

Texas Adopts Changes to Insurance Holding Company Act



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With the adoption of SB 1073, Texas has made some significant changes to its Insurance Holding Company Systems law, Chapter 823 of the Insurance Code. The Bill was effective May 22, 2017.

The materiality standard for transactions with affiliates has been amended to eliminate the 5% of insurer surplus prong of the test so that now transactions will be material if they exceed one-half of one percent of the insurer's admitted assets as of the previous year end.

The exemption from filing an enterprise risk report which used to apply to all insurers with total direct or assumed annual premiums of less than \$300,000,000 has now been limited to domestic (Texas) insurers which are authorized, admitted or eligible to do business only in Texas. Small Texas companies doing business in other states will be subject to this filing requirement for 2017. If the ultimate controlling person of a qualified insurer controls other insurers that do not meet the standard, the exception is also not available. Companies that would otherwise qualify for the exemption with premium volume between \$300 million and \$500 million may request an exemption.

The Legislature also clarified the confidentiality of examination documents and provided a separate regulatory standard for internationally active insurers in HB 3022. Effective as of May 19, 2017, HB 3022 added new subchapter I-1 to the Insurance Holding Company Systems law for insurers writing at least 10% of premium internationally and with at least \$50 billion in assets or \$10 billion in premium.