

By: Holland

H.B. No. 2579

A BILL TO BE ENTITLED

AN ACT

relating to the bond and other coverages required to be maintained by or for the benefit of a savings bank.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 92.156, Finance Code, is amended to read as follows:

Sec. 92.156. FINANCIAL INSTITUTION BOND [~~INDEMNITY BONDS OF DIRECTORS, OFFICERS, AND EMPLOYEES~~]. (a) A savings bank shall maintain a financial institution [~~blanket indemnity~~] bond that provides [~~with an~~] adequate coverage to protect [~~corporate surety protecting~~] the savings bank from loss:

(1) by or through dishonest or criminal action or omission, including fraud, theft, or misplacement [~~robbery, or burglary~~], by any of the following persons:

(A) an officer or employee of the savings bank;

(B) an attorney retained by the savings bank;

(C) a nonemployee performing data processing services for the savings bank; or

(D) a director of the savings bank performing a [~~when the director performs the~~] duty of an officer or employee; or

(2) by other perils such as robbery, burglary, forgery, or alteration.

(b) A savings bank that employs a collection agent who is not covered by the bond required by Subsection (a) shall:

1 (1) ensure that the savings bank is included as a loss
2 payee in the collection agent's crime coverage; and

3 (2) obtain a certificate of insurance evidencing the
4 sufficiency of the collection agent's crime coverage [~~provide for~~
5 ~~the bonding of the agent in an amount equal to at least twice the~~
6 ~~average monthly collection of the agent unless the agent is a~~
7 ~~financial institution insured by the Federal Deposit Insurance~~
8 ~~Corporation. An agent shall settle with the savings bank at least~~
9 ~~monthly~~].

10 (c) Subject to rules adopted under Subsection (e), the board
11 shall, at least annually, review and approve:

12 (1) the coverage, including the amount of the
13 coverage, provided by the bond and the form of the bond; and

14 (2) the sustainability [~~sufficiency~~] of the corporate
15 surety or insurer that issued the bond.

16 (d) The bond must provide that a cancellation or other
17 termination by the corporate surety or insurer or by the insured is
18 not effective until the earlier of:

19 (1) the date the commissioner approves; or

20 (2) the 30th day after the date written notice of the
21 cancellation is given to the commissioner.

22 (e) The finance commission may adopt rules establishing:

23 (1) the coverage, including the amount of the
24 coverage, that must be provided by the bond and the form of the
25 bond; and

26 (2) the sustainability [~~sufficiency~~] of the corporate
27 surety or insurer that issues the bond.

1 SECTION 2. Not later than January 1, 2018:

2 (1) a savings bank that maintains a bond under Section
3 92.156, Finance Code, on the effective date of this Act shall obtain
4 a bond that satisfies the requirements of Section 92.156, Finance
5 Code, as amended by this Act; and

6 (2) a collection agent employed by a savings bank
7 shall maintain crime coverage in compliance with Section 92.156(b),
8 Finance Code, as amended by this Act.

9 SECTION 3. This Act takes effect September 1, 2017.