

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 15, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3237** by Smithee (Relating to first-party indemnity coverage purchased by insurance purchasing groups.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>

The bill would amend the Insurance Code relating to first-party indemnity coverage purchased by insurance purchasing groups. The bill would allow a purchasing group to purchase first-party indemnity coverage in addition to liability coverage as long as the aggregate coverage limit per group member does not exceed 3 percent of the per member coverage limit for liability coverage. The bill would require the purchasing group to notify the commissioner of insurance of the group's intent to purchase coverage no later than the 60th day before the date the policy is issued.

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

The bill has no direct fiscal implications for the Foundation School Program or the operations of the Texas Education Agency.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. School districts that had purchased first-party indemnity coverage for their members by January 1, 2013, and had not allowed the policy to lapse would be exempt from reporting requirements. Other school districts would be required to report to the commissioner of insurance any purchase of first-party indemnity coverage within 60 days of a policy being issued. The commissioner could issue orders related to the coverage after notice and a hearing.

Source Agencies: 454 Department of Insurance, 701 Central Education Agency

LBB Staff: UP, AG, ER, LXH, RB, JBi