

BILL ANALYSIS

Senate Research Center

H.B. 3177
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Economic Development
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Engrossed

DIGEST

Current law protects consumers who buy property and casualty insurance from licensed insurers who become insolvent, by providing for the Texas Property and Casualty Insurance Guaranty Association (association) to pay policyholders' claims. An insolvent domestic insurer is placed into receivership by a state district judge in Travis County. The judge orders the commissioner of insurance to take charge of the company. The commissioner may then hire a special deputy receiver to gather and pay out company assets to creditors. Article 21.28 (Liquidation, Rehabilitation, Reorganization or Conservation of Insurers), Insurance Code, sets forth the statutory requirement for filing claims against insolvent insurance companies placed in receivership. All persons who may have claims against an insolvent insurer are required to present them to the receiver within the deadline set by the receivership court, which in no event is less than 90 days after the date of the entry of the order specifying such time. Subject to court approval, the receiver may accept claims filed after the date specified by the court if the claims are filed with the receiver by the 90th day after the date notice of the claimant's right to file a proof of claim is mailed to the claimant. Claims that are not filed within the time specified by the court are prohibited from participating in any distribution of the assets by the receiver. Nonetheless, some Texas court have permitted claimants to file late in extenuating circumstances. It is unclear, however, whether the association is responsible for paying these claims. H.B. 3177 prohibits a covered claim from including any claim filed with the Texas Property and Casualty Insurance Guaranty Association after 18 months following the order of impairment, rather than after a certain date, unless the court finds that a compelling reason exists for the time to be extended to address unusual or extenuating circumstances,

PURPOSE

As proposed, H.B. 3177 prohibits a covered claim from including any claim filed with the Texas Property and Casualty Insurance Guaranty Association after 18 months following the order of impairment, unless the court finds that a compelling reason exists for the time to be extended to address unusual or extenuating circumstances,

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 8(d), Article 21.28-C, Insurance Code, to prohibit a covered claim from including any claim filed with the Texas Property and Casualty Insurance Guaranty Association after 18 months following the order of impairment, rather than after a certain date, unless the court finds that a compelling reason exists for the time to be extended to address unusual or extenuating circumstances, notwithstanding Article 21.28 of this code. Deletes text regarding certain settlements, releases, or judgments entered by the insured.

SECTION 2. Makes application of this Act retroactive.

SECTION 3. Emergency clause.
Effective date: 90 days after adjournment.