

BILL ANALYSIS

Senate Research Center
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S.B. 1558
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Current law provides that unless a statute expressly states that it applies to Lloyd's companies or reciprocal exchanges, those entities are exempt from that statute. These entities are currently not expressly included within the scope of Section 38.001, Insurance Code. Section 38.001, Insurance Code, requires insurers to respond to reasonable Texas Department of Insurance (department) inquiries within 10 days of receipt. The department's authority to obtain information has been challenged by a reciprocal exchange that refused to respond to the department's inquiries due to its exemption from this requirement under Section 942.003, Insurance Code. Lloyd's companies have a similar exemption pursuant to Section 941.003, Insurance Code. Reciprocal exchanges and Lloyd's companies write a significant volume in the automobile and homeowner's lines of business. The inability to require these companies to respond to the department's requests for information could severely impair the department's ability to provide proper oversight of the companies' operations.

S.B. 1558 amends Sections 941.003 and 942.003, Insurance Code, to make reciprocal exchanges and Lloyd's companies expressly subject to the requirements of Section 38.001, Insurance Code.

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 Section 38.001(b), Insurance Code, to authorize the Texas Department of Insurance (department) to address a reasonable inquiry to any insurance company, including a Lloyd's plan or reciprocal or interinsurance exchange, or an agent or other holder of an authorization relating to certain conditions or matters.

SECTION 2. Amends Section 941.003(b), Insurance Code, to delete existing text providing that a Lloyd's plan is subject to Articles 5.49 and 21.21, Insurance Code, and provide that a Lloyd's plan is subject to Chapters 251, 252, and 541 and Section 38.001, Insurance Code.

SECTION 3. Amends Section 942.003(b), Insurance Code, to delete existing text providing that an exchange is subject to Article 21.21, Insurance Code, and provide that an exchange is subject to Chapter 541 and Section 38.001, Insurance Code.

SECTION 4. Makes application of the change in law made by Section 38.001, Insurance Code, as amended by this Act, prospective.

SECTION 5. Effective date: September 1, 2005.