

By: Smithee

H.B. No. 4359

A BILL TO BE ENTITLED

AN ACT

relating to the registration with the Texas Department of Insurance  
of certain contract examiners.

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

SECTION 1. Section 751.052, Insurance Code, is amended to  
read as follows:

Sec. 751.052. COORDINATION WITH OTHER STATES; REGISTRATION  
OF CONTRACT EXAMINER. (a) The commissioner shall coordinate the  
department's market analysis and examination efforts with other  
states through the National Association of Insurance  
Commissioners.

(b) A person with whom another state contracts to perform  
any market analysis or examination initiated by the other state of  
an insurer domiciled in this state shall register with and provide  
the following information to the department's chief examiner:

(1) the person's name;

(2) if the person is not an individual, the identity of  
each examiner or other person who will perform any part of the  
market analysis or examination;

(3) the name of the state that contracted with the  
person;

(4) the identity of the insurer to be examined; and

(5) a description of each issue that the person has  
been contracted to examine.

1       (c) It is a violation of this code for a person to accept  
2 compensation from multiple states for the same examination, if  
3 doing so results in duplicative costs to the insurer being  
4 examined. It is not a violation of this code for:

5           (1) an examiner to conduct an examination of an  
6 insurer for the benefit of multiple states in a coordinated  
7 examination; and

8           (2) the examiner to accept compensation from the  
9 states participating in the coordinated examination to reduce the  
10 examination costs to the insurer being examined.

11       SECTION 2. Subchapter C, Chapter 401, Insurance Code, is  
12 amended by adding Section 401.107 to read as follows:

13       Sec. 401.107. REGISTRATION OF CONTRACT EXAMINERS. (a) A  
14 person with whom another state contracts to perform any examination  
15 initiated by the other state of an insurer domiciled in this state  
16 shall register with and provide the following information to the  
17 department's chief examiner:

18           (1) the person's name;

19           (2) if the person is not an individual, the identity of  
20 each examiner or other person who will perform any part of the  
21 examination;

22           (3) the name of the state that contracted with the  
23 person;

24           (4) the identity of the insurer to be examined; and

25           (5) a description of each issue that the person has  
26 been contracted to examine.

27       (b) It is a violation of this code for a person to accept

1 compensation from multiple states for the same examination, if  
2 doing so results in duplicative costs to the insurer being  
3 examined. It is not a violation of this code for:

4 (1) an examiner to conduct an examination of an  
5 insurer for the benefit of multiple states in a coordinated  
6 examination; and

7 (2) the examiner to accept compensation from the  
8 states participating in the coordinated examination to reduce the  
9 examination costs to the insurer being examined.

10 SECTION 3. Section 4053.107, Insurance Code, is amended by  
11 adding Subsections (d) and (e) to read as follows:

12 (d) A person with whom another state contracts to perform  
13 any examination initiated by the other state of a managing general  
14 agent licensed under this chapter shall register with and provide  
15 the following information to the department's chief examiner:

16 (1) the person's name;

17 (2) if the person is not an individual, the identity of  
18 each examiner or other person who will perform any part of the  
19 examination;

20 (3) the name of the state that contracted with the  
21 person;

22 (4) the identity of the managing general agent to be  
23 examined; and

24 (5) a description of each issue that the person has  
25 been contracted to examine.

26 (e) It is a violation of this code for a person to accept  
27 compensation from multiple states for the same examination, if

1 doing so results in duplicative costs to the managing general agent  
2 being examined. It is not a violation of this code for:

3 (1) an examiner to conduct an examination of a  
4 managing general agent for the benefit of multiple states in a  
5 coordinated examination; and

6 (2) the examiner to accept compensation from the  
7 states participating in the coordinated examination to reduce the  
8 examination costs to the managing general agent being examined.

9 SECTION 4. This Act takes effect immediately if it receives  
10 a vote of two-thirds of all the members elected to each house, as  
11 provided by Section 39, Article III, Texas Constitution. If this  
12 Act does not receive the vote necessary for immediate effect, this  
13 Act takes effect September 1, 2009.