

VIII. Statutory Authority and Recent Legislation

A. Fill in the following chart, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2003 - 2007, or earlier significant Attorney General opinions, that affect your agency's operations.

Texas Department of Insurance Exhibit 13: Statutes/Attorney General Opinions	
Statutes	
Citation/Title	Authority/Impact on Agency
Texas Insurance Code, Articles 1.10; 1.11; 1.15; 1.17; 1.17A; 1.32; 3.07; 3.28; 10.07; 22.11; 22.23; 22.23-A; and §§ 822.210; 841.205	Actuarial support for on-site financial examinations, desk examinations and review of mandated actuarial opinions.
Texas Insurance Code, Articles 1.10 §5; 1.15 §§2-3; 3.95-13; 9.29; 14.33; 16.24; 17.25 §14; 18.18; 18.23; 20A.21; 21.28-A §§3, 5, 10; 22.22; 31.002; 32.003	Initiate regulatory interventions at financially troubled insurers to provide rehabilitative efforts.
Texas Insurance Code, Articles 1.10; 1.38; 2.03; 2.07 §§1, 4, 5, 7; 2.20; 3.02 a, c; 3.05; 3.10; 3.17; 3.23; 3.27-1; 3.54; 21.28-A §1; 21.49-1	Review transactions between insurers and their affiliates to ensure that mandated filings reflect fair and equitable transactions so that insurance policyholders are not financially disadvantaged or harmed.
Texas Insurance Code, Articles 1.11 (b); 1.15; 1.15(A); 1.32 §2; 3.06; 3.95-2; 8.11; 10.33; 14.15; 21.28-A §3; 20A.17; 21.49-1; 24.10(b); 32.003	Perform desk examinations of mandatory financial statements, CPA reports and other statutorily required financial filings to detect potentially troubled insurers, etc.
Texas Insurance Code, Articles 1.11 (b); 1.15; 1.32; §2, 24.10(b); 32.003	Early Warning System for detecting financially troubled entities.
Texas Insurance Code, Articles 1.14-2 §6A(e); 1.15; 1.17; 1.19; 2.04; 3.06; 3.10(3); 3.25; 3.27-3(a); 3.95-2(i); 3.95-9; 5.75-1(3); 5.76-3 §18(a); 8.10; 9.15; 9.21(a)(b); 9.22(b); 9.25, 10.33(a); 10.35; 11.02 §2; 11.07; 13.09(a); 14.16; 15.15; 16.19; 17.22(2); 18.11; 19.08; 20.21(a); 20A.17(c); 21.07-3 §3C(f); 21.07-7 §9(c); 21.12; 21.28-D §15; 21.43 §6; 21.49 §5B(a); 21.49-1 §9(a); 21.49-3 §10; 21.49-3c §18; 21.54 §4(i); 22.05, 23.21	Perform on-site statutory examinations to detect potentially troubled insurers.
Texas Insurance Code, Articles 1.15; 21.28-A §9; §38.001	Monitor companies recently released from financial rehabilitation to detect recidivism.
Texas Insurance Code, Article 5.15-3	Provides statutory authority to help reduce potential loss costs – recodified as chapter 1903, effective April 1, 2007.
Texas Insurance Code, Article 5.171	To review rate filings and make sure that rating territories of an insurer comply with this statute.
Texas Insurance Code, Article 5.43-1	Provides authority for regulation and licensing of fire extinguisher installation and sale.
Texas Insurance Code, Article 5.43-2	Provides authority for regulation and licensing of fire alarm installation and sale.

Texas Insurance Code, Article 5.43-3	Provides authority for regulation and licensing of fire sprinkler systems installation and sale.
Texas Insurance Code, Articles 9.48; 21.28C; 21.28D and Chapter 21A	Monitor guaranty associations that pay policyholder claims of insolvent insurers (allocated funding).
Texas Insurance Code, Article 21.28, and §§843.156; 1305.054; 1305.155(d)	Conduct examinations to assess quality, accessibility, and availability of care provided by HMOs and workers' compensation networks. Conduct targeted on-site examinations of IROs and URAs in response to complaints.
Texas Insurance Code, Articles 21.28-A §6; 32.023	Monitor troubled insurance entities subject to financial rehabilitation in other states.
Texas Insurance Code, Articles 21.28-A §6; 9.48; 21.28; 21.28C; 21.28D; 32.023; and §§843.156, 1305.054, 1305.155(d)	Conduct annual and triennial examinations.
Texas Insurance Code, Article 21.58A §3	Certify utilization review agents.
Texas Insurance Code, Articles 21.58A §9; 21.58C §2(a)(4) and §§ 843.282, 1305.002, 1305.403(d)	Investigate and resolve complaints against HMOs, workers' compensation networks, IROs and URAs and, when necessary, initiate enforcement actions.
Texas Insurance Code, Article 21.58A §14 and §§1272.057, 1305.052	Investigate and examine delegated entities for HMOs and workers' compensation networks as needed. Register insurers and HMOs to conduct utilization reviews.
Texas Insurance Code, Article 21.58C §2	Certify independent review organizations.
Texas Insurance Code, Chapter 21A	Oversee/contract with qualified Special Deputy Receivers that liquidate insolvent insurers (allocated funding).
Texas Insurance Code, §31.002	Contains general statement of authority for TDI – regulate business of insurance in this state.
Texas Insurance Code, Chapter 36	Contains agency's subpoena power.
Texas Insurance Code, §38.001	Authority to make inquiries of holders of authorizations.
Texas Insurance Code, §38.201	Authorizes Commissioner to contract with outside entity to act as statistical agent in collection of experience required by statistical plans.
Texas Insurance Code, Chapter 81	Contains statute of limitations for agency administrative actions.
Texas Insurance Code, Chapter 82	Sets forth standards for sanctions generally.
Texas Insurance Code, Chapter 83	Sets forth standards for emergency cease and desist orders.
Texas Insurance Code, Chapter 84	Sets forth standards for penalties.
Texas Insurance Code, Chapter 101	Prohibits unauthorized insurance.
Texas Insurance Code, §521.002	Establishes a program to facilitate resolution of policyholder complaints.
Texas Insurance Code, Chapter 541	Prohibits unfair methods of competition or deceptive acts.
Texas Insurance Code, Chapter 544	Prohibits discrimination in business of insurance.
Texas Insurance Code, Chapter 704	Fraud Unit responsible for keeping entity antifraud plans.
Texas Insurance Code, §§701.051, 701.102, 701.104	Commissioner may conduct any investigation necessary inside/outside state to determine whether act or offense occurred or aid in enforcing laws relating to

	fraudulent insurance acts or insurance fraud. Commissioner may employ investigators as necessary to enforce statute. Fraud Unit responsible for accepting suspected insurance fraud reports.
Texas Insurance Code, §§843.078, 843.080, 843.105, 843.155, 1271.101-104, 1271.251, 1272.052, 1305.053	Screen, review and image HMO form filings, requests for certificates of authority, requests for service area modification, workers' compensation network forms, and contracts.
Texas Insurance Code, Chapter 854	Prohibits unfair claim settlement practices.
Texas Insurance Code, Chapter 1111	Specific authority for registration and forms used in connection with viatical and life settlements.
Texas Insurance Code, Chapter 1153	Specific authority for credit life and credit accident and health.
Texas Insurance Code, §1305.052	Conduct examinations of HMOs and workers' compensation networks prior to TDI issuing certificates of authority and certification of workers' compensation networks. Certify workers' compensation networks.
Texas Insurance Code, §1305.501	Restates biennial report requirements on impact of workers' compensation networks on cost and quality of medical care under §405.0025, Texas Labor Code.
Texas Insurance Code, §1305.502	Requires Workers' Compensation Research and Evaluation Group to publish an annual consumer report card which compares each workers' compensation network certified by TDI and outcomes of network and non-network claims on elements such as: employee satisfaction with medical care, access to medical care, return-to-work outcomes, health-related outcomes, medical costs and utilization of care.
Texas Insurance Code, Chapter 1501	Specific authority pertaining to small employer plans.
Texas Insurance Code, Chapter 1651	Specific authority pertaining to long-term care.
Texas Insurance Code, Chapter 1652	Specific authority pertaining to Medicare supplement.
Texas Insurance Code, Chapter 1701	Authority to review policy, contract, certificate, rider, applications, or endorsement pertaining to accident or health insurance, medical or surgical insurance, life or term insurance, endowment insurance; industrial life insurance; or fraternal benefit insurance; annuity or pure endowment contract.
Texas Insurance Code, §§2052.002, 2052.003	Allows insurers to file for prior approval, use of non-standard workers' compensation endorsements and/or forms.
Texas Insurance Code, Chapters 2651, 2652	Licensing of title agents, escrow officers, and direct operations, continuing education.
Texas Insurance Code, Chapter 2703	Ratemaking and promulgation of forms and rules.
Texas Business and Commerce Code, §44.102(d)	Grants a state agency that issues a license authority to investigate complaints concerning violations of Texas No-Call List provisions and to assess administrative penalties, including restitution of any monetary damages of complainant. If agency determines that a licensee willfully or knowingly violated Texas No-Call list provisions, agency may suspend or revoke licensee's license.
Texas Business Corporations Act -§ 8.01	Non-resident corporations must get a certificate of

	authority from Texas Secretary of State and comply with Comptroller's Tax Code requirements for out-of-state corporations. Enforcement has encountered some situations where non-resident corporation complied with these two provisions but did not obtain a license to engage in business of insurance.
Texas Code of Criminal Procedure, Article 2.12 (28)	Establishes that an investigator commissioned by Commissioner of Insurance is a Peace Officer.
Texas Code of Criminal Procedure, Article 55.01	Sets forth circumstances which entitle a person to expunction. In Title 28, Texas Administrative Code, §1.502(h)(2), in licensing decisions, Enforcement and the Licensing Division consider extent and nature of a person's past criminal activity. When expunction is granted, TDI loses information related to this factor. Additionally, when TDI receives an Order of Expunction, numerous areas of TDI must redact and/or destroy records mentioning the arrest and/or criminal charges.
Texas Education Code, §57.491	TDI shall not renew a license of a license holder if the subject's name appears on a list of persons in default on education loans. In practice, TDI is not receiving a list of persons in default on loans.
Texas Family Code, §58.203	Authorizes Texas Department of Public Safety to certify to juvenile probation department that records relating to a person's juvenile case are subject to automatic restriction if person is at least 21 years old and person has not committed any criminal offense after becoming 17 years of age. Once certification of records occurs, subject of records is not required to state in an application for employment or licensing that person has been a criminal respondent. Once this occurs, TDI will not have access to records that may be pertinent to its licensing decisions.
Texas Family Code, §§232.008 - 232.009	Many licenses, including hunting licenses, may be suspended by a court for non-payment of child support. During 2001 Legislative session, legislation was passed that allows a court to issue an order suspending an agent's insurance license(s) for failure to pay child support.
Texas Finance Code, Chapter 154	Prepaid Funeral Services – regulates prepaid funeral benefits in conjunction with Insurance Code provisions.
Texas Government Code, §411.081	Allows an individual to petition court for an order of nondisclosure prohibiting the Texas Department of Public Safety from disclosing criminal history record information. TDI is not among the agencies and entities listed in statute which are still entitled to the criminal history record.
Texas Government Code, §§ 411.081, 411.082, 411.083, 411.084, 411.085, 411.087, 411.106	Govern TDI's access to, use of, release of and liability for release of DPS criminal history reports.
Texas Government Code, §§411.081(g-2), 552.142(b)	Provides that a person whose criminal history record has been sealed by a nondisclosure order is not required to state in a license application that person has been subject of any criminal proceeding. Often, acts/conduct that led to the criminal charge could be

