

By: Averitt

S.B. No. 1253

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the frequency of certain examinations conducted by the
3 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. This Act takes effect September 1, 2007.