88R7382 JES-F

By:  Smithee H.B. No. 2839

A BILL TO BE ENTITLED

AN ACT

relating to a liquidity stress test for certain insurance companies.

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

SECTION 1.  Subchapter B, Chapter 823, Insurance Code, is amended by adding Section 823.0596 to read as follows:

Sec. 823.0596.  LIQUIDITY STRESS TEST. (a) In this section:

(1)  "Liquidity stress test framework" means an evidence-based analysis that aims to capture the impact on financial markets of aggregate asset sales of certain insurers under various liquidity stress scenarios.

(2)  "Scope criteria" means the designated exposure bases, including minimum magnitudes of the bases for a specified data year, adopted by the commissioner by rule under Subsection (e) to establish a preliminary list of insurers included in the liquidity stress test framework for that data year.

(3)  "Ultimate controlling person" has the meaning assigned by Section 823.055.

(b)  The ultimate controlling person of an insurer shall file the insurer's results of a specific year's liquidity stress test performed using the liquidity stress test framework adopted by the commissioner by rule under Subsection (e) if:

(1)  this state is the lead state of the insurer's group; and

(2)  the insurer or the insurer's group meets the scope criteria.

(c)  The filing must be made on the reporting template for the relevant year adopted by the commissioner by rule under Subsection (e).

(d)  The commissioner may exempt from the filing requirement for a data year an insurer described by Subsection (b) after the commissioner consults with other state insurance commissioners regarding the impact that exempting the insurer may have on the aggregation of liquidity stress test results filed by other insurers with those states.

(e)  The commissioner by rule shall adopt a liquidity stress test framework, including scope criteria and reporting templates, consistent with the framework published by the National Association of Insurance Commissioners to facilitate the aggregation of results from the liquidity stress test filed with this and other states.

(f)  The commissioner shall collect the results filed under Subsection (b) and report them to the National Association of Insurance Commissioners in a manner that facilitates the aggregation of other insurers' results filed with this and other states.

(g)  In addition to the confidentiality protections under Section 823.011:

(1)  a filing required by Subsection (b) in the possession or control of the department that is obtained by, created by, or disclosed to the commissioner or any other person, including the National Association of Insurance Commissioners, is recognized by this state as being proprietary and to contain trade secrets; and

(2)  the commissioner and any other person, including the National Association of Insurance Commissioners, who receives a filing required by Subsection (b) may not testify or be required to testify in any private civil action concerning that filing.

SECTION 2.  This Act takes effect September 1, 2023.