	considered as fraudulent or dishonest, and consequently grounds for denial and/or disciplinary action, yet TDI is not made aware of conduct through license application screening questions.
Texas Government Code, Chapter 417	Authorizes State Fire Marshal to perform building inspections statewide and inspections of state owned buildings, conduct arson investigations, provide fire prevention/safety education, maintain/administer Texas Fire Incident Reporting System, conduct investigations of firefighter fatalities, and perform duties related to Fire Suppression Ratings Schedule.
Texas Government Code, §552.002 Texas Insurance Code, Articles 21.21§4(1)-(3),(11); 20A.14(a)(1),(2); 3.70-12, §3(a); 3.50-6A, §2(c)(4); 24.13; and §§32.001, 843.204	Process service requests for information and respond to open records requests.
Texas Government Code, Chapter 2003	Authority of State Office of Administrative Hearings.
Texas Health and Safety Code, Chapter 753	Authority for inspection of above ground storage tanks for flammable liquids.
Texas Health and Safety Code, §756.083	Authority for State Fire Marshal to adopt rules regulating sale and distribution of security bars.
Texas Health and Safety Code, Chapter 791	Authority for State Fire Marshal to supervise and enforce fire escape requirements.
Texas Health and Safety Code, Chapter 792	Authority for State Fire Marshal to determine which smoke detectors are acceptable for use in hotels.
Texas Labor Code, Chapter 91	Authority to regulate staff leasing companies that have sponsored a number of unauthorized health plans TDI has taken action against.
Texas Labor Code, §405.001	Creates Workers' Compensation Research and Evaluation Group.
Texas Labor Code, §405.002	Workers' Compensation Research and Evaluation Group is located in TDI. Serves as a resource to Commissioner of Insurance on workers' compensation issues. Gives TDI authority to apply for and spend grant funds. Clarifies research reports are accessible to public via TDI website.
Texas Labor Code, §405.003	Authority to fund Workers' Compensation Research and Evaluation Group through maintenance tax collected on workers' compensation insurance carriers and self-insurance groups, excepting governmental entities.
Texas Labor Code, §405.004	Clarifies Workers' Compensation Research and Evaluation Group (REG) access to files and records of TDI's Division of Workers' Compensation, Texas Workforce Commission, Department of Assistive and Rehabilitative Services, Office of Injured Employee Counsel, State Office of Risk Management, and other appropriate state agencies. Provides surveys are not subject to public disclosure and protects confidentiality of REG working papers. Allows adoption of rules as necessary to establish data reporting requirements.
Texas Labor Code, §405.0025	Authority for Workers' Compensation Research and Evaluation Group's (REG) to conduct professional

	studies and research on variety of workers' compensation issues. Requires REG to issue a biennial report to governor, lieutenant governor, speaker of the house of representatives, and members of legislature on impact of workers' compensation health care networks.
Texas Labor Code, §405.0026	Requires Commissioner of Insurance to adopt an annual research agenda for Workers' Compensation Research and Evaluation Group, incorporating comments from public.
Texas Labor Code, §406A	Requires TDI to approve groups for purpose of purchasing workers' compensation insurance.
Texas Labor Code, §413.031(d) Texas Insurance Code, §1305.355(d)	Assign independent review requests to independent review organizations and perform data entry of assignments. Note: only a rule cite for health, but no statutory cite.
Texas Labor Code, Chapter 415	Provides for regulation of workers' compensation insurance. Sets forth enforcement function.
Texas Occupations Code, Chapter 2154	Provides authority for regulation and licensing of fireworks distribution and sale.
Texas Occupations Code, Chapter 1704	Regulates bail bond sureties. Creates a Bail Bond Board in each county with a population of 110,000 or more and grants Board authority to revoke or suspend license issued by Board. TDI does not regulate these license holders.
Texas Occupations Code, Chapter 2151	Regulates amusement ride insurance.
Texas Occupations Code, Chapter 2154	Regulates insurance in connection with fireworks and fireworks displays.
Texas Occupations Code, §§ 53.001-53.052	Set forth guidelines and standards regarding consequences of a criminal conviction. Requires TDI to issue guidelines stating how particular crimes are considered to relate to business of insurance and criteria that affect TDI's licensing decisions (Title 28, Texas Administrative Code, §§1.501-1.502).
Texas Occupations Code, Chapter 953	Places regulation of pre-paid legal services companies under Texas Department of Licensing and Regulation.
Texas Penal Code	Enforcement and Licensing Division look to the elements of criminal offenses in the Penal Code as part of the licensing decision analysis. Nature of the crime will also affect applicability of 18 U.S.C.A. §1033.
Texas Penal Code, §42.12	Distinguishes "regular" community supervision from "deferred adjudication" community supervision. Often court records are not clear whether subject has been convicted.
Texas Transportation Code, §548.603	Regulates fictitious or counterfeit inspection certificate or insurance documents.
Texas Transportation Code, Chapter 601	Motor Vehicle Safety Responsibility Act - TDI adopted rules pertaining to financial responsibility verification program under Texas Insurance Code, Chapter 601.
Texas Transportation Code, Chapter 722	Exempts automobile club services from regulation.
Federal McCarran-Ferguson Act 15 U.S.C. Chapter 20	Provides basic principal that business of insurance is to be regulated by states.

<p>Federal Anti-Crime Omnibus Act 18 U.S.C. §1033(e)(1)(A)</p>	<p>Prohibits persons convicted of certain felonies from willfully engaging in business of insurance or participating in such business when activities affect interstate commerce. However, 18 U.S.C. § 1033(e)(2) allows TDI to grant a written consent to engage in business of insurance or participate in such business as that term is defined in Act.</p>
<p>Federal ERISA Act 29 U.S.C. 1001 et seq.</p>	<p>Provides that employee welfare benefit plans are not regulated by states, unless they are a multiple employer welfare arrangement.</p>
<p>Federal Public Law 92-544 and 28 CFR 50.12</p>	<p>Require TDI to notify applicants and authorization holders that fingerprints submitted to TDI may be submitted to FBI. CFR 50.12 also prohibits dissemination of records received from FBI.</p>
<p>Federal Bankruptcy Laws</p>	<p>While TDI's disciplinary actions are not stayed by a bankruptcy filing, the bankruptcy may impact TDI's ability to require restitution and/or impose an administrative penalty.</p>
<p>Federal Welfare Reform Act of 1996</p>	<p>TDI only licenses persons within US as agents. Essentially, every US citizen is authorized to work in US. A foreign national within US is an immigrant. Immigrants must meet requirements of Welfare Reform Act of 1996, including having authorization to work within US.</p>
<p>National Flood Insurance Program (NFIP)</p>	<p>Administered by Federal Insurance Administration (FIA), which is supervised by Federal Emergency Management Administration. Agents who want to sell flood insurance must apply through NFIP; insurers wishing to write flood insurance contract with FIA.</p>
<p>United States Code (USC), Title 7, Chapter 36</p>	<p>Federal Crop Insurance Corporation (FCIC) was created pursuant to USC Title 7, Chapter 36. 7 USC §1502(b)(2), adopted October 13, 1994, shifted provision of crop insurance from FCIC to approved private insurers. Currently, to extent crop insurance coverage is available through approved private insurance providers in the state, only approved insurance providers may provide coverage. Even during time FCIC directly provided crop insurance, FCIC encouraged sale of federal crop insurance through licensed private agents. Now FCIC makes available a listing of insurance agents and companies offering to sell crop insurance in area of producers.</p>

Texas Department of Insurance Attorney General Opinions	
Attorney General Opinion No.	Impact on Agency
Texas Attorney General No. GA-0505	An agency may not reopen an order that is administratively final except as authorized by statute. The APA sets forth time periods in which an order is appealable and becomes final. This OAG opinion seems to support TDI's position that after time periods in APA have passed, subject of order cannot file motions for rehearing and/or to set aside.
Texas Attorney General No. GA-0396	A Court does not have personal jurisdiction over a criminal defendant once it dismisses proceeding and discharges defendant from deferred adjudication probation and cannot pursue collection of past due fines and court costs once deferred adjudication probation has expired. This opinion potentially impairs TDI's ability to rely upon Texas Occupations Code, §53.023(c)(4) and Title 28, Texas Administrative Code, §1.502(h)(G)(iv) which allow TDI to consider noncompliance with probation terms as a factor that weighs against licensure.
Texas Attorney General No. GA-0288	In non bail bond board counties, sheriff does not have to accept a bail bond signed by an individual surety's attorney-in-fact. According to Texas Attorney General No. MW-321 (April 14, 1981), in counties without a bail bond board, person making a bond must hold a license issued by TDI. Potentially, surety's employees are engaging in unauthorized insurance.
Texas Attorney General No. GA-0255	Under Texas Government Code, §411.081, nondisclosure orders prohibit TDI from obtaining criminal history information from Texas Department of Public Safety.
Texas Attorney General No. GA-0165	An agent of a corporate surety licensed as such by a bail bond board does not require an independent license to act as an agent of corporation.
Texas Attorney General No. GA-0064	Clarifies that a license holder's license is revoked by operation of law upon imprisonment for a felony conviction pursuant to Texas Occupations Code, §53.021(b).
Texas Attorney General No. GA-0016	On the basis of the U.S. Supreme Court's decision in American Insurance Association v. Garamendi, 123 S.Ct. 2374 (2003), article 21.74 of the Texas Insurance Code interferes with the President's conduct of foreign affairs and is thus preempted by the U.S. Constitution.
Texas Attorney General No. GA-0495	Texas Insurance Code, Section 38.003(d) does not prohibit TDI from disclosing the identities of companies writing commercial property insurance along the Texas coast.
Texas Attorney General No. GA-0040	The Health Maintenance Organization Act, Texas Insurance Code, Ann. Ch. 20A (Vernon 1981 & Supp. 2003), does not prohibit a physician who is not under contract with an HMO from billing an HMO enrollee

