



**THE ATTORNEY GENERAL
OF TEXAS**

AUSTIN, TEXAS 78711

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April 7, 1971

Hon. James L. Slider, Chairman
State Affairs Committee
House of Representatives
State Capitol
Austin, Texas 78711

Opinion No. M- 831

Re: Validity of House Bill
442 of the 62nd Legisla-
ture, R.S. 1971, prohibiting
members, employees and
agents of the State Board
of Insurance from receiving
any compensation from an
insurer doing business in
Texas within six years
after leaving his position
with the State.

Dear Mr. Slider:

Your request for an opinion asks whether the provisions of House Bill 442 of the 62nd Legislature, Regular Session, 1971, are valid. The Bill amends Article 1.09-3 of the Texas Insurance Code to read as follows:

"Article 1.09-3.

"(a) All members of the State Board of Insurance, Commissioner of Insurance, and all employees and agents of the State Board of Insurance shall be subject to the code of ethics and the standard of conduct imposed by Chapter 100, Acts of the Fifty-fifth Legislature, Regular Session, 1957.

"(b) In addition to the code of ethics and standard of conduct imposed by Subsection (a) of this Article, no person subject to Subsection (a) may receive, within six years after leaving his position or job with the Board, compensation from any insurer doing business in this state."

Section 19 of Article I of the Constitution of Texas reads:

"Sec. 19. No citizen of this State shall be deprived of life, liberty, property, privileges or immunities, or in any manner disfranchised, except

by the due course of the law of the land."

The liberty of contract which includes the corresponding right to accept a contract proposed, is a constitutional right protected by the provisions of Section 19 of Article I of the Constitution of Texas, above quoted. In St. Louis Southwestern Ry. Co. v. Griffin, 106 Tex. 477, 171 S.W. 703 (1914) the Supreme Court stated:

"The citizen has the liberty of contract as a natural right which is beyond the power of the government to take from him . . ." (at p. 704).

We are aware that the freedom of contract may be limited where there are visible reasons of public policy for the limitation and the right to contract while protected by Section 19 of Article I is not an absolute right and is subject to reasonable regulation in the interest of public welfare. International Brotherhood v. Huval, 140 Tex. 21, 166 S.W.2d 107 (1942); Hatridge v. Home Life & Acc. Ins. Co., 246 S.W.2d 666 (Tex.Civ.App. 1951, no writ).

It is therefore our opinion that the prohibitions contained in this Bill are violative of an individual's constitutional right of contract which is protected by Section 19 of Article I of the Constitution of Texas.

You are accordingly advised that the provisions of House Bill 442 of the 62nd Legislature, Regular Session, 1971, are unconstitutional, being in violation of Section 19 of Article I of the Constitution of Texas.

S U M M A R Y

House Bill 442 of the 62nd Legislature, R.S. 1971, wherein it would prohibit all members, agents and employees of the State Board of Insurance from receiving compensation from any insurer within six years after terminating their official position with the State violates Section 19 of Article I of the Constitution of Texas.

Very truly yours,

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