



Texas Department of Insurance

Commissioner of Insurance, Mail Code 113-1C

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January 13, 2014

The Honorable Members of the Senate Business and Commerce Committee
Texas Senate
P.O. Box 12068-Capitol Station
Austin, Texas 78711

Dear Chairman Carona & Members of the Senate Business and Commerce Committee:

Thank you for allowing the Texas Department of Insurance (TDI) to provide a quarterly update on the agency's activities. TDI has been working on several large rule projects to implement legislation from the 83rd Legislative Session. Attached to this letter you will find a chart detailing all of the recently passed legislation requiring implementation by TDI for which this committee has jurisdiction. The attached chart details what steps will be taken regarding implementation and if the project has been completed. I will also highlight the implementation of Senate Bill (SB) 734 authored by Senator Carona from the last quarter below. Additionally, the committee inquired about the status of SB 1795 authored by Senator Watson at our last hearing, and I have provided the committee with the most current information regarding the implementation status of that legislation.

On November 22, 2013, TDI formally posted rules to implement SB 734, authored by Senator Carona. SB 734 provides TDI with the ability to license captives to insure the risks of parent companies and affiliates, as well as controlled unaffiliated businesses. A captive is defined as an insurance company formed by another company to cover its own risks. In the past, Texas-based companies wanting to self insure through a captive were forced to form the operations outside of the Lone Star State.

The rule proposal may be found at: <http://www.tdi.texas.gov/rules/2013/parules.html>. Public comments were accepted until December 23, 2013. TDI is currently reviewing and drafting responses to all comments received and will be issuing an adoption order in the near future. Prior to the formal adoption of the rule TDI will accept applications from captive insurance companies located in other jurisdictions that would like to relocate to Texas.

SB 1795 requires the Commissioner of Insurance to set standards ensuring that navigators can perform their required duties if federal standards are determined to be insufficient. TDI posted an outline of concerns with federal regulation of navigators on November 15, 2013, following an informal stakeholder meeting conducted on September 30, 2013. The proposed rules were published in the Texas Register on December 6, 2013, and two stakeholder meetings were held on December 20, 2013, and January 6, 2014, respectively.

Under the proposed rules, entities and individuals providing enrollment assistance in the federal health exchange would be required to register with TDI.

Requirements for navigator registrations would include:

- Proof of U.S. citizenship or immigration status to obtain employment in the U.S.
- Documentation of compliance with education requirements
- Fingerprinting and background check
- Evidence of financial responsibility to protect individuals against wrongful acts

Navigators would be prohibited from the following:

- Charging consumers for providing information about health coverage
- Selling, soliciting, or negotiating health insurance coverage
- Recommending a specific health benefit plan
- Providing advice regarding substantive benefits or comparative benefits of different health plans
- Engaging in electioneering activities or financing or otherwise supporting the candidacy of an individual for government positions

Under the proposed rules, Texas Insurance Code provisions related to privacy and protection of personal information would also apply to navigators. The comment period on the proposed rules closed on January 6, 2014, and we are currently reviewing and responding to the nearly 500 pages of comments received.

We thank you for the opportunity to provide you with an update and should you have any questions or need any additional information, please do not hesitate to contact me. I am at your service.

Sincerely,



Julia Rathgeber
Commissioner of Insurance

Attachment