	for charges not paid by the HMO. TDI is not authorized to enforce the Act to prohibit such a physician from balance billing an enrollee of the HMO.
Texas Attorney General No. GA-0045	The refusal of Farmers Insurance Exchange and Fire Insurance Exchange to renew the policies of Texas homeowners would not violate state law, provided that the exchanges follow the notice procedure set forth in Texas Insurance Code, Article 21.49-2B, Section 5. The exchanges would not be required to file a plan for withdrawal from the Texas homeowners' insurance market, as they are reciprocal exchange insurers that are not regulated by Texas Insurance Code, Article 21.49-2C. Nor are reciprocal exchange insurers subject to a moratorium issued by the Commissioner of Insurance.
Texas Attorney General No. JC-0528	Clarifies that Texas Occupations Code, Chapter 1704 regulates bail bond sureties. This statute creates a Bail Bond Board in each county with a population of 110,000 or more and grants Board authority to revoke or suspend a license issued by Board.
Texas Attorney General No. JC-0205	Clarifies when a junior college district can and cannot use a designated broker of record to purchase insurance.
Texas Attorney General No. JC-0051	If this opinion is applicable to all licensing entities, TDI must verify immigration status of Canadian and Mexican nationals who are physically present in this country seeking licensure in Texas to determine their eligibility for a professional license in accordance with Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended. TDI may not deny licensure to Canadian or Mexican nationals solely because they are not citizens or permanent residents of United States.
Texas Attorney General No. JC-0502	Under the prompt payment provisions requiring preferred provider organizations (PPOs) and health maintenance organizations (HMOs) to disclose to physicians and other health care providers "copies of all applicable utilization review policies and claim processing policies or procedures, including required data elements and claim formats," Texas Insurance Code, Ann. Art. 3.70-3C, § 3A(i); id. Art. 20A.18B(i) (Vernon Supp. 2002), TDI is authorized to promulgate rules to require PPOs and HMOs to disclose their fee schedules and bundling and downcoding policies.
Texas Attorney General No. MW-321	In counties without a bail bond board, person making a bond must hold a license issued by TDI.

B. Provide a summary of recent legislation regarding your agency by filling in the chart below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation).

Texas Department of Insurance Exhibit 14: 80th Legislative Session Chart		
Legislation Enacted - 80th Legislative Session		
Bill Number	Author	Summary of Key Provisions
HB 34	Solomons	<p>Relating to the prohibition of certain payments or other inducements regarding a workers' compensation claim.</p> <p>This bill adds new §415.0036 to the Labor Code that imposes an administrative violation on an insurance adjuster, case manager, or other person who has authority under the Texas Workers' Compensation Act to request performance of a service affecting the delivery of benefits to an injured employee or who actually performs such a service, including peer reviews, required medical examinations or case management, if the insurance adjuster, case manager, or other authorized person offers to pay, pays, solicits, or receives an improper inducement relating to the delivery of benefits to an injured employee or improperly attempts to influence the delivery of benefits to an injured employee, including through the making of improper threats. The section applies to each of the named applicable persons who is a participant in the Texas workers' compensation system and to an agent of such a person. The bill provides that a violation of the new section is a Class A administrative violation.</p> <p>The law takes effect September 1, 2007 and applies only to the punishment for a violation occurring on or after this effective date.</p>
HB 472	Solomons	<p>Relating to the regulation of third-party administrators, including administrators with delegated duties in the Texas workers' compensation system.</p> <p>The law amends the definition of administrator to include persons collecting premiums or adjusting or settling claims for workers compensation benefits and expands the regulatory requirements for administrators. The amended definition also adds delegated entities and workers' compensation networks that administer claims for an insurer. The law adds an exemption for affiliates that are acting as administrator on behalf of a certified self insurer.</p> <p>An insurer using an administrator remains responsible for determining benefits, rates, reimbursement procedures and claims payment procedures and ensuring competent administration. If the administrator has more than 100 certificate holders, the insurer must conduct semiannual reviews of the operations and a biennial on-site audit.</p> <p>Administrators who receive \$10 million or more as compensation for performing administrative services must submit an annual report to the commissioner, which must include an audited financial statement.</p> <p>Administrators of workers compensation benefits must have a contract with the insurer and the administrator may also enter into a contract with an employer. The commissioner may: conduct market analysis and examinations of an administrator; adopt rules establishing financial standards, reporting requirements and required contract provisions; and prescribe provisions that must be included in the written agreement between the administrator and the plan sponsor or insurer.</p> <p>The law sets out grounds for disciplinary actions and the rights, responsibilities</p>

		<p>and procedures for pursuing disciplinary action against a certified administrator.</p> <p>The bill also amends the definition of adjuster to include an individual who investigates, adjusts, supervises the handling of, or settles workers' compensation claims. The definition includes claims through a workers' compensation network and claims on behalf of a certified self-insurer, a certified self-insurance group and a governmental entity that self-insures. The law takes effect September 1, 2007. A person is not required to hold a certificate of authority to administer workers' compensation benefits until January 1, 2008. the Texas Department of Insurance (TDI) must issue certificates of authority to applicants beginning September 1, 2007.</p>
HB 473	Solomons	<p>Relating to benefits provided under the workers' compensation system, including fee guidelines for medical benefits and payment of benefits under interlocutory orders.</p> <p>This bill amends the Labor Code to allow for deviation from fee guidelines by "informal or voluntary networks" which it also defines and further requires such "informal and voluntary networks" to be certified as workers' compensation health care networks under Texas Insurance Code, Chapter 1305 no later than January 1, 2011.</p> <p>In a provision effective January 1, 2011, the bill provides that carriers and certified networks may continue to contract with a health care provider to secure health care for an injured employee for fees that exceed the fees adopted by the division.</p> <p>The commissioner of insurance and the commissioner of workers' compensation may adopt rules as necessary to implement Labor Code, §413.011.</p> <p>The bill also amends the requirements concerning interlocutory orders for the payment of benefits to require the benefit review officer to give the opposing party an opportunity to respond before issuing the interlocutory order.</p> <p>The law takes effect September 1, 2007, except for the provision regarding all carriers and certified networks effective as of January 1, 2011.</p>
HB 522	Woolley	<p>Relating to adoption and operation of requirements regarding health benefit plan identification cards.</p> <p>This bill establishes an advisory committee and a pilot program regarding the electronic data exchange of health information and gives the commissioner appointment and rulemaking duties for implementation.</p> <p>The bill requires the commissioner to appoint a technical advisory committee on electronic data exchange to advise the commissioner on technical aspects of using the transaction standards and the rules of the Council for Affordable Quality Healthcare Committee on Operating Rules for Information Exchange. The advisory committee is to issue a final report to the commissioner by December 1, 2008.</p> <p>The bill also requires the commissioner to designate a county or counties for initial participation in an identification card pilot program to begin not later than May 1, 2008.</p> <p>The law takes effective immediately.</p>
HB 539	Smith, Wayne, Crabb, Callegari	<p>Relating to the regulation of fireworks and fireworks displays.</p> <p>The bill amends the Occupations Code and the Government Code. The bill adds certain pop rockets to the list of fireworks that are not permitted. The bill modifies the membership of the advisory council appointed to assist the Commissioner of Insurance regarding regulation of fireworks and fireworks displays to include a representative of a county fire marshal's office. The bill adds to the periods when fireworks may be sold to the public to include sales between May 1 and May 5 in certain counties near the Texas-Mexico border. It also raises the minimum age of a person to whom fireworks may be sold</p>

		<p>from 12 years of age to 16 years of age. It prohibits a person from employing or allowing a person younger than 16 years of age to manufacture, distribute, sell, or purchase fireworks, or employing a person younger than 18 years of age to sell fireworks at a retail sales location, with certain exceptions. It makes violations of provisions relating to selling, storing, manufacturing, distributing, or displaying fireworks and the above provisions relating to employment a Class C misdemeanor. It modifies the criteria by which the Texas Forest Service determines whether drought conditions exist in any county that has requested such a determination and requires the Texas Forest Service to make its services available each day during the Fourth of July and December fireworks seasons.</p> <p>The law takes effect immediately, except the provision relating to the banning of certain pop rockets takes effect January 2, 2008. The changes in law made by this Act apply only to an offense committed on or after the effective date of the applicable section.</p>
<p>HB 716</p>	<p>Solomons, Anchia, Flynn, McCall, Orr</p>	<p>Relating to mortgage fraud; providing criminal penalties.</p> <p>This bill sets up a mortgage fraud task force headed by the Office of the Attorney General, with participation from representatives of various agencies including the Department of Insurance.</p> <p>The bill also sets forth certain penalties and notice requirements relating to mortgage fraud.</p> <p>The law takes effect September 1, 2007.</p>
<p>HB 724</p>	<p>Solomons</p>	<p>Relating to workers' compensation claims for certain medical benefits, death benefits, and burial benefits.</p> <p>The bill amends the Labor Code to provide that a dissatisfied party to a medical fee or medical necessity dispute is entitled to an administrative review through a contested case hearing (CCH) under Texas Labor Code, §413.0311 if the review concerns a health care provider fee dispute where the reimbursement amount in dispute is under \$2,000.00, if the appeal is of an IRO decision regarding the retrospective medical necessity of a health care service for which the amount billed does not exceed \$3,000.00, or where the review concerns an IRO decision concerning the concurrent or prospective medical necessity for health care services. A benefit review conference is not a prerequisite to the CCH under this change. The CCH decision could then be appealed to district court under Texas Government Code, Chapter 2001, Subchapter G. If the appealed decision is not covered by Texas Labor Code, §413.0311 and is not related to spinal surgery, the dissatisfied party is entitled to a hearing at the State Office of Administrative Hearings (SOAH) not later than the 60th day after the party notifies the division of the request for the hearing. The hearing is to be conducted in the manner of contested cases under Chapter 2001, Texas Government Code. After exhausting all administrative remedies, the aggrieved party may seek judicial review under Texas Government Code, Chapter 2001, Subchapter G. In either review process, the Texas Department of Insurance and the Division of Workers' Compensation are not considered to be parties. The change in the law would apply to the resolution of a dispute that is pending with the Division on or after the effective date of the Act, that is remanded back to the Division on or after the effective date of the Act, or that arises on or after the date of the Act.</p> <p>The bill also provides for the payment of death benefits to surviving eligible parents (as defined) of the deceased. A payment of death benefits made under this subsection may not exceed one payment per household and may not exceed 104 weeks.</p> <p>The bill further provides reimbursement procedures for certain entities (subclaimants). For each medical benefit paid, the workers' compensation insurance carrier shall pay to the health care insurer the lesser of the amount payable under the applicable fee guideline as of the date of service or the actual</p>

