

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**March 22, 2013**

**TO:** Honorable Robert Duncan, Chair, Senate Committee on State Affairs

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **SB850** by Taylor (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.), **As Introduced**

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

**LBB Staff:** UP, AG, ER