

## **BILL ANALYSIS**

H.B. 1849  
By: Hancock  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Section 202.052 (1) of the Texas Insurance Code currently requires the Insurance Department to impose, and the Comptroller to collect a fee, on all domestic life insurance companies for valuing life insurance policies by the department, which may not exceed \$10 for each \$1 million of insurance in force. This fee is charged regardless of the nature or type life insurance, whole life, term life, group life, etc.

For many years the fee was required of domestic insurers in order to cover costs incurred by the Texas Department of Insurance actuaries to mathematically check the calculations of the life insurer's mortality reserves. However, the Department no longer checks the reserves or provides any mathematical verification of the mortality reserves as was done years ago.

H.B. 1849 repeals the life valuation fee as it stands in the Texas Insurance Code. The bill also repeals the code that currently allows insurers to take a premium tax credit in the amount of valuation fees paid.

### **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. 1849 relates to certain fees for valuing life insurance policies.

H.B. 1849, in SECTION 1, seeks to amend Section 202.052(a) of the Texas Insurance Code by both adding and deleting language in the subsection. Subsection (a) now states that the Texas Department of Insurance shall impose and the Comptroller shall collect a fee for the use of the state from each authorized insurer writing a class of insurance that may be written by an insurer operating under Chapter 841 for filing of the insurer's annual statement. The amount of the fee may not exceed \$500.

Next, H.B. 1849 in SECTION 2 amends Section 222.007(a) of the Texas Insurance Code by adding language to Subsection (a). This subsection now states that except as otherwise provided by this subsection, an insurer or health maintenance organization is entitled to a credit on the amount of tax due under this chapter for all examination and evaluation fees paid to this state during the calendar year for which the tax is due. An insurer is not entitled to a credit on the amount of tax due under this chapter for fees paid for valuing life insurance policies. The limitations provided by Sections 803.007(1) and (2) (B) for a domestic insurance company apply to a foreign insurance company.

SECTION 3 of H.B. 1849 states that this Act applies to insurer liability for payment of an evaluation fee on or after January 1, 2008.

Finally, SECTION 4 of H.B. 1849 states that this Act takes effect September 1, 2007.

### **EFFECTIVE DATE**

September 1, 2007.