		<p>amount paid by the health care insurer. In the absence of a fee guideline for a specific service paid, the amount per service paid by the health care insurer shall be considered in determining a fair and reasonable payment under rules under this subtitle defining fair and reasonable medical reimbursement. The health care insurer may not recover interest as a part of the subclaim.</p> <p>The commissioner of workers' compensation and the commissioner of insurance shall adopt rules as required by this Act not later than December 1, 2007.</p> <p>The law takes effect September 1, 2007.</p>
HB 886	Giddings	<p>Relating to an optional preauthorization plan for the workers' compensation return-to-work pilot program for small employers.</p> <p>This bill amends the Labor Code to require the commissioner of workers' compensation to establish an optional preauthorization plan for eligible employers who participate in the return-to-work pilot program for small employers, which is coordinated by the workers' compensation division of the Texas Department of Insurance. To participate in the preauthorization plan, an employer must submit a proposal to the division that describes the workplace modifications the employer would make to accommodate an injured employee's return to work. The bill requires the division to guarantee that an approved employer would be reimbursed from the workers' compensation return-to-work account for the expenses incurred in implementing the modifications, up to the account's \$2,500 reimbursement limit, unless the division determines that the modifications differ materially from the employer's proposal.</p> <p>The law takes effect immediately.</p>
HB 1003	Giddings	<p>Relating to professional licensing requirements for independent review of certain medical decisions regarding workers' compensation claims.</p> <p>The bill amends the Labor Code and Insurance Code to provide that, notwithstanding Section 4202.002, Insurance Code (relating to the independent review organization), an independent review organization that uses doctors to perform reviews of health care services provided under Labor Code Chapter 413 or Insurance Code Chapter 1305, may only use doctors licensed to practice in this state. It provides that the definition for IRO as used in Labor Code is the same as in Insurance Code Chapter 1305.</p> <p>The law takes effect September 1, 2007.</p>
HB 1005	Giddings	<p>Relating to the timely submission of a claim for payment by a workers' compensation health care provider.</p> <p>This bill amends the Labor Code to clarify that a health care provider who fails to submit a medical bill within 95 days after the services are provided to the injured employee, as required by statute, does not forfeit the right to reimbursement solely because of the failure to timely file the claim if the provider submits proof that is satisfactory to the commissioner that the provider timely filed the bill with a group accident and health insurer or an HMO that issues coverage under which the injured employee is covered; a workers' compensation insurance carrier or the commissioner determines that the failure resulted from a catastrophic event that substantially interfered with the provider's normal business operations. The provider is required to submit the claim to the correct insurer within 95 days of being notified of the erroneous submission.</p> <p>The bill also specifies that parties may agree to extend the period for submitting a claim.</p> <p>The law takes effect September 1, 2007 and applies to a claim for payment for services rendered on or after September 1, 2007.</p>
HB 1006	Giddings	<p>Relating to doctor licensing requirements for peer review, utilization, and retrospective review of medical decisions regarding workers' compensation</p>

		<p>claims.</p> <p>This bill amends the Labor Code and the Insurance Code to require that URAs and insurance carriers use doctors licensed to practice in Texas for performing utilization review or review conducted under the Workers Compensation Act or Insurance Code, Chapter 1305. The bill provides that the definitions for “credentialing” and “retrospective review” in Labor Code, Chapter 401, are the same as in Insurance Code 1305, and that the definitions for “utilization review” and “Utilization Review Agent” are the same as in Insurance Code, Chapter 4201. The bill also updates citations so that they reference the recodified Insurance Code Chapter 4201.</p> <p>The law takes effect September 1, 2007 and applies only to a review provided under a claim for workers’ compensation benefits that is conducted on or after this effective date.</p>
HB 1066	Delisi	<p>Relating to health information technology and the creation of the Texas Health Services Authority.</p> <p>This bill enacts new Chapter 182 of the Health and Safety Code that creates the Texas Health Services Authority, a non-profit corporation, as a public-private collaborative to implement the state-level health information technology functions identified by the Texas Health Information Technology Advisory Committee by serving as a catalyst for the development of a seamless electronic health information infrastructure to support the health care system in the state and to improve patient safety and quality of care.</p> <p>The corporation is established to promote, implement, and facilitate the voluntary and secure electronic exchange of health information; and create incentives to promote, implement, and facilitate the voluntary and secure electronic exchange of health information.</p> <p>The corporation is subject to Chapter 325, Government Code. Unless continued in existence as provided by that chapter, the corporation is abolished and the enacted Chapter 182, Health and Safety Code, expires September 1, 2011. The governor may order the dissolution of the corporation at any time the governor declares that the purposes of the corporation have been fulfilled or that the corporation is inoperative or abandoned.</p> <p>The law takes effective immediately.</p>
HB 1070	Laubenberg	<p>Relating to the liability insurance requirements for certain amusement rides.</p> <p>This bill amends the Occupations Code to establish new criteria for liability insurance for amusement rides that operate in a manner similar to a train and have prescribed safety features. The bill also permits a local government to satisfy insurance requirements for operating amusement rides by obtaining liability coverage through an interlocal agreement.</p> <p>The law takes effect immediately.</p>
HB1590	Smithee	<p>Relating to lapse rates in the computation of reserves for certain life insurance contracts.</p> <p>This bill amends the Insurance Code to allow the minimum standard of valuation of a universal life insurance contract to include a lapse rate of up to two percent per year in the calculation of reserves for a secondary guarantee in such a contract issued after December 31, 2006. The bill authorizes the commissioner to adopt rules to implement the provisions of this act.</p> <p>The law takes effect June 1, 2007.</p>
HB 1594	Zerwas	<p>Relating to expedited credentialing for certain physicians providing services under a managed care plan.</p> <p>This bill provides for expedited credentialing and payment for a physician who joins an established medical group that is currently contracted with the carrier if the physician meets certain criteria. Addresses the payment of the physician by both the carrier and the enrollee. It also provides for the recovery of payment differences if the physician fails to meet the credentialing</p>

		<p>requirements. It further prohibits the physician from balance billing the enrollee for the difference.</p> <p>The law takes effect September 1, 2007, and applies only to credentialing of a physician under a contract entered into or renewed by a medical group and an issuer of a managed care plan on or after September 1, 2007.</p>
HB1847	Hancock	<p>Relating to certain noninsurance benefits and related services for accident, health, life, and long-term care insurance.</p> <p>Allows an insurer to include a noninsurance benefit that is reasonably related to a policy or certificate as part of the policy or certificate. Types of benefits include discount cards for health programs, financial planning and will preparation and contributions for education savings.</p> <p>The form filing must include a description of the benefit, notice disclosing the benefit and an explanation of any condition on which termination of the benefit will occur.</p> <p>Commissioner may adopt rules to implement the section including which benefits are reasonably related and that the benefits are not unfairly deceptive. The law takes effect immediately.</p>
HB 1919	Smith, T	<p>Relating to health benefit plan coverage for treatment for certain brain injuries and serious mental illnesses.</p> <p>This bill requires coverage for certain treatment of acquired brain injuries under a health benefit plan, other than a small employer health benefit plan. It requires coverage for reasonable expenses related to periodic reevaluation of the care of an individual who has incurred an acquired brain injury; has been unresponsive to treatment; and becomes responsive to treatment at a later date. Health benefit plan issuers, other than a small employer health benefit plan issuer, must provide annual notification to each insured or enrollee under the plan in writing about the coverages described by Section 1352.003. The notice to enrollees will be designed by the commissioner in consultation with the Texas Traumatic Brain Injury Advisory Council.</p> <p>The bill also requires that a small employer health benefit plan may not exclude coverage for cognitive rehabilitation therapy, cognitive communication therapy, neurocognitive therapy and rehabilitation, neurobehavioral, neurophysiological, neuropsychological, or psychophysiological testing or treatment, neurofeedback therapy, remediation, post-acute transition services, or community reintegration services necessary as a result of and related to an acquired brain injury.</p> <p>The bill further requires that, at a minimum, a health benefit plan must provide coverage as provided by this section to an enrollee older than two years of age and younger than six years of age who is diagnosed with autism spectrum disorder.</p> <p>The law takes effect September 1, 2007 and applies only to a health benefit plan delivered, issued for delivery, or renewed on or after January 1, 2008.</p>
HB 1956	Hancock	<p>Relating to the financial responsibility requirements applicable to owners or operators of underground storage tanks.</p> <p>This bill amends the Water Code to require an owner or operator of an underground storage tank used for storing petroleum products to submit annually to the Texas Commission on Environmental Quality (TCEQ) proof that the owner or operator maintains financial responsibility. In addition, the bill requires an insurance company or other entity that provides insurance coverage or another form of financial assurance to comply with financial responsibility requirements to notify the TCEQ if the insurance coverage or other financial assurance is canceled or not renewed. The bill requires such notice to be mailed not later than the 30th day after the date the coverage terminates. The bill also requires the Texas Department of Insurance to adopt rules to implement the subsection relating to the notice requirements. Lastly,</p>

		<p>the bill provides enforcement authority to the commission and the commission may order an owner or operator of an underground storage tank that fails to maintain acceptable evidence of financial responsibility to place the tank out of service.</p> <p>The law takes effect September 1, 2007 and applies to insurance policies or other forms of financial assurances that are terminated on or after January 1, 2008.</p>
HB 1977	Taylor	<p>Relating to the Texas Health Insurance Risk Pool.</p> <p>This bill amends eligibility for coverage under the Texas Health Insurance Risk Pool (THIRP). It also defines “creditable coverage” in essentially the same terms as defined under Ch. 1205, Insurance Code. It exempts the THIRP from any state tax, regulatory fee, or surcharge. It provides for feasibility study of a program which allows an individual covered by a group HBP to also secure coverage through THIRP as secondary coverage. It allows a “federally defined eligible individual” to be eligible for THIRP coverage, even if they had terminated previous THIRP coverage within the preceding 12 months. It defines a “significant break in coverage” to be “a period of 63 consecutive days during all of which” a person did not have health coverage, excluding any waiting or affiliation period. It amends the list of coverages <i>not</i> qualifying as a “health benefit plan.” It removes eligibility for persons whose premiums are paid for or reimbursed by a government-sponsored program or by a government agency or health care provider. It limits the term of the pool administrator to a period of three years with a total term of six years. It requires a health benefit plan carrier to report their gross premiums collected to THIRP and amends the assessment methodology.</p> <p>The law takes effect June 30, 2007, except Sections 1, 2, 4, 5, 6, 7, 8, 9, 10, and 14 take effect January 1, 2008. Applies only to a state tax, regulatory fee, or surcharge due on or after June 30, 2007. Applies to an assessment for a calendar year or portion of a calendar year beginning on June 30, 2007. Applies only to an application for initial or renewal coverage, filed on or after January 1, 2008.</p>
HB 2004	Giddings	<p>Relating to requiring that a doctor who reviews a workers’ compensation case be certified in a professional specialty appropriate to the care received by the injured employee.</p> <p>The bill requires that doctors performing peer review, utilization review, independent review, required medical examination or as a designated doctor must be certified in the specialty appropriate to the care the injured employee is receiving.</p> <p>The bill further requires that providers reviewing dental or chiropractic services must be licensed in these specific areas.</p> <p>The bill also provides that a member of the medical quality review panel, other than a chiropractor, reviewing a workers’ compensation case must also be certified in a specialty appropriate to the care the injured employee is receiving. A chiropractor is subject to the section regarding chiropractic services.</p> <p>The law takes effect September 1, 2007 and applies only to a review of a health care service provided under a claim for workers’ compensation benefits that is conducted on or after that effective date.</p>
HB 2015	Smithee	<p>Relating to the reporting of claim information under certain group health plans; providing administrative penalties. Incorporates federal statutory definitions of “Group Health Plan”, “Health Insurance Issuer” et. al.</p> <p>Applies to governmental entities.</p> <p>Requires a health insurance issuer to provide claim information requested by a plan, plan sponsor or plan administrator not later than 30 days of receipt of a written request. Limited to 2 requests in a 12 month period.</p> <p>Information must be provided for the preceding 36 months or the entire period</p>

