

HCS HB 1253 -- INSURANCE

SPONSOR: Luetkemeyer

COMMITTEE ACTION: Voted "do pass by consent" by the Committee on Financial Services by a vote of 19 to 0.

This substitute makes changes to the insurance laws regarding the powers and duties of liquidators, mutual credits, debt set-offs, and credits for reinsurance. The substitute clarifies that an order to liquidate an insurer does not affect the validity of any arbitration clauses in the insurer's existing contracts. The substitute repeals provisions that limit the extent to which an insurer may set off debts in cases of an insurer's liquidation, insolvency, or rehabilitation. The substitute repeals provisions clarifying that the statute supersedes the insurer's contractual terms in determining the setoff rights of any person under contract with the insurer. The substitute also repeals the sunset clause on a provision regarding payment from a reinsurer on the basis of estimated incurred but not reported losses and clarifies that expert testimony concerning these estimates may be received in evidence in any proceeding.

FISCAL NOTE: No impact on state funds in FY 2005, FY 2006, and FY 2007.

PROPOSERS: Supporters say that the bill merely cleans up some provisions that affect reinsurers, such as language involving the credits allowed to insurers for reinsurance and a clarification that arbitration clauses in these contracts are enforceable.

Testifying for the bill were Representative Luetkemeyer; and Reinsurance Association of America.

OPPOSERS: There was no opposition voiced to the committee.

Richard Smreker, Senior Legislative Analyst