

BILL ANALYSIS

S.B. 631
By: Carona
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law authorizes the commissioner of insurance to require an insurer to submit a deposit to the comptroller of public accounts if the commissioner determines that certain conditions exist that may be hazardous to the insurer's policyholders, enrollees, or creditors or to the public. Those hazardous conditions generally relate to the insurer's financial or operating condition, the insurer's relationship with affiliates, the nature and amount of the insurer's investments, and contracts or agreements the insurer has entered into that may lead to contingent liability or relate to guaranty or surety. These hazardous situations can often be rectified, and in those instances, insurers may request to withdraw their deposit. Insurers may also request substitution of deposited securities. The commissioner has the sole discretion to approve or deny such a request, subject to appeal at the insurer's discretion. Current law requires the commissioner to approve or deny the request by formal order, and interested parties express concern that this requirement is inefficient and labor intensive.

S.B. 631 seeks to allow the commissioner to issue a letter approving such a request, rather than going through the process of issuing a formal order, in order to make the approval process more efficient while maintaining the current structure for denials to ensure adequacy of the appeals process.

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

S.B. 631 amends the Insurance Code to require the commissioner of insurance to issue a letter approving or an order denying, rather than an order approving or denying, an application from an insurer requesting withdrawal of all or part of a deposit held by the comptroller of public accounts under statutory provisions relating to special insurer deposits required under potentially hazardous conditions or requesting substitution of all or part of the deposited securities held by the comptroller under those provisions.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.