		<p>of coverage, whichever is shorter. Bill specifies the specific information that must be provided.</p> <p>A health insurance issuer is not required to report protected health information that the issuer would be prohibited from reporting in another state or under federal law due to more stringent privacy restrictions than HIPAA.</p> <p>For certain items (e.g. claims of 15K) of protected health information the plan requestor must provide a certification to the issuer that the plan will safeguard and limit use of the information.</p> <p>A plan issuer must request a report before the second anniversary of the date of termination of coverage.</p> <p>Within 10 days of receipt of the report the plan requestor may request additional information (if a certification has been provided) regarding prognosis, case management future expected cost and treatment plan. The issuer must respond to the request within 15 days.</p> <p>An issuer that complies with the statute is not liable for civil damages or criminal prosecution for releasing the info. An issuer that fails to comply is subject to Chapter 84.</p> <p>Repeals: 21.49-15 relating to information insurer is required to provide to a governmental entity.</p> <p>Chapter 1209 Insurance Code relating to information required to be provided to an employer sponsoring a group health benefit plan.</p> <p>Section 1501.614 Ins Code relating to information reported to small or large employers.</p> <p>Law takes effect September 1, 2007 and applies to requests on and after January 1, 2008.</p>
<p>HB 2118</p>	<p>Pickett</p>	<p>Relating to licensing and regulation of residential fire alarm technicians and regulation and installation of fire detection and alarm devices.</p> <p>This bill amends the Insurance Code to establish a new “Residential Fire Alarm Technician” License for the installation of fire alarms in one- or two-family dwellings.</p> <p>The bill also amends the Health and Safety Code to require working smoke detectors in one- or two-family dwellings constructed in this state and in sorority or fraternity houses in accord with building codes in effect in the political subdivisions in which they are located.</p> <p>The bill also sets forth requirements for sellers of dwellings and provides for disclosure notices to purchasers.</p> <p>The Commissioner of Insurance is required to adopt rules and forms not later than March 1, 2008 to implement the changes in law made by Insurance Code Article 5.43-2.</p> <p>The law takes September 1, 2007, and a residential fire alarm technician is not required to obtain a license under Insurance Code Article 5.43-2 before June 1, 2008.</p>
<p>HB 2251</p>	<p>Taylor</p>	<p>Relating to advertising by certain insurers.</p> <p>The bill would define web pages that do not describe specific products or that do not include an “opportunity” to apply or obtain a quote, as institutional advertising, even if they contain links to web pages that do describe products or permit applying or requesting quotes. It would also establish that required disclosures on web pages subject to insurance advertising rules could be provided through links “prominently placed” on the affected web page. The bill would codify as statute and revise rule disclosure requirements regarding Medicare-related insurance products. It would also confirm that ads referring to preferred provider benefit plans may identify such products as “PPO plans.”</p> <p>The bill would codify as statute and slightly revise current rule disclosure requirements relating to “guaranteed renewable” accident and health coverages.</p> <p>The bill would establish that ads that are identical or “substantially similar” to ads TDI has previously reviewed and accepted would not be required to be</p>

		<p>filed again for review. The law takes effect September 1, 2007.</p>
HB 2252	Taylor	<p>Relating to provision of health-related services, health care information, and incentives promoting disease prevention, wellness, and health by certain insurers and related entities and certain health care providers. The bill relates to disclosure of information about health care related services or access to health care information provided to persons covered by health benefit plans and would provide that such disclosures as set out in the bill would not be considered discrimination or inducements, specifically setting them out as exceptions under Insurance Code §541.058. The bill includes definitions for both “health-related services” and “health-related information.” The bill provides that in connection with a health insurance benefit plan, the issuer may provide health related services or health related information to insureds or other covered persons or disclose information about availability of additional services to prospective insureds or other covered persons. It also would provide a parallel provision for HMO enrollees and prospective enrollees or contract holders. The law takes effect immediately.</p>
HB 2467	Solomons	<p>Relating to modification of certain small and large employer health benefit plans. Allows a small or large employer health benefit plan issuer to modify a small or large employer benefit plan if the modification occurs at the time of renewal, the modification is effective uniformly among all employers covered by that plan and the issuer provides notice to the commissioner and the employer not later than 60 days before the modification. The law takes effect September 1, 2007 and applies to plans delivered or issued on or after January 1, 2008.</p>
HB 2548	Smith, T	<p>Relating to coverage limitations in health benefit plans. Prohibits a preexisting condition in an individual accident and health policy from applying to an individual who was continuously insured for an aggregate period of 18 months by creditable coverage that was in effect not more than 63 days before the effective date of the individual coverage. Current law does not provide creditable coverage for an individual whose most recent coverage was under an individual plan. HB 2548 allows creditable coverage for such policies. The bill also changes the eligibility requirements for the Health Insurance Risk Pool in two situations. Part-time employees who are eligible to participate in an employer plan that provides health benefit coverage are eligible to participate in the Risk Pool if the coverage provided by the employer is more limited or restricted than the Pool’s coverage and the employer does not provide any contribution to the premium. Also, individuals who were eligible for COBRA benefits (Consolidated Omnibus Budget Reconciliation Act) who did not elect coverage or whose election lapsed or was canceled and not reinstated are eligible for Pool coverage subject to a 180 day exclusion for charges or expenses incurred during the 180 day period that were for preexisting conditions. The law becomes effective immediately.</p>
HB 2549	Smith, T	<p>Relating to eligibility of certain dependents for group life insurance This bill amends the specifications regarding the coverage of children and grandchildren. The bill allows coverage under a group life insurance policy to be extended to cover children who are unmarried and younger than 25. It also adds the ability to extend coverage to grandchildren who are unmarried and younger than 25 and a dependent of the insured for federal income tax purposes.</p>

		The law becomes effective September 1, 2007 and applies to group life insurance policies delivered, issued for delivery or renewed after January 1, 2007.
HB 2551	Smith, T.	<p>Relating to refund of excessive or unfairly discriminatory premium; providing penalties.</p> <p>During the 79th Legislature, two different versions of subsections (b-1) and (b-2) of 5.144 concerning refunds of excessive or discriminatory residential property insurance premiums were enacted. The bill consolidates the differing versions. The revised statute authorizes the commissioner to order an insurer to pay interest on the amount of the premium that is excessive and credited or refunded to the policyholder. Further the rate of interest to be assessed is established as the lesser of 18 percent or the sum of six percent and the prime rate for the calendar year in the commissioner's order was issued. The period for the refund begins on the date TDI first provides the insurer with formal notice that the rate is excessive. An insurer may not be required to pay any interest penalty if the insurer prevails on appeal of the commissioner's order and an insurer may not claim any premium tax credit to which is it entitled unless the insurer has complied with the refund or discount provisions of this law.</p>
HB 2569	Thompson	<p>Relating to abolition of certain fraud reporting requirements regarding motor vehicle insurance.</p> <p>Repeals Chapter 702 of the Insurance Code, Motor Vehicle Theft and Motor Vehicle Insurance Fraud Reporting.</p> <p>Insurance Code Chapters 701, Insurance Fraud Investigations and 702 relate to the reporting of insurance fraud. Chapter 702 was enacted in 1985 (Article 21.78), six years prior to the enactment of Article 1.10D (the predecessor to Chapter 701). Chapter 702 is much narrower in scope than Chapter 701, pertaining only to fraud committed against auto insurers, specifically motor vehicle theft or motor vehicle insurance fraud. Once Article 1.10D was enacted, it established the Fraud Unit and the guidelines for reporting and investigating all lines of insurance fraud, thus eliminating the need for a statute that only pertains to motor vehicle fraud. There were some provisions in Insurance Code Chapter 702 that were in conflict with Chapter 701 and differing definitions of the same terms exist within the two statutes. The repeal becomes effective immediately.</p>
HB 2761	Eiland	<p>Relating to requirements governing suitability in certain annuity transactions with consumers.</p> <p>Establishes standards and procedures regarding recommendations made to consumers regarding the purchase or exchange of annuities.</p> <p>The bill requires an agent or insurer, prior to the execution of a purchase or sale of an annuity to obtain information regarding the consumer's financial status, tax status and investment objectives. The agent must determine that the annuity purchase or exchange is suitable for the consumer.</p> <p>Each insurer is required to operate a system that is reasonably designed to achieve compliance with the law and agents are required to adopt the system or establish and maintain their own system. The compliance system must include maintenance of written procedures and periodic reviews of the insurer's or agent's records to check for violations. Maintenance and review of the compliance system may be accomplished through a third party. An insurer may require an agent to obtain certification from the contracted third party that the third party is performing the required functions.</p> <p>Compliance with the conduct rules of the National Association of Securities Dealers regarding suitability satisfies the requirements of the law.</p> <p>Agents and insurers are required to retain records of the information collected from consumers and information used in making a recommendation that was</p>

