

BILL ANALYSIS

Senate Research Center
81R15269 PB-F

H.B. 1476
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, property casualty insurance companies are required, as a measure of financial solvency, to have \$2 million in the amount of capital stock and surplus combined. Recent disasters and events highlight the need to ensure the solvency of insurance carriers in Texas.

H.B. 1476 amends current law relating to capital stock and surplus requirements for certain insurance companies.

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 822.054(a), Insurance Code, to require an insurance company to have capital stock in an amount of at least \$2.5 million, rather than \$1 million, and surplus in an amount of at least \$2.5 million, rather than \$1 million.

SECTION 2. Amends Sections 822.212(a) and (b), Insurance Code, as follows:

(a) Requires an insurance company organized under this chapter that on September 1, 2009, rather than 1991, had less than the minimum amount of capital and surplus required for a newly incorporated company under Section 822.054 (Capital Stock and Surplus Requirements), Insurance Code, to engage in the kinds of insurance business for which an insurance company organized under this chapter holds a certificate of authority in this state, notwithstanding Section 822.203 (Capital Required Generally), Insurance Code, to:

(1) not later than December 31, 2010, rather than 2000, have increased the amount of its capital by at least 10, rather than 90, percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009, rather than 1991;

(2) not later than December 31, 2011, have increased the amount of its capital by at least 20 percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009;

(3) not later than December 31, 2012, have increased the amount of its capital by at least 30 percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009;

(4) not later than December 31, 2013, have increased the amount of its capital by at least 40 percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009;

(5) not later than December 31, 2014, have increased the amount of its capital by at least 50 percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009;

(6) not later than December 31, 2015, have increased the amount of its capital by at least 60 percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009;

(7) not later than December 31, 2016, have increased the amount of its capital by at least 70 percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009;

(8) not later than December 31, 2017, have increased the amount of its capital by at least 80 percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009;

(9) not later than December 31, 2018, have increased the amount of its capital by at least 90 percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009; and

(10) not later than December 31, 2019, rather than 2001, have at least the minimum amount of capital required under Section 822.054 for a newly incorporated company.

(b) Requires an insurance company that on September 1, 2009, rather than 1991, had less the minimum amount of capital and surplus required for a newly incorporated company under Section 822.054 to immediately increase the amount of its capital and surplus to an amount equal to the required amount of capital and surplus under Section 822.054 under certain conditions.

SECTION 3. Effective date: September 1, 2009.