

SECTION 2. Amends Section 941.003(b), Insurance Code, to modify the statutes to which a Lloyd's plan is subject.

SECTION 3. Amends Section 942.003(b), Insurance Code, to modify the statutes to which a reciprocal or interinsurance exchange is subject.

SECTION 4. Amends Subchapter A, Chapter 551, Insurance Code, by adding Section 551.004, as follows:

Sec. 551.004. TRANSFER NOT CONSIDERED A REFUSAL TO RENEW. Provides that, for the purposes of this chapter and Articles 5.06-1 (Uninsured or Underinsured Motorist Coverage) and 5.06-3 (Personal Injury Protection Coverage), the transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.

SECTION 5. Repealer: Section 551.056 (Transfer Not Considered Refusal to Renew), Insurance Code.

SECTION 6. Makes application of Section 38.001, Insurance Code, as amended by this Act, prospective.

SECTION 7. Effective date: September 1, 2005.