

§ 142.008. STRUCTURED SETTLEMENT.

(a) In a suit in which a minor or incapacitated person who has no legal guardian is represented by a next friend or an appointed guardian ad litem, the court, on a motion from the parties, may provide for a structured settlement that:

- (1) provides for periodic payments; and
- (2) is funded by:
 - (A) an obligation guaranteed by the United States government; or
 - (B) an annuity contract that meets the requirements of Section 142.009.

(b) The person obligated to fund a structured settlement shall provide to the court:

- (1) a copy of the instrument that provides funding for the structured settlement; or
- (2) an affidavit from an independent financial consultant that specifies the present value of the structured settlement and the method by which the value is calculated.

(c) A structured settlement provided for under this section is solely for the benefit of the beneficiary of the structured settlement and is not subject to the interest payment calculations contained in Section 117.054, Local Government Code.

Added by Acts 1999, 76th Leg., ch. 195, § 5, eff. Sept. 1, 1999.

§ 142.009. ANNUITY CONTRACT REQUIREMENTS FOR STRUCTURED SETTLEMENT.

(a) An insurance company providing an annuity contract for a structured settlement as provided by Section 142.008 must:

- (1) be licensed to write annuity contracts in this state;
- (2) have a minimum of \$1 million of capital and surplus; and
- (3) be approved by the court and comply with any requirements imposed by the court to ensure funding to satisfy periodic settlement payments.

(b) In approving an insurance company under Subsection (a)(3), the court may consider whether the company:

(1) holds an industry rating equivalent to at least two of the following rating organizations:

- (A) A. M. Best Company: A++ or A+;
- (B) Duff & Phelps Credit Rating Company
Insurance Company Claims Paying Ability Rating:
AA-, AA, AA+, or AAA;
- (C) Moody's Investors Service Claims Paying
Ability Rating: Aa3, Aa2, Aa1, or aaa; or
- (D) Standard & Poor's Corporation Insurer
Claims-Paying Ability Rating: AA-, AA, AA+, or
AAA;

(2) is an affiliate, as that term is described by Section 823.003, Insurance Code, of a liability insurance carrier involved in the suit for which the structured settlement is created; or

(3) is connected in any way to a person obligated to fund the structured settlement.

Added by Acts 1999, 76th Leg., ch. 195, § 5, eff. Sept. 1, 1999.
Amended by Acts 2001, 77th Leg., ch. 96, § 2, eff. Sept. 1, 2001; Acts
2003, 78th Leg., ch. 1276, § 10A.551, eff. Sept. 1, 2003.