		<p>the basis for the transaction and must make the information available to the commissioner upon request.</p> <p>The commissioner may order an insurer, agent or managing general agent to take reasonably appropriate corrective action for any consumer harmed by a violation of the law. The commissioner also has sanctions under Chapter 82, Sanctions.</p> <p>The law takes effect September 1, 2007 and applies to a recommendation to purchase or exchange an annuity contract made on or after January 1, 2008.</p>
HB 2762	Eiland	<p>Relating to adoption of requirements regarding the replacement of existing life insurance policies and certain annuities; imposing penalties.</p> <p>Establishes standards and procedures regulating the activities of insurers and agents concerning the replacement (e.g. existing policy is lapsed, surrendered or converted to paid-up insurance) of existing life insurance and annuities. The commissioner is required to adopt by rule, model documents to be used for the consumer notices required by the chapter. The commissioner may adopt other rules necessary to implement and enforce the chapter.</p> <p>The law sets forth the Duties of Insurers and Agents; Duties of Insurers That Use Agents; Duties of Replacing Insurers That Use Agents; Duties of Existing Insurer; and Duties of Insurers Regarding Direct Response Solicitations.</p> <p>This legislation requires agents to obtain information regarding whether an applicant for life insurance or annuities has existing policies or contracts. If so the agent must present and read a notice to the applicant that minimally identifies the policies or contracts to be replaced and whether a policy will be used to finance the new contract.</p> <p>The agent and insurer must retain all sales material, notices and other required documentation. Insurers must establish a system to inform agents and monitor compliance with this law. The law sets forth requirements for the notification and exchange of information between replacing and existing insurers and sets forth penalties for insurers or agents that fail to comply with the law.</p> <p>The law takes effect September 1, 2007 and applies to replacements that occur on or after January 1, 2008. The commissioner must adopt rules and approve model documents not later than December 1, 2007.</p>
HB 2765	Eiland	<p>Relating to certain variable insurance contracts.</p> <p>This bill allows the issue of the issue of private placement variable insurance contracts to accredited investors or qualified purchasers. It requires a private placement contract to be offered and sold in a transaction exempt from registration under the Securities Act. It permits an insurer issuing private placement contracts to defer payment of cash surrender, loans, and death benefits subject to the liquidity of the separate account assets.</p> <p>The law takes effect September 1, 2007, and applies only to a private placement contract that is delivered, issued for delivery, or renewed on or after January 1, 2008.</p>
HB 2935	King, Phil, Gallego	<p>Relating to the regulation of cigarettes; providing a penalty.</p> <p>This bill amends the Health and Safety Code to establish cigarette fire safety standards. The bill requires a manufacturer of cigarettes that are sold in the state to test the flammability of its product using prescribed methods and to certify to the state fire marshal that the cigarettes have been tested and meet the required performance standard. The bill specifies the information that is required in a certification, provides that a cigarette must be recertified every three years, and imposes a certification fee of \$250. The manufacturer is required to mark the cigarette packaging to indicate compliance using a marking that has been approved by the fire marshal; however, cigarettes used for testing consumer satisfaction and cigarettes that are sold outside the state or the United States are exempted. The bill requires the manufacturer to retain and provide copies of test results for three years and imposes a civil penalty for</p>

		<p>non-compliance. It authorizes the state fire marshal to adopt rules to administer these provisions and to inspect records and cigarette inventories to establish compliance. In addition, the state fire marshal must provide a copy of certifications to the comptroller, who is authorized to inspect cigarettes for the required marking and report to the state fire marshal. Violations of these provisions are subject to civil penalties, and the attorney general is authorized to bring an action in a district court for injunctive relief, or a civil penalty, or both. The bill creates the Fire Prevention and Public Safety Account in the general revenue fund to contain the penalties collected, and provides that these funds may be appropriated only to the state fire marshal to support fire safety and prevention programs. The bill requires the state fire marshal, not later than January 1 of each odd-numbered year, to report to the governor and presiding officers of the legislature regarding the administration and effectiveness of these provisions and to make recommendations to improve effectiveness. The bill was signed on June 15, 2007, and the law takes effect January 1, 2009, and cigarettes must be marked and brought into compliance with these provisions by January 1, 2010.</p>
HB 3064	Delisi	<p>Relating to registration and regulation of certain discount health plans; providing penalties.</p> <p>This bill makes the Texas Department of Licensing and Regulation (TDLR) responsible for the registration and regulation of discount health care plans operating in Texas. It requires program operators to be registered in Texas before offering discount health care programs. It sets minimum standards for advertising, solicitation, or marketing materials, disclosure materials, prescribe fees, and program operator contracts. It provides for disciplinary action and penalties including the suspension or revocation of certificates of registration. The law takes effect September 1, 2007, and the TDLR must adopt rules and procedures by January 1, 2008. A person is not required to register before April 1, 2008.</p>
HB 3271	Eiland	<p>Relating to the biennial hearing concerning title insurance and related information.</p> <p>The bill provides that a title agent or title underwriter may bring suit in district court for relief from a data or statistical call if it is unduly burdensome or not reasonably related to the discovery of information to be used in fixing rates or other matters pending in the biennial rate hearing. Suit must be brought within 30 days of receipt of the call.</p> <p>The bill also provides that any party to the rate hearing can seek the removal of another party; the decision of the commissioner being final and appealable. Finally, an association or other entity seeking party status and recommending a premium rate in the biennial hearing may request that the hearing be held at the State Office of Administrative Hearings.</p> <p>The law takes effect September 1, 2007 and applies only to the premium rate applicable to a title insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2009.</p>
HB 3358	Smithee	<p>Relating to prior approval of property and casualty insurance rates under certain circumstances.</p> <p>Prohibits an insurer that has filed a petition for judicial review of an order disapproving a rate from filing and using a higher rate in the same line of insurance than the rate in effect for the insurer at the time of petition before the matter is resolved, unless the commissioner approves the newly filed rate. If the commissioner requires an insurer to file a rate the commissioner must issue an order not later than 30 days after the request for filing is made specifying the reasons for requiring the rate filing.</p> <p>The law takes effect September 1, 2007.</p>
HB 3430	Strama	<p>Relating to the availability of information about state expenditures and rules,</p>

		<p>including the creation of a state database containing information on state expenditures, and to certain comptroller reports, and to certain amounts received by institutions of higher education.</p> <p>The bill amends Chapter 2006 of the Government Code regarding agency actions affecting small businesses to require certain actions prior to the adoption of rules that may affect small businesses.</p> <p>The bill defines “small business” as a legal entity, including corporation, partnership or sole proprietorship, which has fewer than 100 or less than \$6 million in annual gross receipts and is independently owned or operated.</p> <p>The bill requires an agency, prior to adopting a rule that may have an adverse economic impact on small businesses, to prepare an economic impact that estimates the number of small businesses subject to the proposal, projects the economic impact of the rule on the small businesses, and describe alternative methods of achieving the purpose of the proposed rule. It requires a regulatory flexibility analysis that includes the agencies considerations of alternative methods of achieving the purpose of the proposed rule.</p> <p>The bill further requires that the agency include the economic impact statement and the regulatory flexibility analysis in the notice of the proposed rule that the agency files with the Texas Register. The analysis must also be provided to the standing committees of each house of the legislature that is charged with reviewing the proposed rule.</p> <p>The bill also requires that the attorney general, in consultation with the comptroller, prepare guidelines to assist the state agency in determining a proposed rule’s potential adverse economic effect on small businesses and identifying and evaluating alternative methods of achieving the purpose of the proposed rule.</p> <p>The bill also requires that the comptroller shall establish and post on the Internet a database of state expenditures, including contracts and grants, that is electronically searchable by the public except in certain circumstances in which public access is not allowed.</p> <p>The comptroller shall establish the database not later than October 1, 2007.</p> <p>The law takes effect October 1, 2007 and Section 2006.002, Government Code, as amended by this Act, applies only to a rule that is adopted on or after January 1, 2008.</p>
<p>SB 10</p>	<p>Nelson, Brimer, Carona, Deuell, Eltife, Fraser, Harris, Janek, Shapiro</p>	<p>Relating to the operation and financing of the medical assistance program and other programs to provide health care benefits and services to persons in this state; providing penalties.</p> <p>This bill establishes a variety of new initiatives principally related to the state Medicaid program, which propose a host of studies, programs and mandates aimed at increasing coverage for the poor through creative funding, reducing fraud, and promoting healthy lifestyle choices through incentives. The following are highlights for some of the initiatives that directly impact TDI. It requires licensed entities to permit access to their databases to facilitate identification of the primary obligor on a Medicaid claim. It requires the development of a premium payment assistance program to assist uninsured and low-income people in obtaining and maintaining health benefit coverage. It authorizes the creation of regional health care programs by county commissioners courts. It provides for agent training regarding the health insurance premium payment reimbursement program and its eligibility requirements and allows agents to receive continuing education credit. It requires a study on the feasibility and impact of creating a Healthy Texas Program, through which small employer health insurance would be offered to eligible persons. It establishes a committee on health and LTC insurance incentives to study ways to reduce the number of Texans without health coverage or LTC insurance; reduce the need for Medicaid assistance; reduce costs and expand the availability of coverage; and develop recommendations.</p>

		<p>It requires a study of the feasibility of creating a small employer premium assistance program that will facilitate the purchase of private employer coverage.</p> <p>The law takes effect September 1, 2007, with the exception of Section 30 which takes effect June 14, 2007.</p>
SB 22	Nelson	<p>Relating to long-term care insurance and a partnership for long-term care program and to the eligibility for certain home and community-based services. The bill creates a Partnership for Long-Term Care Program which is to be administered as part of the medical assistance program by the Health and Human Services Commission with the assistance of TDI. The commissioner, in consultation with the Health and Human Services Commission, shall adopt minimum standards for a long-term care benefit plan that may qualify as an approved plan under the partnership for long-term care program. The program must be consistent with provisions governing the expansion of a state long-term care partnership program established under the federal Deficit Reduction Act of 2005 (Pub. L. No. 109-171).</p> <p>The bill also creates a Long-Term Care Insurance Awareness and Education Campaign in which the Department of Aging and Disability Services and TDI shall cooperate with and assist the Health and Human Services Commission in implementing the campaign.</p> <p>The bill also amends the Human Resources Code to provide that in determining an applicant's eligibility for home and community-based services as provided by the Health and Human Services Commission under the federal Social Security Act, the Health and Human Services Commission shall exclude \$20 of unearned or earned income from the applicant's monthly income.</p> <p>The law takes effect March 1, 2008, and the provision regarding eligibility for home and community-based services takes effect September 1, 2007.</p>
SB 303	Harris	<p>Relating to health care coverage for a child in a suit affecting the parent-child relationship.</p> <p>This bill clarifies the statutory child support calculation for determining the net resources of an obligor by specifying in greater detail the manner in which health care coverage may be deducted from net resources. The bill also requires the court, prior to rendering a final order in suits affecting the parent-child relationship, to make specific fact findings with respect to the manner in which health care coverage is to be provided to the child and changes language of the guidelines under which health care for the child is to be ordered.</p> <p>The law takes effect September 1, 2007 and applies to a suit affecting the parent-child relationship pending in a trial court on or filed on or after the effective date of this Act.</p>
SB 382	Carona	<p>Relating to certain refund requirements regarding credit insurance. Requires each individual policy or group policy and certificate to include a written notice stating that if the underlying debt is terminated early, the debtor is entitled to a refund of unearned premium. The notice must also state that the holder of the debt shall, not later than 60 days, provide notice to the insurer of the termination of the debt.</p> <p>Unearned premium must be refunded no later than 30 days after receipt of the notice. If the insured sues the insurer for failure to refund unearned premium, the insurer shall be entitled to indemnity from a holder who failed to send the required notice to the insurer.</p> <p>The law takes effect September 1, 2007 and applies to a credit life or credit accident and health policy issued or delivered after January 1, 2008.</p>
SB 458	Watson	<p>Relating to workers' compensation medical benefits for certain prosthetic or orthotic devices.</p> <p>This bill amends the Labor Code to define "orthotic device" and "prosthetic device" and to include the provision and fitting of, change or repair to, and</p>

