

1-1 By: Averitt S.B. No. 1253
1-2 (In the Senate - Filed March 6, 2007; March 14, 2007, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 March 29, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 6, Nays 0; March 29, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1253 By: Estes

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the frequency and expenses of certain examinations
1-11 conducted by the Texas Department of Insurance.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 401.052, Insurance Code, is amended to
1-14 read as follows:

1-15 Sec. 401.052. FREQUENCY OF EXAMINATION. (a) Subject to
1-16 Subsection (b) and except as provided by the rules adopted under
1-17 that subsection, the [The] department shall visit and examine a
1-18 carrier as frequently[+]

1-19 ~~[(1) annually during the first three years after the~~
1-20 ~~carrier is organized or incorporated; and~~

1-21 ~~[(2) except as provided by Subsection (b), once every~~
1-22 ~~three years after the period described by Subdivision (1), or on a~~
1-23 ~~more frequent basis] as the department considers necessary. At a~~
1-24 minimum, the department shall examine a carrier not less frequently
1-25 than once every five years.

1-26 (b) ~~[If the commissioner determines that the financial~~
1-27 ~~strength of a carrier justifies less frequent examinations than~~
1-28 ~~those required under Subsection (a)(2), the department may conduct~~
1-29 ~~the examination at intervals not less frequent than every five~~
1-30 ~~years.] The commissioner shall adopt rules governing the frequency~~
1-31 of examinations of carriers that have been organized or
1-32 incorporated for less than five years [determination under this
1-33 subsection of whether the financial strength of a carrier justifies
1-34 ~~less frequent examinations].~~

1-35 SECTION 2. Section 1305.251, Insurance Code, is amended by
1-36 adding Subsections (c) and (d) to read as follows:

1-37 (c) A network shall pay a fee to the department, in an amount
1-38 set by the commissioner and in accordance with rules adopted by the
1-39 commissioner, for the expenses of an examination conducted under
1-40 this section or Section 1305.252 that:

1-41 (1) are incurred by the commissioner or under the
1-42 commissioner's authority; and

1-43 (2) are directly attributable to that examination,
1-44 including the actual salaries and expenses of the examiners
1-45 directly attributable to that examination, as determined under
1-46 rules adopted by the commissioner.

1-47 (d) Fees collected under this section shall be deposited to
1-48 the credit of the Texas Department of Insurance operating account.

1-49 SECTION 3. This Act takes effect September 1, 2007.

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