

By: Averitt

S.B. No. 1253

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the frequency and expenses of certain examinations  
3 conducted by the Texas Department of Insurance.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 401.052, Insurance Code, is amended to  
6 read as follows:

7 Sec. 401.052. FREQUENCY OF EXAMINATION. (a) Subject to  
8 Subsection (b) and except as provided by the rules adopted under  
9 that subsection, the [~~The~~] department shall visit and examine a  
10 carrier as frequently [+

11 [~~(1) annually during the first three years after the~~  
12 ~~carrier is organized or incorporated, and~~

13 [~~(2) except as provided by Subsection (b), once every~~  
14 ~~three years after the period described by Subdivision (1), or on a~~  
15 ~~more frequent basis]~~ as the department considers necessary. At a  
16 minimum, the department shall examine a carrier not less frequently  
17 than once every five years.

18 (b) [~~If the commissioner determines that the financial~~  
19 ~~strength of a carrier justifies less frequent examinations than~~  
20 ~~those required under Subsection (a)(2), the department may conduct~~  
21 ~~the examination at intervals not less frequent than every five~~  
22 ~~years.] The commissioner shall adopt rules governing the frequency  
23 of examinations of carriers that have been organized or  
24 incorporated for less than five years [~~determination under this~~~~

1 ~~subsection of whether the financial strength of a carrier justifies~~  
2 ~~less frequent examinations].~~

3 SECTION 2. Section 1305.251, Insurance Code, is amended by  
4 adding Subsections (c) and (d) to read as follows:

5 (c) A network shall pay a fee to the department, in an amount  
6 set by the commissioner and in accordance with rules adopted by the  
7 commissioner, for the expenses of an examination conducted under  
8 this section or Section 1305.252 that:

9 (1) are incurred by the commissioner or under the  
10 commissioner's authority; and

11 (2) are directly attributable to that examination,  
12 including the actual salaries and expenses of the examiners  
13 directly attributable to that examination, as determined under  
14 rules adopted by the commissioner.

15 (d) Fees collected under this section shall be deposited to  
16 the credit of the Texas Department of Insurance operating account.

17 SECTION 3. This Act takes effect September 1, 2007.