		<p>training in the use of such devices within the meaning of “health care” as the term relates to workers’ compensation benefits. The bill also amends the Insurance Code to add a reference to the Labor Code definitions of those devices in a corresponding definitions provision relating to workers’ compensation health care networks.</p> <p>The law takes effect September 1, 2007.</p>
SB 471	Brimer	<p>Relating to certain information reporting requirements regarding workers’ compensation claims.</p> <p>This bill amends the Insurance Code to require the commissioner of insurance to establish by rule the information that must be reported on workers’ compensation claims and the reporting requirements for insurance companies relating to those claims, and removes provisions specifying such information and requirements. The bill authorizes the commissioner to reduce or eliminate reporting requirements for insurance companies whose workers’ compensation insurance business falls below a specific minimum premium volume established by the commissioner.</p> <p>The law takes effect September 1, 2007.</p>
SB 502	Averitt	<p>Relating to minimum insurance coverage amounts to establish evidence of financial responsibility under the Texas Motor Vehicle Safety Responsibility Act and to providing information with regard to compliance with the Act.</p> <p>This bill amends the minimum coverage amounts in the Transportation Code, effective April 1, 2008, to \$25,000 for bodily injury or death to any one person, \$50,000 for bodily injury or death to two or more persons in one accident and \$25,000 for property damage in one accident. Effective January 1, 2011 the limits increase to 30/60/25. The current limits are 20/40/15.</p> <p>The bill also requires the Texas Department of Insurance to establish an outreach program to inform persons of the requirements of this chapter and the ability to comply with the financial responsibility requirements of this chapter through motor vehicle liability insurance coverage. The commissioner, by rule, must establish the requirements for the program. The program must be designed to encourage compliance with the financial responsibility requirements, and must be made available in English and Spanish.</p> <p>The law takes effect September 1, 2007.</p>
SB 611	Lucio	<p>Relating to reporting certain information regarding residential property and personal automobile insurance and public Internet access to that information.</p> <p>This bill adds a new subchapter to Chapter 32 of the Insurance Code that requires the TDI, in conjunction with the Office of Public Insurance Counsel (OPIC), to establish and maintain a single Internet website that provides information to enable consumers to make informed decisions relating to the purchase of residential property insurance and personal automobile insurance. The website must include, among other things, side-by-side comparisons of the features of policy forms, rates, and other types of information. The website must be established not later than September 1, 2008.</p> <p>The bill also requires insurers to provide to TDI and OPIC any information that TDI and OPIC determine is reasonable or necessary to fulfill their duties under this subchapter, and insurers must also provide a notice with any property or auto policy of the Internet website required by this subchapter.</p> <p>The bill further requires quarterly reporting by insurers to TDI and by TDI to the governor, the lieutenant governor, the speaker of the house of representatives, the legislature, and the public, information related to market share, profits and losses, average loss ratio, etc. and any other information the commissioner determines is necessary to comply with this section on quarterly reports.</p> <p>The law takes effect immediately, and the section regarding the duties of an insurer applies only to an insurance policy that is delivered, issued for delivery,</p>

		or renewed on or after January 1, 2008.
SB 704	Lucio, Ellis, Van de Putte, West, Royce	<p>Relating to the small contractor participation assistance program for certain state construction projects.</p> <p>This bill requires the Building and Procurement Commission to maintain a small contractor participation assistance program for small contractors participating in public works projects that will involve a contract or multiple contracts with an estimated cost of more than \$1 million.</p> <p>The program must provide several types of assistance to small contractors, including a method developed with guidance from the Department of Insurance to assist these contractors with preparing bond applications and obtaining bonds required to participate in the program. The Department of Insurance will also assist the commission with training information relating to these bonds.</p> <p>The law takes effect September 1, 2007.</p>
SB 978	Watson	<p>Relating to certain insurance premium surcharges.</p> <p>This bill raises the number of claims required before an insurer is allowed assess a premium surcharge at renewal on certain residential property policies from one claim in the preceding three policy years to two claims. It does not change the requirement that the amount of the surcharge must be based on solid actuarial principles.</p> <p>The law takes effect September 1, 2007.</p>
SB 1138	Duncan	<p>Relating to risk management programs for members and advisors of student organizations at public and private postsecondary educational institutions and to certain insurance requirements for fraternities.</p> <p>The bill requires that post secondary educational institutions provide a risk management program, at least once during each academic year, for members of student organizations registered at the institution. Any member of a student organization who is not otherwise required to attend may attend the program.</p> <p>The bill requires that unless the postsecondary educational institution requires each student organization to have representatives of the organization attend a program, the institution must adopt a policy that specifies one or more of those student organizations that are required to have representatives attend.</p> <p>The bill also requires the Department of Insurance to present a report to the Governor, Lieutenant Governor, Speaker of the House and standing committees in the House and Senate on results of a study that includes:</p> <ol style="list-style-type: none"> (1) the levels and types of insurance coverage fraternities at institutions of higher education in this state are required to carry by the fraternities' chartering or national organizations; (2) the availability and affordability of the levels and types of insurance coverage; and (3) whether the levels and types of insurance coverage are available in this state under: <ol style="list-style-type: none"> (A) insurance policies issued by insurers authorized to engage in the business of insurance in this state or by eligible surplus lines insurers; or (B) independently procured contracts of insurance. <p>Results must be submitted by January 1, 2009.</p> <p>The law takes effect September 1, 2007.</p>
SB 1153	Carona	<p>Relating to the use of title insurance to insure certain interests in personal property.</p> <p>This bill adds a new subtitle to Title 11 of the Insurance Code, regarding the Texas Title Insurance Act, that authorizes title companies to sell personal property lien protection and instructs TDI to adopt appropriate forms and rates for these new products. Before a premium rate may be fixed and forms adopted for personal property title insurance under this new Act, TDI must provide reasonable notice and a hearing must be afforded to title insurance companies,</p>

		<p>title insurance agents, and the public. The bill also provides that the initial hearing must be conducted by the State Office of Administrative Hearings not later than November 1, 2007.</p> <p>The law takes effect September 1, 2007 and applies only to a title insurance policy or contract delivered, issued for delivery, or renewed on or after January 1, 2008.</p>
SB 1169	Janek	<p>Relating to the reimbursement of an insurance carrier for the overpayment of certain workers' compensation benefits and to an interlocutory order for benefit payments.</p> <p>This bill amends the Labor Code to require reimbursement from the subsequent injury fund to an insurance carrier for any overpayment of workers' compensation benefits made by the insurance carrier based on an opinion by a designated doctor if that opinion is reversed or modified by a final arbitration award or a final order or decision of the commissioner of workers' compensation or a court. The bill also requires the commissioner of workers' compensation to adopt rules to provide for a periodic reimbursement schedule. The bill specifies that an insurance carrier is entitled to reimbursement from the subsequent injury fund for the amount of death benefits as well as income benefits paid to a worker with multiple employment that are based on employment other than that during which the compensable injury occurred. The bill requires the benefit review officer who presides at the review conference to consider a written or verbal request for an interlocutory order for the payment of benefits, and if an interlocutory order is determined appropriate, to issue the order not later than the third day after the receipt of the request. The law takes effect September 1, 2007.</p>
SB 1253	Averitt	<p>Relating to the frequency and expenses of certain examinations conducted by the Texas Department of Insurance. This bill allows the Department to examine a carrier as frequently as necessary, but not less frequently than once every 5 years. It requires a Workers' Compensation network to pay for the expenses of an examination, conducted under Insurance Code Sections 1305.251 or 1305.252, that are directly attributable to the examination and incurred by the commissioner or under the commissioner's authority. The law takes effect September 1, 2007.</p>
SB 1254	Averitt	<p>Relating to the Texas Health Insurance Risk Pool.</p> <p>This bill amends eligibility for coverage under the Texas Health Insurance Risk Pool (THIRP). It defines "creditable coverage" in essentially the same terms as defined under Ch. 1205, Insurance Code. It allows a "federally defined eligible individual" to be eligible for THIRP coverage, even if they had terminated previous THIRP coverage within the preceding 12 months. It defines a "significant break in coverage" to be "a period of 63 consecutive days during all of which" a person did not have health coverage, excluding any waiting or affiliation period. It adds on-site medical clinics and liability insurance to the list of coverages <i>not</i> qualifying as a "health benefit plan." It removes eligibility for persons whose premiums are paid for or reimbursed by a government-sponsored program or by a government agency or health care provider. It limits the term of the pool administrator to a period of three years with a total term of six years.</p> <p>The bill was signed on June 15, 2007, and the law takes effect January 1, 2008, and applies only to an application for initial or renewal coverage that is filed with the THIRP on or after January 1, 2008. It applies to an assessment under Subchapter F, Chapter 1506, Insurance Code, for a calendar year beginning on or after January 1, 2008.</p>
SB 1255	Averitt	<p>Relating to the powers and duties of certain small and large employer health cooperatives.</p> <p>Allows a health group cooperative to consist of small employers, larger</p>

