

BILL ANALYSIS

S.B. 801
By: Carona
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law requires general casualty companies to deposit \$50,000 in cash or securities with the comptroller of public accounts as a statutory deposit. Interested parties note that this requirement is unique to these companies and was originally enacted as a protection against insolvency. However, such parties contend that this provision is now unnecessary because the Texas Department of Insurance currently has the authority to require deposits when an insurer's financial position could be considered hazardous. Moreover, the parties note that such an amount is outdated and that a single claim could easily exceed \$50,000. S.B. 801 seeks to address this issue relating to security deposit requirements for certain insurance companies.

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. 801 amends the Insurance Code to restrict the types of securities that a general casualty company is authorized to substitute for the securities that the company has on deposit with the comptroller of public accounts to meet prerequisites to engaging in the business of insurance in another state, county, or province to the following: United States currency; bonds of any state; bonds or other evidences of indebtedness of the United States the principal and interest of which are guaranteed by the United States; bonds or other interest-bearing evidences of indebtedness of a county or municipality of any state; notes secured by first mortgages on otherwise encumbered real property in Texas the title to which is valid and the payment of which is insured wholly or partly by the United States; or another form of security acceptable to the commissioner of insurance.

S.B. 801 repeals statutory provisions relating to the requirement that a general casualty company deposit a security deposit with the comptroller and relating to the prohibition against the Texas Department of Insurance requiring a foreign casualty insurance company to make or maintain a security deposit with the comptroller under certain conditions.

S.B. 801 repeals Sections 861.252(a) and 982.306, Insurance Code.

EFFECTIVE DATE

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