

By: Taylor of Galveston  
(Bonnen of Galveston)

S.B. No. 1449

Substitute the following for S.B. No. 1449:

By: Phillips

C.S.S.B. No. 1449

A BILL TO BE ENTITLED

AN ACT

relating to an insurer's compliance with National Association of Insurance Commissioners requirements.

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

SECTION 1. Section 36.004, Insurance Code, is amended to read as follows:

Sec. 36.004. COMPLIANCE WITH NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS REQUIREMENTS; INTERIM RULES; REPORT.

(a) Except as provided by Subsection (b) or (c) or Section 36.005, the department may not require an insurer to comply with a rule, regulation, directive, or standard adopted by the National Association of Insurance Commissioners, including a rule, regulation, directive, or standard relating to policy reserves, unless:

(1) application of the rule, regulation, directive, or standard is expressly authorized by statute; or

(2) a statute authorizes the commissioner to adopt rules consistent with the rule, regulation, directive, or standard ~~[and approved by the commissioner]~~.

(b) Subsection (a) does not apply to:

(1) any statute that is based on or substantially similar to a National Association of Insurance Commissioners model law or regulation;

(2) Sections 401.010 and 421.001(c);

1           (3) securities valuations by the Securities Valuation  
2 Office of the National Association of Insurance Commissioners under  
3 this code;

4           (4) mortality and reserve tables under Chapters 425  
5 and 1105;

6           (5) financial reporting under Chapter 443;

7           (6) fraud reporting under Chapters 701 and 1111A;

8           (7) actuarial standards for reserve reporting under  
9 Chapters 401, 802, and 2551;

10           (8) the Own Risk and Solvency Assessment Guidance  
11 Manual and confidentiality agreements under Chapter 830; or

12           (9) the Interstate Insurance Product Regulation  
13 Compact under Chapter 5001.

14           (c) The commissioner may adopt an interim rule to require  
15 compliance with a rule, regulation, directive, or standard adopted  
16 by the National Association of Insurance Commissioners if:

17           (1) the commissioner finds the rule is technical or  
18 nonsubstantive in nature or necessary to preserve the department's  
19 accreditation; and

20           (2) before the adoption of the rule, the commissioner  
21 provides the standing committees of the senate and house of  
22 representatives with primary jurisdiction over the department with  
23 written notice of the commissioner's intent to adopt the rule.

24           (d) A substantive rule adopted under Subsection (c) shall  
25 remain in effect only until 30 days following the end of the next  
26 session of the legislature unless a law is enacted that authorizes  
27 the subject matter of the rule. If a law is enacted that authorizes

1 the subject matter of the rule, the rule will continue in effect.

2 (e) Not later than December 31 of each even-numbered year,  
3 the department shall submit to the standing committees of the  
4 senate and house of representatives with primary jurisdiction over  
5 the department a written report that includes:

6 (1) the specific statutes in this code and rules  
7 adopted by the commissioner that are based on National Association  
8 of Insurance Commissioners model laws or regulations;

9 (2) statutory changes that may be necessary to  
10 maintain the department's accreditation; and

11 (3) the most recent standards the National Association  
12 of Insurance Commissioners has adopted or published that are  
13 necessary to maintain the department's accreditation.

14 SECTION 2. This Act takes effect immediately if it receives  
15 a vote of two-thirds of all the members elected to each house, as  
16 provided by Section 39, Article III, Texas Constitution. If this  
17 Act does not receive the vote necessary for immediate effect, this  
18 Act takes effect September 1, 2017.