

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	HB 1335
Version:	CS
Request Number:	8306
Author:	Rep. McEntire
Date:	3/8/2019
Impact:	OID: No fiscal impact to agency.

Research Analysis

HB1335, as committee substitute, creates the Protected Cell Companies Act.

Section 2: The measure allows insurers to access alternative sources of funds through the creation of separate, protected cell accounts. The intention is to increase insurance securitization and insurance business transfer efficiency.

Section 3: Definitions.

Section 4: In order to create protected cell accounts, insurers must obtain an Insurance Commissioner-approved plan of operation. The measure outlines the duties and responsibilities of the directors of a protected cell company.

Section 5: Sets restrictions on protected cell accounts, allows the income of the accounts to be invested, allows protected cell companies to engage in fully-funded non-indemnity and indemnity triggered insurance securitization, relates to the contracts, and relates to the cessation of business of the private cell accounts.

Section 6: States protected cell assets are only available to creditors and establishes recourse. Relates to transaction obligations arising from protected cell account. Exempts protected cell accounts from being assessed by or required to contribute to any guaranty fund or association. Relates to establishment of protected cell accounts as not grounds for fraudulent conveyance.

Section 7: Relates to receivership of conservation, rehabilitation, or liquidation of a protected cell company.

Section 8: Relates to insufficiency of protected cell accounts to discharge claims of creditors and other claimants. Allows Commissioner to apply for conservation, rehabilitation, or liquidation of protected cell, with restrictions.

Section 9: Relates to compensation of receiver in cases of conservation, rehabilitation, or liquidation of protected cells, which shall be payable from the general account and protected cell assets.

Section 10: Violations of act. Violators subject to enforcement procedures promulgated by Commissioner. May include fines, civil penalties, or an order to cease and desist from establishing additional protected cells.

Section 11: States that protected cell company insurance securitization shall not be considered an insurance contract.

Section 12: Directs Commissioner to promulgate rules.

Prepared By: Anna Rouw

Fiscal Analysis

After analysis, the measure as written has no fiscal impact anticipated to the agency.

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Other Considerations

None.