

Legislative Update

October 13, 2022

SB 667 – 84(R) by Eltife (Smithee)

2015 Amendments Passed

1. Provided ability to Pool Risk with Other Captives
2. Permitted Captives to Take Credit for Reinsurance for:
 - Risk reinsured to a pool
 - Risk reinsured to an affiliated captive
3. Confirmed that shareholder dividends are permitted subject to prior approval by the Commissioner.

HB 1944 – 85(R) by Murphy (Hughes)

2017 Amendments Passed

1. Authorizes a Texas captive insurance company to take credit for reinsurance ceded to a non-affiliated reinsurer when specific requirements are met.
2. Authorizes a Texas captive insurance company to be formed as a reciprocal insurance exchange.
3. Simplifies the corporate formation processes between the Secretary of State and the Department of Insurance.
4. Allows capital and surplus to be held in the form of Texas county or municipal bonds.

HB 1944 – 85(R)

2017 Amendments Passed (continued)

5. Waives the requirement to provide an actuarial report with the captive's annual filing under certain circumstances.
6. Eliminates the requirement that the captive must have a licensed claims adjuster if the claims are limited to first party claims of the parent and/or affiliates of the captive.
7. Allows a captive insurance company to insure life insurance benefits for employee benefits subject to ERISA (Employee Retirement Income Security Act of 1974).

Texas Legislature Appropriations Process

- Begins in the even numbered years between sessions
- State Agencies prepare Legislative Appropriation Requests (LARs)
- LARs submitted by late summer/early fall
- Legislative Budget Board (LBB) and Governor's Office meet with agency staff to review LAR
- LBB works with leadership to develop general appropriations bill
- Session begins in January

Texas Legislature Appropriations Process

- Senate Finance and House Appropriations Committee begin hearings on appropriations bill
- Changes are made to reflect funding priorities and spending limits
- House and Senate share their versions of the bill
- Conference committee is appointed to iron out differences
- House and Senate pass budget
- Governor has line item veto