

## **BILL ANALYSIS**

Senate Research Center

H.B. 1976  
By: Smithee (Sibley)  
Economic Development  
5-5-97  
Engrossed

### **DIGEST**

Currently, under the Insurance Code most insurance companies are subject to risk-based capital requirements. Non-stock property and casualty insurers, primarily mutuals and reciprocals, are exempt from Texas' risk-based capital requirements. This bill limits the exemption for risk-based capital requirements to property and casualty insurers who are domiciled and write business in Texas.

### **PURPOSE**

As proposed, H.B. 1976 limits the exemption for risk-based capital requirements to property and casualty insurers who are domiciled and write business in Texas.

### **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 Subsection (f), Article 2.20, Insurance Code, to provide that for insurers that write business only in this state and that are not required by law to have capital stock, the minimum free surplus or guaranty fund and free surplus required will be a certain amount.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Makes application of this Act prospective to January 1, 1998.

SECTION 4. Emergency clause.