

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 30, 2009

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB969 by Christian (Relating to certain amounts payable by the Texas Life, Accident, Health, and Hospital Service Insurance Guaranty Association.), **As Introduced**

The amount of overall negative fiscal impact to General Revenue under the provisions of the bill would vary by insurer insolvency and the subsequent premium tax credits, and therefore the fiscal implication to the state cannot be determined.

The bill would amend the Insurance Code to increase the number of contractual obligations that the Texas Life, Accident, Health, and Hospital Service Insurance Guaranty Association would pay in certain cases of insolvency of an insurer. The Texas Department of Insurance (TDI) would need to update certain publications to reflect the changes made by the bill. Based on the analysis by TDI, any additional costs associated with implementing the bill could be absorbed within existing agency resources.

Members of this association are assessed for the insolvency claim payouts and certain amounts of these assessments result in the members receiving a premium tax credit against General Revenue. The bill may result in a decrease in premium taxes due to increased claim payments. Since the number of insolvencies and number of additional contractual obligations per insurer insolvency is undetermined, the fiscal implication of the bill cannot be estimated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

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