

BILL ANALYSIS

Senate Research Center

H.B. 976
By: Brimer (Armbrister)
Economic Development
5-9-97
Committee Report (Amended)

DIGEST

In 1989, Senate Bill 1 changed the Texas Workers' Compensation Assigned Risk Pool to the Texas Workers' Compensation Insurance Facility (facility). In 1991, House Bill 62 mandated that the facility should cease writing new policies on or after January 1, 1994 and cease being the insurer of last resort, and required that its claim assets and liabilities be transferred to the Texas Workers' Compensation Insurance Fund no later than January 1, 1999. H.B. 976 transfers control of all of the assets, liabilities and obligations of the facility to the Texas Property and Casualty Insurance Guaranty Association. It also provides for the privatization of facility's account should the association, with approval of the Commissioner of Insurance, determine that privatization is in the best interest of the State of Texas.

PURPOSE

As proposed, H.B. 976 transfers control of all of the assets, liabilities and obligations of the Texas Workers' Compensation Facility (facility) to the Texas Property and Casualty Insurance Guaranty Association. It also provides for the privatization of facility's account should the association, with approval of the commissioner of insurance, determine that privatization is in the best interest of the State of 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 Article 21.28-C, Insurance Code, by adding Section 26, as follows:

Sec. 26. TRANSFER OF FACILITY TO ASSOCIATION. Sets forth the purpose of this section. Defines "comptroller," "facility," "fund," "insurer," and "Texas workers' compensation insurance facility account." Requires the Texas Property and Casualty Insurance Guaranty Association (association) to take control of the Texas workers' compensation facility's (facility) assets, liabilities, and obligations and administer the remaining aspect of the facility's operations. Sets forth duties of the association in controlling the facility. Requires the association to report on its operating results regarding the facility. Sets forth requirements for operating the facility's account for claims before and after January 1, 1992. Sets forth requirements of assessments levied on a member insurer. Authorizes the association to invest in certain investments. Requires the association to submit a plan to ensure certain actions are taken with regard to the facility's account. Sets forth procedures for the approval or disapproval of the plan. Provides that the association succeeds in all rights, defenses, immunities and liabilities of the facility. Sets forth requirements for a party instituting an action against the facility. Authorizes the association to enter into negotiations for the privatization to a single insurer of all assets, liabilities and obligations maintained in the facility's account. Sets forth requirements for the privatization of the facility's account. Provides that this section controls if a conflict arises.

SECTION 2. Repealers: Article 5.76-2, Insurance Code; and Section 18.24(b), Chapter 12, Acts of the 72nd Legislature, 2nd Called Session, 1991, as amended by Section 8, Chapter 885, Acts of the 73rd Legislature, Regular Session, 1993.

SECTION 3. Severability clause.

SECTION 4. Makes application of the repeal of Article 5.76-2, Insurance Code, prospective.

SECTION 5. Emergency clause.

Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

Amendment 1.

On page 4, line 21, strike Subsection (l) and insert the following:

(l) The association may invest Texas workers' compensation insurance facility account funds in the types of investments authorized by law for an insurer authorized to write workers' compensation insurance coverage in this state. The association shall develop an investment policy for the Texas workers' compensation insurance facility account and shall submit that policy to the comptroller for review and approval.