

BILL ANALYSIS

S.B. 1073
By: Hancock
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that the exemption of certain insurers from filing enterprise risk reports places an unnecessary regulatory burden on Texas-based insurers due to differences between laws across Texas and other states. S.B. 1073 seeks to address this issue by revising provisions relating to registration statement and reporting requirements of insurers in an insurance holding company system.

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. 1073 amends the Insurance Code to change the threshold amount of a single transaction or total amount of all transactions involving sales, purchases, exchanges, loans or other extensions of credit, or investments above which the transaction or transactions, respectively, are considered to be material for purposes of disclosure on a registration statement filed with the Texas Department of Insurance by an insurer that is a member of an insurance holding company system or on a registered insurer's report regarding material changes from more than the lesser of one-half of one percent of the insurer's admitted assets or five percent of the insurer's surplus as of a certain date to more than one-half of one percent of the insurer's admitted assets as of that date.

S.B. 1073 limits the applicability of the exemption from the requirement to submit an enterprise risk report for the ultimate controlling person of an insurer with total direct or assumed annual premiums of less than \$300 million to such an insurer who is a domestic insurer that is authorized, admitted, or eligible to engage in the business of insurance only in Texas. The bill makes that entitlement inapplicable if the ultimate controlling person of the domestic insurer also controls other insurers that do not meet the requirements for the entitlement to the exemption. The bill specifies that an insurer is not considered to be authorized, admitted, or eligible to engage in the business of insurance only in Texas for purposes of that entitlement if the insurer directly or indirectly writes or assumes insurance in any manner in another state. The bill removes the authorization for certain health maintenance organizations to request an exemption from the enterprise risk reporting requirements and includes as an additional eligibility requirement for an insurer that in the preceding calendar year had direct written and assumed premiums of more than \$300 million but less than \$500 million to be able to request such an exemption that the insurer otherwise meets the requirements entitling an insurer to the

exemption, except with regard to the total annual premium amount.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.