

BILL ANALYSIS

S.B. 2269
By: Perry
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 2005, the legislature created the Texas self-insurance group guaranty fund as the financial backstop for the groups certified by the Texas Department of Insurance (TDI). The commissioner of insurance appointed a board of directors to govern the fund. However, it has been noted that the fund is no longer functional or needed. Due to lower insurance rates for most employers, there is no longer a high demand for new employers to be group self-insured. Additionally, by law, the fund's board is supposed to have three members from self-insurance groups. However, due to a lack of self-insured groups, the board has been incomplete for several years. Only nine groups have been certified by TDI, and no group has applied for certification since 2006. Of the nine groups, seven withdrew their certification, and one was declared insolvent in 2016. Only one solvent group remains, the Cotton Ginners' Trust, which has successfully used group self-insurance and has been the primary source of money for the fund since the beginning. With only one group left, an incomplete board of directors, and no more claims to pay, the fund is no longer needed. S.B. 2269 provides a path to wind down the operations of the Texas self-insurance group guaranty fund with the oversight of TDI. It requires the fund's board of directors to submit a revised plan of operation to the commissioner of insurance by December 1, 2023. Once the commissioner approves the plan, the board will wind down the fund's operations.

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. 2269 amends the Labor Code to require the board of directors of the Texas self-insurance group guaranty fund, not later than December 1, 2023, to submit for approval to the commissioner of insurance a revised plan of operation to wind down and dissolve the Texas self-insurance group guaranty fund and the trust fund for payment of workers' compensation liabilities of insolvent self-insurance groups. The plan must include steps for distributing any remaining money in the guaranty fund and trust fund to qualified groups and notifying interested parties and an estimated timeline for the wind down. The bill defines "qualified group" for purposes of the wind down as a group that holds a current certificate of approval and has not been determined by the commissioner to be insolvent.

S.B. 2269 requires the commissioner to approve the board's revised plan of operation if the commissioner determines that the plan sufficiently describes the actions the board will take to

wind down and dissolve the guaranty fund and trust fund. The bill requires the board to implement the approved revised plan and provide written notice to the commissioner of the completion of the wind down not later than the 30th day after the date of completion. The bill requires the commissioner, not later than the 30th day after receiving the notice, to determine whether the guaranty fund has met its obligations under the approved revised plan of operation. The bill requires the commissioner to issue an order requiring the distribution of any remaining money in the guaranty fund and trust fund to qualified groups if the commissioner determines that the obligations were met. The bill establishes that, on the 30th day after the date the commissioner issues the order, the guaranty fund and the trust fund are dissolved and the board is abolished.

S.B. 2269 prohibits the commissioner from issuing a certificate of approval to a proposed self-insurance group on or after September 1, 2023. The bill authorizes the commissioner to amend a certificate of approval issued to a group before September 1, 2023.

EFFECTIVE DATE

September 1, 2023.