

1-1 By: Smithee (Senate Sponsor - Duncan) H.B. No. 4359
1-2 (In the Senate - Received from the House April 16, 2009;
1-3 April 16, 2009, read first time and referred to Committee on
1-4 Business and Commerce; May 14, 2009, reported favorably by the
1-5 following vote: Yeas 8, Nays 0; May 14, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the registration with the Texas Department of Insurance
1-9 of certain contract examiners.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 751.052, Insurance Code, is amended to
1-12 read as follows:

1-13 Sec. 751.052. COORDINATION WITH OTHER STATES; REGISTRATION
1-14 OF CONTRACT EXAMINER. (a) The commissioner shall coordinate the
1-15 department's market analysis and examination efforts with other
1-16 states through the National Association of Insurance
1-17 Commissioners.

1-18 (b) A person with whom another state contracts to perform
1-19 any market analysis or examination initiated by the other state of
1-20 an insurer domiciled in this state shall register with and provide
1-21 the following information to the department's chief examiner:

1-22 (1) the person's name;

1-23 (2) if the person is not an individual, the identity of
1-24 each examiner or other person who will perform any part of the
1-25 market analysis or examination;

1-26 (3) the name of the state that contracted with the
1-27 person;

1-28 (4) the identity of the insurer to be examined; and

1-29 (5) a description of each issue that the person has
1-30 been contracted to examine.

1-31 (c) It is a violation of this code for a person to accept
1-32 compensation from multiple states for the same examination, if
1-33 doing so results in duplicative costs to the insurer being
1-34 examined. It is not a violation of this code for:

1-35 (1) an examiner to conduct an examination of an
1-36 insurer for the benefit of multiple states in a coordinated
1-37 examination; and

1-38 (2) the examiner to accept compensation from the
1-39 states participating in the coordinated examination to reduce the
1-40 examination costs to the insurer being examined.

1-41 SECTION 2. Subchapter C, Chapter 401, Insurance Code, is
1-42 amended by adding Section 401.107 to read as follows:

1-43 Sec. 401.107. REGISTRATION OF CONTRACT EXAMINERS. (a) A
1-44 person with whom another state contracts to perform any examination
1-45 initiated by the other state of an insurer domiciled in this state
1-46 shall register with and provide the following information to the
1-47 department's chief examiner:

1-48 (1) the person's name;

1-49 (2) if the person is not an individual, the identity of
1-50 each examiner or other person who will perform any part of the
1-51 examination;

1-52 (3) the name of the state that contracted with the
1-53 person;

1-54 (4) the identity of the insurer to be examined; and

1-55 (5) a description of each issue that the person has
1-56 been contracted to examine.

1-57 (b) It is a violation of this code for a person to accept
1-58 compensation from multiple states for the same examination, if
1-59 doing so results in duplicative costs to the insurer being
1-60 examined. It is not a violation of this code for:

1-61 (1) an examiner to conduct an examination of an
1-62 insurer for the benefit of multiple states in a coordinated
1-63 examination; and

1-64 (2) the examiner to accept compensation from the

2-1 states participating in the coordinated examination to reduce the
2-2 examination costs to the insurer being examined.

2-3 SECTION 3. Section 4053.107, Insurance Code, is amended by
2-4 adding Subsections (d) and (e) to read as follows:

2-5 (d) A person with whom another state contracts to perform
2-6 any examination initiated by the other state of a managing general
2-7 agent licensed under this chapter shall register with and provide
2-8 the following information to the department's chief examiner:

2-9 (1) the person's name;

2-10 (2) if the person is not an individual, the identity of
2-11 each examiner or other person who will perform any part of the
2-12 examination;

2-13 (3) the name of the state that contracted with the
2-14 person;

2-15 (4) the identity of the managing general agent to be
2-16 examined; and

2-17 (5) a description of each issue that the person has
2-18 been contracted to examine.

2-19 (e) It is a violation of this code for a person to accept
2-20 compensation from multiple states for the same examination, if
2-21 doing so results in duplicative costs to the managing general agent
2-22 being examined. It is not a violation of this code for:

2-23 (1) an examiner to conduct an examination of a
2-24 managing general agent for the benefit of multiple states in a
2-25 coordinated examination; and

2-26 (2) the examiner to accept compensation from the
2-27 states participating in the coordinated examination to reduce the
2-28 examination costs to the managing general agent being examined.

2-29 SECTION 4. This Act takes effect immediately if it receives
2-30 a vote of two-thirds of all the members elected to each house, as
2-31 provided by Section 39, Article III, Texas Constitution. If this
2-32 Act does not receive the vote necessary for immediate effect, this
2-33 Act takes effect September 1, 2009.

2-34 * * * * *