

By: Farias

H.B. No. 1220

A BILL TO BE ENTITLED

AN ACT

relating to reporting concerning selection of certain suppliers by insurers; providing an administrative penalty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 38, Insurance Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. REPORTING OF EFFORTS BY CERTAIN INSURERS

Sec. 38.451. APPLICABILITY OF SUBCHAPTER. (a) This subchapter applies only to an insurer that:

(1) is authorized to engage in the business of insurance in this state, including any insurer described by Section 82.002(a); and

(2) wrote premiums in this state of at least \$100 million in the calendar year before the year in which a report is due under this subchapter.

(b) This subchapter does not apply to a contract between an insurer and an agent.

Sec. 38.452. FILING OF CERTAIN INFORMATION CONCERNING SUPPLIERS. (a) An insurer shall file with the commissioner not later than June 1 of each even-numbered year a report detailing the insurer's efforts to use businesses owned by minorities, women, and disabled veterans as suppliers of goods or services.

(b) The report must contain:

(1) the insurer's diversity policy statement;

1 (2) a description of the insurer's outreach and
2 communication efforts, including:

3 (A) a description of how the insurer encourages
4 and seeks out businesses owned by minorities, women, and disabled
5 veterans to become suppliers;

6 (B) a description of how the insurer encourages
7 its employees involved in selecting suppliers to seek out
8 businesses owned by minorities, women, and disabled veterans to
9 become suppliers;

10 (C) a description of how the insurer conducts
11 outreach to and communicates with potential suppliers that are
12 businesses owned by minorities, women, and disabled veterans;

13 (D) a description of how the insurer supports
14 organizations that promote or certify businesses as businesses
15 owned by minorities, women, and disabled veterans; and

16 (E) a description of how businesses owned by
17 minorities, women, and disabled veterans may contact the insurer
18 about supplier opportunities;

19 (3) information about the insurer's selection as
20 suppliers businesses owned by minorities, women, and disabled
21 veterans that have a majority of the businesses' workforce located
22 in this state, with each category aggregated separately to the
23 extent that information is readily accessible; and

24 (4) other relevant information the insurer chooses to
25 include.

26 (c) If an insurer does not enter into contracts to obtain
27 goods or services in this state, it may file with the commissioner a

1 statement attesting that the insurer does not enter into those
2 contracts in this state to satisfy the reporting requirements of
3 this subchapter.

4 (d) An insurer that is a member of an insurance holding
5 company system as described by Chapter 823 may comply with the
6 reporting requirements in this subchapter through a single filing
7 on behalf of the entire group of affiliated companies.

8 (e) If the commissioner receives a written request from an
9 insurer that states a good cause that additional time is required to
10 file a report required under this subchapter, the commissioner may
11 grant a 30-day extension of the time for the insurer to file the
12 report.

13 Sec. 38.453. ADMINISTRATIVE PENALTY. (a) An insurer that
14 fails to file a report as required by this subchapter is subject to
15 an administrative penalty under Chapter 84. Except as provided by
16 Subsection (b), the amount of the penalty may not exceed \$5,000.

17 (b) An insurer that wilfully fails to file a report as
18 required by this subchapter or wilfully fails to reply not later
19 than the 30th day after the date the insurer receives a written
20 inquiry from the department about the filing of the report is
21 subject to an administrative penalty in an amount not to exceed
22 \$10,000.

23 Sec. 38.454. EFFECT OF REQUIRED REPORTING. (a) This
24 subchapter may not be construed as requiring quotas, set-asides, or
25 preferences in an insurer's selection of suppliers for goods or
26 services.

27 (b) An insurer retains the authority to use business

1 judgment to select a supplier to obtain particular goods or
2 services.

3 Sec. 38.455. PUBLIC INFORMATION. Not later than September
4 1 of each even-numbered year the department shall post the data
5 contained in the reports filed under this subchapter on the
6 department's Internet website. The commissioner by rule may
7 establish a procedure for posting data under this section that
8 includes a description of the data that must be posted and the
9 manner in which the data must be posted.

10 Sec. 38.456. RULES. The commissioner may adopt rules
11 necessary to implement this subchapter.

12 Sec. 38.457. EXPIRATION. This subchapter expires January
13 1, 2020.

14 SECTION 2. This Act takes effect September 1, 2013.