

By: Frullo

H.B. No. 3545

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the applicability of certain insurance laws to certain
3 farm mutual insurance companies.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 221.001(b), Insurance Code, is amended
6 to read as follows:

7 (b) This chapter does not apply to:

8 (1) a fraternal benefit society, including a fraternal
9 benefit society operating under Chapter 885;

10 (2) a group hospital service corporation operating
11 under Chapter 842;

12 (3) a stipulated premium company operating under
13 Chapter 884;

14 (4) a mutual assessment association, company, or
15 corporation regulated under Chapter 887;

16 (5) a purely cooperative or mutual fire insurance
17 company carried on by its members solely for the protection of their
18 own property and not for profit, except as provided by Section
19 221.002(b)(13); or

20 (6) a farm mutual insurance company operating under
21 Chapter 911, unless the company:

22 (A) insures property in more than five counties
23 in this state;

24 (B) has gross annual premium receipts greater

1 than \$50 million;

2 (C) is a member of an insurance group that
3 includes insurance companies writing lines of insurance other than
4 those a farm mutual insurance company is authorized to write under
5 Section 911.151; or

6 (D) is acting as a fronting insurer.

7 SECTION 2. Section 252.005, Insurance Code, is amended to
8 read as follows:

9 Sec. 252.005. EXCEPTION. This chapter does not apply to:

10 (1) a farm mutual insurance company operating under
11 Chapter 911, unless the company:

12 (A) insures property in more than five counties
13 in this state;

14 (B) has gross annual premium receipts greater
15 than \$50 million;

16 (C) is a member of an insurance group that
17 includes insurance companies writing lines of insurance other than
18 those a farm mutual insurance company is authorized to write under
19 Section 911.151; or

20 (D) is acting as a fronting insurer as defined by
21 Section 221.001(c); or

22 (2) a mutual insurance company engaged in business
23 under Chapter 12, Title 78, Revised Statutes, before that chapter's
24 repeal by Section 18, Chapter 40, Acts of the 41st Legislature, 1st
25 Called Session, 1929, as amended by Section 1, Chapter 60, General
26 Laws, Acts of the 41st Legislature, 2nd Called Session, 1929, that
27 retains the rights and privileges under the repealed law to the

1 extent provided by those sections.

2 SECTION 3. Section 2210.006(b), Insurance Code, is amended
3 to read as follows:

4 (b) This chapter does not apply to:

5 (1) a farm mutual insurance company operating under
6 Chapter 911, unless the company:

7 (A) insures property in more than five counties
8 in this state;

9 (B) has gross annual premium receipts greater
10 than \$50 million;

11 (C) is a member of an insurance group that
12 includes insurance companies writing lines of insurance other than
13 those a farm mutual insurance company is authorized to write under
14 Section 911.151; or

15 (D) is acting as a fronting insurer, as defined
16 by Section 221.001(c);

17 (2) a nonaffiliated county mutual fire insurance
18 company described by Section 912.310 that is writing exclusively
19 industrial fire insurance policies as described by Section
20 912.310(a)(2); or

21 (3) a mutual insurance company or a statewide mutual
22 assessment company engaged in business under Chapter 12 or 13,
23 Title 78, Revised Statutes, respectively, before those chapters'
24 repeal by Section 18, Chapter 40, Acts of the 41st Legislature, 1st
25 Called Session, 1929, as amended by Section 1, Chapter 60, General
26 Laws, Acts of the 41st Legislature, 2nd Called Session, 1929, that
27 retains the rights and privileges under the repealed law to the

1 extent provided by those sections.

2 SECTION 4. (a) Sections 221.001(b) and 252.005, Insurance
3 Code, as amended by this Act, do not affect tax liability accruing
4 before the effective date of this Act. That liability continues in
5 effect as if this Act had not been enacted, and the former law is
6 continued in effect for the collection of taxes due and for civil
7 and criminal enforcement of the liability for those taxes.

8 (b) Section 2210.006(b), Insurance Code, as amended by this
9 Act, applies only to participation in the Texas Windstorm Insurance
10 Association on or after the effective date of this Act, including
11 the payment of assessments the liability for which accrues on or
12 after that date. Participation in the Texas Windstorm Insurance
13 Association before the effective date of this Act, including the
14 payment of assessments the liability for which accrued before that
15 date, is governed by the law as it existed immediately before that
16 date, and that law is continued in effect for that purpose.

17 SECTION 5. This Act takes effect January 1, 2022.