

By: Burnam

H.B. No. 122

A BILL TO BE ENTITLED

AN ACT

relating to the withdrawal of certain insurers from the insurance market.

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

SECTION 1. Subsections (a)(1) and (3), Article 21.49-2C, Insurance Code, are amended to read as follows:

(a)(1) An ~~authorized~~ insurer shall file with the commissioner a plan for orderly withdrawal if the insurer proposes to withdraw from writing a line of insurance in this state or to reduce its total annual premium volume by 75 percent or more or proposes, in a personal line of motor vehicle comprehensive or residential property insurance, to reduce its total annual premium volume in a rating territory by 50 percent or more. The insurer's plan shall be constructed to protect the interests of the people of this state and shall indicate the date it intends to begin and complete its withdrawal plan and must contain provisions for:

(A) meeting the insurer's contractual obligations;

(B) providing service to its Texas policyholders and claimants; and

(C) meeting any applicable statutory obligations, such as the payment of assessments to the guaranty fund and participation in any assigned risk plans or joint underwriting arrangements.

1 (3) In this article:

2 (A) "Insurer" means any insurer authorized to
3 engage in business in this state, including a county mutual
4 insurance company, farm mutual insurance company, Lloyd's plan, or
5 reciprocal or interinsurance exchange.

6 (B) "Rating territory" means a rating territory
7 established by the department [~~Texas Department of Insurance~~].

8 SECTION 2. This Act takes effect immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section 39, Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect September 1, 2003.