

BILL ANALYSIS

H.B. 2636
By: Smithee
Insurance
Committee Report (Amended)

BACKGROUND AND PURPOSE

The Texas Legislative Council is required by law (Section 323.007, Government Code) to carry out a complete nonsubstantive revision of the Texas statutes. The process involves reclassifying and rearranging the statutes in a more logical order, employing a numbering system and format that will accommodate future expansion of the law, eliminating repealed, invalid, duplicative, and other ineffective provisions, and improving the draftsmanship of the law, if practicable--all toward promoting the stated purpose of making the statutes "more accessible, understandable, and usable" without altering the sense, meaning, or effect of the law. In 1965, the council adopted a long-range plan of compiling the law into 26 codes arranged by general topics; the council now has a plan to compile the law into 27 codes.

Proposed Title 20, Texas Insurance Code, and additional proposed provisions represent a nonsubstantive revision of certain provisions of the existing Insurance Code applicable to insurers and related entities, including provisions relating to taxes, solvency of insurers, protection of consumer interests, life insurance and annuities, health insurance and other health coverages, property and casualty insurance, including ratemaking, and regulation of occupations related to fire protection. The included provisions of the Insurance Code are revised in one new title and other existing titles in the Insurance Code as well as in the Government Code and Local Government Code. The new title of the Insurance Code is Title 20, Regulation of Other Occupations.

Title 20 is divided into chapters. Each proposed chapter is divided into subchapters, if appropriate, and is further divided into sections. Sections are numbered decimally, and the number to the left of the decimal point is the same as the chapter number. Gaps in chapter and section numbering are for future expansion.

The council legal staff has taken meticulous care to ensure that no substantive change has been made in the law and to preserve any ambiguity or interpretation that may exist in current law. The staff has developed an extensive mailing list, and drafts of the proposed revisions have been widely distributed for review and comment to interested individuals, organizations, businesses, industry representatives, and government agencies. The text of the proposed revisions has been made available on the Texas Legislative Council Internet site. The staff has studied the comments and suggestions of persons reviewing the proposed revisions and has taken action to satisfy the concerns expressed.

Proposed Title 20, Insurance Code, and the additional proposed provisions are a nonsubstantive revision of Texas law, meaning the substance of the law has not been altered. The sole purpose of these provisions is to compile the relevant law, arrange it in a logical fashion, and rewrite it without altering its meaning or legal effect. If a particular source statute is ambiguous and the ambiguity cannot be resolved without a potential substantive effect, the ambiguity is preserved.

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

Article 1 of the bill proposes Title 20, Insurance Code, and additional provisions, which represent a nonsubstantive revision of certain provisions of the existing Insurance Code applicable to insurers and related entities, including provisions relating to taxes, solvency of insurers, protection of consumer interests, life insurance and annuities, health insurance and other health coverages, property and casualty insurance, including ratemaking, and regulation of occupations related to fire protection. Article 1 of the bill also includes conforming amendments to existing titles of the Insurance Code necessary to ensure that other substantive changes are not made. In addition, Article 1 of the bill repeals the laws that are revised in that article. Article 1 of the bill also expressly repeals laws that have no continuing effect, including those that have been impliedly repealed. Finally, Article 1 of the bill includes a statement of the legislative intent to recodify only.

Because the provisions of Title 1, Insurance Code, have been revised and updated over the course of several legislative sessions, there are cross-references in the revised code to provisions formerly in Title 1 that were revised after the addition of the revised law that references them. Article 2 of the bill updates cross-references throughout the code to reflect all revisions and nonsubstantive general code updates affecting the Insurance Code, including the revisions and updates being proposed for the 80th Regular Session.

Article 3 of the bill duplicates the sections of the Texas Legislative Council's nonsubstantive general code update bill (House Bill No. 3167 and Senate Bill No. 1883) that amend the Insurance Code to conform revisions added to the Insurance Code by acts of the 79th Legislature to other acts of the 79th Legislature and amend certain other provisions in the Insurance Code to more closely conform to the law from which they were derived. Those sections are included so that the updated cross-references in Article 2 of the bill may reflect the amendments made by these sections.

EFFECTIVE DATE

Articles 1 and 2 of the bill, which add chapters to and amend existing chapters in the Insurance Code, Government Code, and Local Government Code, and correct cross-references in the Insurance Code, are effective April 1, 2009, in order to provide all affected parties a legislative cycle to review more closely the provisions the legislature has enacted in this bill. Article 3 of the bill, which updates and conforms additions to the Insurance Code that were enacted by the 79th Legislature to other acts of the 79th Legislature and to more closely conform certain provisions of the revised Insurance Code to the laws from which they were derived, becomes effective September 1, 2007.

EXPLANATION OF AMENDMENTS

The committee amendment to H.B. 2636 is the result of the process of soliciting and considering public comment on the revised and updated law. Based on comments of the Texas Department of Insurance, the committee amendment redesignates a provision of the revised law, makes a change to more closely conform a provision of the revised law to the source law from which it is derived, and makes several changes to updated cross-references to better reflect the context of the reference and legislative history or to more accurately reflect source law. The amendment also corrects two errors in references within the bill.

The committee amendment does not make substantive changes.