

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 18, 2013

TO: Honorable John Carona, Chair, Senate Committee On Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1006 by Carona (Relating to requirements regarding certain shareholder and policyholder dividends.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Insurance Code relating to requirements regarding certain shareholder and policyholder dividends. The bill would allow an insurer organized under the laws of the state to pay shareholder dividends from surplus profits arising from the insurer's business. The bill would require an insurer to notify the commissioner of insurance of each distribution of a policyholder dividend amount that is not greater than 10 percent of the surplus. The bill would also require an insurer to file an application for approval of any policyholder dividend payments that exceed 10 percent of the surplus. If the commissioner does not act on the application on or before the fifth business day after the application is received, the application is considered approved.

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.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: UP, RB, ER