

## BILL ANALYSIS

Senate Research Center

S.B. 1658  
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Business & Commerce  
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### DIGEST AND PURPOSE

Currently, documents obtained by the Texas Department of Insurance (department) during the course of an investigation of an insurer, agent, or other regulated entity may be considered open record material. If such documents are indeed open record, the entity being investigated or others could obtain copies of the documents and thwart the investigation. As proposed, S.B. 1658 allows the department to maintain the confidentiality of documents during the investigation and until it is completed.

### RULEMAKING AUTHORITY

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

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 38, Insurance Code, by adding Section 38.003, as follows:

Sec. 38.003. REQUEST OF DOCUMENTS PURSUANT TO AN INVESTIGATION BY THE DEPARTMENT. (a) Defines "authorization."

(b) Authorizes the Department of Insurance (department) to request relevant documents as part of an investigation from an insurance company, agent, or holder of an authorization relating to certain matters.

(c) Requires a person receiving an inquiry under Subsection (b) to respond to the production of requested documents not later than the 10th business day after the date the inquiry is received unless additional time is requested and approved by the department. Requires the department to grant a reasonable extension if the documentary evidence requested is voluminous in nature or other extenuating circumstances warrant such an extension.

(d) Requires no documentary material produced pursuant to an inquiry under this section, unless otherwise ordered by a court for good cause shown, to be produced for inspection or copying by, or its contents to be disclosed to any person other than the authorized employee of the department without the consent of the person who produced the material. Requires the department to prescribe reasonable terms and conditions allowing the documentary material to be available for inspection and copying by the person who produced the material or any duly authorized representative of that person. Authorizes the department to use the documentary material or copies of it as it determines necessary in the discharge of the department's duties, including presentation before any court. Requires any material which contains trade secrets to not be presented except with the approval of the court in which the action is pending after adequate notice to the person furnishing the material.

SECTION 2. Effective date: September 1, 2001.

Makes application of this Act prospective.