

## **BILL ANALYSIS**

S.B. 1060  
By: Hughes  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Provided certain legal requirements are met, someone who owns a certain amount of stock in a publicly traded company can propose a recommendation or requirement, which would be presented at a meeting of the company's shareholders, that the company or its board of directors take a particular action. These are called shareholder proposals or resolutions. According to Proxy Preview, more shareholder proposals related to environmental, social, and governance issues have been proposed than in the past. Publicly traded insurance companies have been a focus of some of these proposals, which, if adopted, would require these publicly traded insurance companies to take certain actions related to environmental, social, or governance issues. S.B. 1060 seeks to address this issue by prohibiting insurers or holding companies organized under state law from including a political shareholder proposal in a proxy statement or implementing a political shareholder proposal.

### **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. 1060 amends the Insurance Code to prohibit an insurer or holding company organized under state law from including a political shareholder proposal in a proxy statement or implementing a political shareholder proposal. For such purposes, a "political shareholder proposal" is a shareholder proposal that seeks to directly or indirectly do the following:

- prohibit or limit an insurer's ability to insure risks related to the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy solely because the risks are related to fossil fuel-based energy;
- require or ask an insurer to reduce or track greenhouse gas emissions, including the greenhouse gas emissions of the insurer's insureds or of the entities in which the insurer invests; or
- prohibit or limit an insurer's ability to insure an entity involved in legal activity for the purpose of achieving environmental, social, or political ends.

The bill defines "insurer" and "holding company" by reference to the definitions of those terms under statutory provisions governing insurance holding company systems.

### **EFFECTIVE DATE**

September 1, 2023.