

BILL ANALYSIS

Senate Research Center
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S.B. 1073
By: Hancock
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Section 823.0595, Insurance Code, currently requires that enterprise risk reports be filed with the Texas Department of Insurance (TDI), but it includes two exemptions. Insurers with less than \$300 million of premium are exempt from filing the report, and the commissioner of insurance can exempt insurers with more than \$300 million of premium but less than \$500 million of premium from filing the report.

The laws in other states provide a “safe harbor” to insurers who operate in a state with the enterprise risk report filing requirement. This “safe harbor” allows an insurer to only file one enterprise risk report with its lead state. If, however, that state does not have an enterprise risk report filing requirement, then the other states will require that insurer to file a report with them as well.

S.B. 1073 amends the current requirement for insurers to file an enterprise risk report, also known as the Form F, with TDI. Enterprise risk reports are confidential filings made with insurance regulators that disclose when the operations of an insurer’s affiliates within a holding company may negatively impact the solvency of that insurer.

As proposed, S.B. 1073 amends current law relating to registration statement and reporting requirements of insurers in an insurance holding company system.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 823.054(b), Insurance Code, as follows:

(b) Provides that, if the amount of a single transaction or the total amount of certain transactions is more than one-half of one percent of an insurer’s admitted assets as of December 31 of the year preceding the date of the transaction or transactions, rather than if the amount of a single transaction or the total amount of certain transactions is more than the lesser of one-half of one percent of an insurer’s admitted assets or five percent of an insurer’s surplus, as of December 31 of the year preceding the date of the transaction or transactions, the transaction or transactions, respectively, are considered to be material for purposes of this section (Material Information).

SECTION 2. Amends Section 823.0595(a), Insurance Code, to delete existing exemptions provided by Subsections (d) and (f).

SECTION 3. Repealers: Sections 823.0595(d) (providing that the ultimate controlling person of certain insurers is not required to submit an enterprise risk report under certain circumstances), (e) (relating to requiring the ultimate controlling person of an insurer not in compliance with certain standards to file an enterprise risk report), and (f) (relating to exemptions from reporting requirements for certain insurers or health maintenance organizations with premiums of certain amounts), Insurance Code.

SECTION 4. Effective date: upon passage or September 1, 2017.