

## **BILL ANALYSIS**

S.B. 1093  
By: Creighton  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

When an insurer domiciled in Texas places reinsurance with a company that is not authorized to do business in Texas and wants to take credit for such reinsurance in its financial statements, there are restrictions on the type of assets in which insurers or reinsurers can invest when the funds are held as security for a reinsurance contract. Interested parties have noted that these investments are limited to securities that are marketable over a national exchange, have a maturity date of less than one year, and are listed by the Securities Valuation Office of the National Association of Insurance Commissioners. The parties contend that these limitations prevent the insurer or reinsurer from obtaining favorable investment returns and are unduly restrictive and even anomalous with respect to similar insurance laws across the United States. S.B. 1093 seeks to remedy these concerns.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 1093 amends the Insurance Code to remove the criteria that securities be readily marketable over a national exchange and have a maturity date of not later than one year to be acceptable as security for the payment of reinsurance obligations for life, health, and accident insurance companies and related entities or for property and casualty insurers, as applicable.

### **EFFECTIVE DATE**

September 1, 2015.