

## **BILL ANALYSIS**

H.B. 4359  
By: Smithee  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Some states use contract examiners to perform insurer examinations without coordinating those examinations with other states, which may result in duplicative efforts or duplicative charges for the same examination work. The insurer is required to pay the costs of such examinations, so this practice often results in duplicative costs to the insurer.

H.B. 4359 requires an examiner who has a contract with any other state to examine an insurer domiciled in Texas to register with the Texas Department of Insurance before participating in any examination of the domestic insurer.

### **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. 4359 amends provisions of the Insurance Code relating to the Texas Department of Insurance's surveillance of market conduct in other states, an audit or examination of an insurer, and a financial examination of a managing general agent to require a person with whom another state contracts to perform any market analysis or examination initiated by the other state of an insurer domiciled in Texas to register with and provide certain information to the department's chief examiner. The bill establishes that it is a violation of state insurance laws for a person to accept compensation from multiple states for the same examination, if doing so results in duplicative costs to the insurer being examined. The bill specifies that it is not a violation of such laws for an examiner to conduct an examination of an insurer for the benefit of multiple states in a coordinated examination and for the examiner to accept compensation from the states participating in the coordinated examination to reduce the costs to the insurer being examined.

### **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.