

BILL ANALYSIS

Senate Research Center

H.B. 1901
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Economic Development
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Engrossed

DIGEST

Currently, in determining what sanction to assess against a licensee for violation of the Insurance Code or Texas Department of Insurance rules, the commissioner of insurance may only order restitution to injured parties in lieu of license cancellation or revocation. When consumers have lost substantial sums of money as the result of illegal activity by a licensee, the commissioner must choose whether to revoke a license so that the licensee may not continue in the business of insurance and possibly cause additional harm or to order restitution so that those people whom the licensee has already harmed may be made whole. This bill would allow the commissioner to use any combination of remedies available under Article 1.10, Insurance Code.

PURPOSE

As proposed, H.B. 1901 authorizes the commissioner of insurance to use any combination of remedies available under Article 1.10, Insurance Code.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 7(a), Article 1.10, Insurance Code, to authorize the commissioner of insurance (commissioner) to order one or more of the following sanctions: Suspend such authorization for a time certain, not to exceed one year; order the holder or possessor of such authorization to cease and desist from the specified activity determined to be in violation of specific provisions of this code or rules and regulations of the commissioner or from failure to comply with such provisions of this code or such rules and regulations; direct the holder or possessor of such authorization to pay an administrative penalty in accordance with Article 1.10E of this code; or direct the holder or possessor of such authorization to make complete restitution to all Texas residents, Texas insureds, and entities operating in Texas harmed by the violation or failure to comply. Deletes text authorizing the commissioner to order one of the aforementioned sanctions in lieu of cancellation or revocation of a licensee. Makes a nonsubstantive changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.