

BILL ANALYSIS

Senate Research Center
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S.B. 2416
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas consistently has the highest rate in the nation of people living without health insurance. Many employers have dropped coverage for their employees. Many individuals find health insurance unaffordable. Other individuals find that health plans are not tailored to their specific needs.

One possible solution to this issue is to open the market to more competition. This bill will allow health plans from other states to offer insurance in Texas provided that they are licensed in another state. This could also encourage Texas companies to innovate and improve their services in order to remain competitive.

As proposed, S.B. 2416 relates to the authority of certain insurers to engage in the business of health insurance in this state.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 2 (Section 982.113, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 982.051, Insurance Code, as follows:

Sec. 982.051. CERTIFICATE OF AUTHORITY REQUIRED FOR LIFE, HEALTH, OR ACCIDENT COMPANIES. Prohibits a foreign insurance company from engaging in the business of insurance as a life insurance company, accident insurance company, life and accident insurance company, health and accident insurance company, or life, health, and accident insurance company in this state, except for the lending of money, without first obtaining from the Texas Department of Insurance (TDI) a certificate of authority that shows that the foreign insurance company has fully complied with the laws of this state or obtained a waiver under Section 982.113(c), and authorizes the foreign insurance company to engage in the business of insurance in this state.

SECTION 2. Amends Section 982.113, Insurance Code, by adding Subsections (c), (d), and (e), as follows:

(c) Requires the commissioner of insurance (commissioner), notwithstanding the requirements of Subsections (a) (relating to the requirement that the commissioner provide a foreign or alien life insurance company a certificate of authority to engage in this state in the kind of business specified in the documents) and (b) (relating to the requirement that the operational history of the insurance company be reviewed in conjunction with certain company performance indicators), for a foreign insurer, to waive any prerequisite described by this subchapter to obtaining a certificate of authority to engage in a type of business regulated under Title 8 (Health Insurance and Other Health Coverages), if the foreign insurer holds a license, certificate of authority, or similar authorization issued by another state to engage in that same type of business, and the issuing state has licensing, certification, or authorization requirements substantially equivalent to the requirements of this subchapter.

(d) Requires that a certificate of authority issued under Subsection (c) to authorize the foreign insurer to issue in this state the same levels and types of coverage as the insurer is authorized to issue in the state issuing the license, certificate of authority, or other authorization that provided the basis for the waiver of prerequisites under Subsection (c), regardless of whether those levels or types of coverage are otherwise authorized in this state.

(e) Authorizes the commissioner to adopt rules necessary to implement this section.

SECTION 3. Effective date: September 1, 2009.