

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 25, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1833** by Sheets (Relating to the residual market for workers' compensation insurance in this state and to the operation, governance, and organization of the Texas Mutual Insurance Company; authorizing administrative penalties; imposing fees.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to the residual market for workers' compensation insurance in this state and to the operation, governance, and organization of the Texas Mutual Insurance Company.

The bill would require the Texas Department of Insurance (TDI) to establish an assigned risk program through which residual market employers may obtain workers' compensation insurance. Insurers would be required to participate in the program in proportion to the insurer's voluntary market share in the state as a condition of the insurer's authority to engage in the business of insurance in the state. Rates for insurance procured through the assigned risk program must be actuarially sufficient to cover all incurred losses and administrative expenses of the program. Effective January 1, 2015, the Texas Mutual Insurance company will operate under Chapter 883 of the Insurance Code, but will not be subject to obligations or limitations not imposed on, nor given advantages not granted to, other mutual insurance companies.

Based on information provided by TDI, it is assumed that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 479 State Office of Risk Management

LBB Staff: UP, ER, AG, LXH