		<p>employers or small and large employers. Current law prevents the latter.</p> <p>Allows a cooperative to restrict membership to small and large employers within a single industry grouping.</p> <p>Allows a small employer to join a group of small employers or small and large employers and allows a large employer to join any type of group.</p> <p>A health group cooperative that is composed of small and large employers may be treated as a large employer.</p> <p>Law takes effect September 1, 2007 and the section relating to elections applies to elections made on and after the effective date of the act.</p>
SB 1263	Brimer	<p>Relating to regulation and licensing of certain insurance agents</p> <p>Creates two new license types: “personal lines property and casualty agent” and “life agent.”</p> <p>The personal lines property & casualty license is required of a person acting as an agent selling property & casualty insurance to individuals and families primarily for personal or household use and a subagent. A person with this license type may also write accident & health insurance for individuals for a property & casualty insurer authorized to sell such products. The person may also write the kinds of insurance that can be written with a limited property & casualty license (e.g. job protection, crops, farm mutual), a county mutual license and a specialty agent license (e.g. rental car, travel and credit insurance).</p> <p>The life agent license is required of a person acting as an agent and writing coverage on human lives, disability, industrial life, fixed or variable annuities, and stipulated premium in excess of 15K on any one life. Agents with other types of limited licenses (e.g. life under 15K or funeral prearrangement life) are not required to obtain a life agent license.</p> <p>The new license types were added into current CE requirements.</p> <p>The law takes effect September 1, 2007. The commissioner shall adopt any necessary rules by December 1, 2007. Effective January 1, 2008, persons with broader licenses may receive the new license without reexamination.</p>
SB 1391	Uresti	<p>Relating to requirements in certain health benefit plans that certain health care services be obtained in a foreign country.</p> <p>This bill prohibits carriers from issuing or offering a health benefit plan in Texas that requires an insured/enrollee to travel to a foreign country to receive coverage for a health care service under the health benefit plan.</p> <p>The law takes effect September 1, 2007, and applies only to a health benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2008.</p>
SB 1542	Fraser	<p>Relating to registration statements filed by an insurer that is a member of an insurance company holding system.</p> <p>This bill amends the Holding Company Act and makes Texas law consistent with those of other states by requiring that Texas domestic insurance companies file a holding company registration statement (aka Form B) on an annual basis along with summary of material changes from the prior year’s annual registration statement as specified by rule. The bill also eliminates the requirement that an insurer registering under the holding company provisions must file a copy of the charter or articles of incorporation or bylaws.</p> <p>The law takes effect September 1, 2007.</p>
SB 1627	Carona	<p>Relating to the prosecution of workers’ compensation insurance fraud.</p> <p>Provides that a person who commits an offense under the Labor Code may be prosecuted under Chapter 418 of the Labor Code which sets out criminal penalties or any other law of the state under which the person may be prosecuted.</p> <p>This bill gives prosecutors the flexibility to use the penalty provisions in the Penal Code so that workers’ compensation fraud can be punished in the same</p>

		<p>manner as fraud committed against other lines of insurance. The maximum penalty for committing workers' compensation fraud under Chapter 418, Labor Code, is a state jail felony. This does not parallel the penalty provisions in the Penal Code which follow the standard value ladder for committing insurance fraud or other similar financial crimes and in which punishment is dependent upon the value of the claim. The law becomes effective immediately.</p>
<p>SB 1731</p>	<p>Duncan</p>	<p>Relating to consumer access to health care information and consumer protection for services provided by or through health benefit plans, hospitals, ambulatory surgical centers, birthing centers, and other health care facilities, and funding for health care information services; providing penalties. The legislation requires the Department of State Health Services (DSHS) to provide a consumer guide to health care on the agency's website. The guide must include information concerning facility pricing practices and the correlation between a facility's average charge and the actual billed charge. The guide must include information to advise consumers that they may be personally liable for payment depending on the consumer's health benefit plan coverage. The legislation requires TDI to collect data concerning health benefit plan's aggregate reimbursement rates paid by the plan for services identified by TDI and disseminate the information for geographical regions in this state. TDI must provide the information to the DSHS for publication. The information must be submitted in a manner to allow comparison to other standard reimbursement rates such as Medicare. TDI is allowed to contract with a third party and the data collected is confidential and not subject to disclosure under the open records statutes. Facilities - defined as ambulatory surgical centers, birthing center and hospitals - are required to develop, implement and enforce written policies for the billing of facility health care services and supplies. The policies must address discounting of charges, providing of an itemized statement, complaint handling, and the providing of a written disclosure that advises the consumer whether the facility participates under the consumer's third-party payor coverage and that a provider may provide services while at the facility who may not be a participating provider with the same third party payors as the facility. Facilities must provide an estimate of the facility's charges for any elective admission or non-emergency outpatient surgical procedure, prior to scheduling the procedure within 10 business days of receiving a request for such information. The legislation specifies information that must be included with the estimate including that the consumer may be personally liable for payment for the admission or procedure. A consumer may request an itemized statement up to one year after discharge from the facility. The facility must also provide an itemized statement to a third party payor who has received a claim for payment if the payor requests the information within a year of receipt of the claim. A facility must establish an implement a procedure for handling consumer complaints. Physicians are subject to similar requirements to develop, implement and enforce written policies for the billing of health care services and supplies. Physicians are required to provide an estimate of charges for healthcare services and supplies and if requested a plain language written explanation or charges previously made on a bill or statement for the patient. The Texas Medical Board is required to make available on the Board's internet website a consumer guide to health care which includes information concerning the billing and reimbursement of health cares services provided by physicians.</p>

		<p>The legislation requires additional information elements to be added to the HMO annual report and requires the annual report to be available on TDI's website. A similar report is required of insurers relating to their preferred provider benefit plans. An exemption is provided for insurers with \$10 million or less in group coverage premium or \$2 million or less in individual premiums.</p> <p>A health benefit plan must provide notice to enrollees that a facility based physician may not be included in the plan's provider network and that such health care provider may balance bill the enrollee. The commissioner may prescribe the specific requirements of the disclosure. The bill requires the plan to identify facilities within the network in which facility based physicians do not participate.</p> <p>A health benefit plan must, upon request of an enrollee provide an estimate of payment that will be made for any health care service and amount for which the enrollee is responsible, such as applicable deductibles, copayments and coinsurance.</p> <p>The legislation also requires a non-contracted facility based physician that bills a patient to provide specified information with the billing statement.</p> <p>The legislation requires the commissioner to appoint an advisory committee to study facility-based provider network adequacy of health benefit plans. The advisory committee shall report its findings not later than December 1, 2008. The commissioner must also adopt rules to require each health benefit plan to submit information concerning the use of non-network providers by enrollees and the payments made to those providers for a 12-month period to be specified by the commissioner.</p> <p>Insurers and HMOs are required to provide information on request regarding whether a physician or other provider is a participating provider in the network, whether health care services are covered by the health plan and the enrollee's or insured's personal responsibility for payment and for insurer's; the coinsurance amounts based on the provider's contracted rate and the insurer's usual and customary reimbursement rate for out-of-network services.</p> <p>The legislation requires a health benefit plan issuer, employer or other person who is required to provide notice to an individual regarding the availability to continue coverage through COBRA or the expiration of COBRA coverage to also provide notice of the availability of coverage under the Risk Pool.</p> <p>The law takes effect September 1, 2007 and applies to policy, certificate, contract or evidence of coverage issued on or after the effective date. The affected state agencies must adopt rules not later than May 1, 2008 except that rules to implement the data collection provisions must be adopted by December 31, 2007 and require the first submission not later than 60 days after the effective date of the rules.</p>
<p>SB 1884</p>	<p>Williams</p>	<p>Relating to liability for and calculation of underpayment penalties under certain provisions regarding prompt payment of physicians and providers under certain managed care plans.</p> <p>This bill revises the formula for calculating a penalty on an underpaid claim to allow for the deduction of the contracted rate. It lengthens the time frame in which a physician or a provider has to notify an HMO or a PPBP of an underpayment of a claim to 270 days after receipt of an underpayment. It shortens the time frame HMOs and PPBPs have to pay the balance of the claim to on or before the 30th day in order to avoid liability for a penalty on an underpaid claim.</p> <p>The law takes effect September 1, 2007, and applies to payment of a claim submitted to a HMO or insurer on or after September 1, 2007.</p>

Texas Department of Insurance Legislation Not Passed - 80th Legislative Session		
Bill Number	Author	Summary of Key Provisions/Reason the Bill Did Not Pass
HB 2191	Eiland	<p>Amends Texas Insurance Code, §822.205 to subject previously exempt insurance companies to risk based capital requirements (RBC) that the commissioner may adopt by rule under Texas Insurance Code, §822.210. C.S.H.B. 2191 includes a transition period to allow impacted insurers a phase-in period to comply with RBC requirements as additional time may be required to avoid unintended impacts to the market and affected insurance companies. C.S.H.B 2191 also contains provisions that require the commissioner of insurance to adopt requirements for certain niche carriers that are authorized by Texas Insurance Code, Chapter 912 that cede 95 percent or more of their direct and assumed written premium. C.S.H.B 2191 specifies that these rules require a minimum amount of unencumbered surplus equal to the greater of \$2,000,000 or 5 percent of the carrier's net recoverables for reinsurance after taking into account certain funds, collateral and other specified criteria that serve to protect the financial condition of the carrier. These carriers are required by the Act to file a plan with TDI that reflects how compliance with the requirements will be achieved over a 10 year transition period.</p> <p>While stakeholder agreement was reached on this bill, it occurred too late to result in passage.</p>
HB 2547	Smith, T	<p>Deletes the filing exemptions for Lloyd's plan and reciprocal insurers for the larger carriers initially with a phase-in period for all other carriers of this type. Deletion of these exemptions would subject these types of licensed insurers to the same rate filing requirements and rating standards for commercial property, inland marine, rain, and hail as other licensed insurers. It would also provide for consistent form filing requirements for commercial lines of coverage for all licensed insurers.</p> <p>This bill did not pass largely due to stakeholder disagreement concerning the market impact.</p>
HB 2550	Smith, T.	<p>Related to investment statutes. Amends Texas Insurance Code, §§404.001 and 404.003 to specify applicability to foreign companies, to specify hearings before the commissioner regarding an order to remedy a financial condition, and to include a specific remedy of rectifying an asset deficiency that is not of the same type, quality, character or class of investment authorized under the Texas Insurance Code.</p> <p>While stakeholder agreement was reached on this bill, it occurred too late to result in passage.</p>
HB 2960	Smithee	<p>Restructures the funding mechanism for Texas Windstorm Insurance Association (TWIA) and also makes other changes to TWIA, with the overall goal of creating a system that does not excessively expose the state's general revenue to hurricane losses while at the same time allowing for strong, sustainable economic growth along the coast by making necessary insurance coverage available.</p> <p>This bill did not pass largely due to stakeholder disagreement over the proposed funding mechanism.</p>
SB 23	Nelson, Woolley	<p>Creates "TexLink," an office within TDI, to provide access to information and assistance in educating the public about the importance of health coverage and about numerous insurance options. Also would have extended</p>

		<p>the duration of certain provisions relating to the Texas Health Reinsurance System.</p> <p>House voted down the Conference Committee Report which did not include any of the amendments previously passed by the House.</p>
SB 828	West	<p>Authorizes the commissioner of insurance to require an insurance company to report how and what data mining technologies it uses for underwriting, setting rates and premiums, detecting fraud, and marketing. The bill also authorizes the commissioner to limit the use of these technologies if the commissioner finds that they use any factors not previously used for underwriting purposes, and requires TDI to report to the legislature on the use and impact of these technologies.</p> <p>This bill did not pass largely due to stakeholder opposition as to its impact on rating and underwriting practices.</p>
SB1432	Van de Putte	<p>Allows for the assigning of a rate consequence to a conviction for a violation of Subtitle C (Rules of the Road), Title 7, Transportation Code, and prohibits the application of this rate consequence from resulting in an adverse rate consequence or otherwise causing premiums for automobile insurance to be increased for insured who have not been convicted of such a violation.</p> <p>This bill was left pending in the Insurance Committee largely due to stakeholder disagreement concerning the market impact.</p>