

Subchapter I. Financial Requirements

28 TAC §11.809

1. INTRODUCTION. The Commissioner of Insurance adopts an amendment to §11.809 concerning financial requirements for health maintenance organizations (HMOs) and certain insurers. The amendment is adopted without changes to the proposal published in the December 24, 2004 issue of the *Texas Register* (29 TexReg 11909).
2. REASONED JUSTIFICATION. The amendment is necessary to facilitate the adoption of the new §7.401 adopted elsewhere in this issue of the *Texas Register*. The amendment is also necessary to delete the obsolete risk-based capital requirements in this section.
3. HOW THE SECTION WILL FUNCTION. The adopted section will direct HMOs and insurers which file the NAIC health blank to the new section which consolidates the risk-based capital rules for all insurers and HMOs in one section while assuring awareness that the risk-based capital rules for HMOs and certain other insurers have not be eliminated.
4. SUMMARY OF COMMENTS. No comments were received on the proposal.

5. STATUTORY AUTHORITY. The amendment is adopted under the Insurance Code §§843.404 and 36.001. Section 843.404 authorizes the commissioner to adopt rules to require a health maintenance organization to maintain capital and surplus levels in excess of statutory minimum levels to assure financial solvency of health maintenance organizations for the protection of enrollees. Section 36.001 authorizes the commissioner to adopt any rules necessary and appropriate to implement the powers and duties of the Texas Department of Insurance under the Insurance Code and other laws of this state.

6. TEXT.

§11.809. Risk-Based Capital for HMOs and Insurers Filing the NAIC Health Blank. All HMOs and insurers filing the NAIC Health Blank shall comply with the requirements of §7.401 of this title (relating to Risk-Based Capital and Surplus Requirements).

CERTIFICATION. This agency certifies that the adopted section has been reviewed by legal counsel and found to be a valid exercise of the agency's authority.

Issued in Austin, Texas on \_\_\_\_\_, 2005.

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Gene C. Jarmon  
General Counsel and Chief Clerk  
Texas Department of Insurance

IT IS THEREFORE THE ORDER of the Commissioner of Insurance that the amendment to §11.809, concerning risk-based capital and surplus for HMOs and insurers filing the NAIC health blank, is adopted.

AND IT IS SO ORDERED.

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JOSE MONTEMAYOR  
COMMISSIONER OF INSURANCE

ATTEST:

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Gene C. Jarmon  
General Counsel and Chief Clerk

COMMISSIONER'S ORDER NO. \_\_\_\_\_