

BILL ANALYSIS

S.B. 1665
By: Carona
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Recently enacted legislation established a self-directed budget for the financial examinations and actuarial divisions of the Texas Department of Insurance (TDI) and established an account in the Texas Treasury Safekeeping Trust Company to pay defined TDI examination costs. Interested parties assert that the intent of such legislation was to restrict the funding of defined examination costs to TDI's self-directed budget and that, to ensure that this intent was made clear, the legislation expressly prohibited TDI's regular operating account from directly or indirectly incurring examination costs.

It is also reported that current proposed legislation would require TDI to use its operating account to reimburse the comptroller of public accounts for certain premium tax credits relating to examination costs, effectively requiring TDI to use its operating account to indirectly pay for examination costs. Moreover, interested parties assert that the comptroller's interpretation of current law does not permit TDI to transfer funds from its self-directed budget to the TDI operating account for the reimbursement of premium tax credits relating to examination costs.

S.B. 1665 seeks to remedy this conflict between enacted and proposed legislation by explicitly allowing TDI's self-directed budget to fund the reimbursement of premium tax credits for examination costs and examination overhead assessments and seeks to clarify the cost treatment of such transactions for the comptroller by explicitly authorizing TDI to transfer certain funds from its self-directed budget to TDI's operating account fund.

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. 1665 amends the Insurance Code to expand the authorized uses of assessments or fees that are collected by the Texas Department of Insurance (TDI) in relation to the examination of insurers and other regulated entities by the financial examinations division or actuarial division and that are deposited to the credit of an account with the Texas Treasury Safekeeping Trust Company to include reimbursement of the TDI operating account for administrative support costs and reimbursement of premium tax credits for examination costs and examination overhead assessments. The bill clarifies that the authorization for TDI to transfer funds between its account with the trust company and its operating account as necessary to ensure that funds are deposited to the correct account and used for the correct purposes does not authorize a disbursement or transfer of funds in a manner that is inconsistent with the purpose of the permissible uses of the assessments or fees added by the bill's provisions.

EFFECTIVE DATE

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