

By: Wise

H.B. No. 1727

A BILL TO BE ENTITLED

1 AN ACT

2 relating to insurance withdrawal plans and requirements, and
3 increasing its applicability.

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

5 SECTION 1. Chapter 827, Insurance Code, is amended by
6 amending 827.001, 827.002, 827.003, and 827.005, to read as
7 follows:

8 Sec. 827.001. DEFINITIONS [~~DEFINITION~~]. In this chapter:

9 (1) "Insurer" includes any insurer or other entity
10 authorized to write insurance in this state, including a county
11 mutual insurance company, a Lloyd's plan insurance company, a
12 reciprocal or inter-insurance exchange, or a farm mutual insurance
13 company.

14 (2) "Rating[~~, —"rating~~] territory" means a rating
15 territory established by the department.

16 Sec. 827.002. EXEMPTION. This chapter does not apply to a
17 transfer of business from an insurer to a company that:

18 (1) is within the same insurance group [~~under common~~
19 ~~ownership~~] with the insurer; [~~and~~]

20 (2) is authorized to engage in the business of
21 insurance in this state, and [~~—~~]

22 (3) does not adversely affect any policyholder in
23 terms of the premium owed under any insurance policy during any
24 insurance policy period in existence at the time of the transfer.

1 Sec. 827.003. WITHDRAWAL PLAN REQUIRED. (a) An
2 ~~[authorized]~~ insurer shall file with the commissioner a plan for
3 orderly withdrawal if the insurer proposes to:

4 (1) ~~[withdraw from writing a line of insurance in this~~
5 ~~state or]~~ reduce the insurer's total annual premium volume by 50
6 ~~[75]~~ percent or more; ~~[or]~~

7 (2) reduce the annual premium volume by 75 percent or
8 more in a line of insurance in this state; or

9 (3) reduce, in whole or in any applicable [a] rating
10 territory, the insurer's total annual premium volume in a personal
11 line of motor vehicle insurance ~~[comprehensive]~~ or residential
12 property insurance by 50 percent or more.

13 (b) In addition, an insurer, simultaneous with a filing,
14 shall pay the commissioner a fee in an amount set by the
15 commissioner of at least \$1,000 but not to exceed \$5,000. Unless
16 changed by the commissioner, the fee is \$1,000.

17 Sec. 827.005. APPROVAL OF WITHDRAWAL PLAN. (a) The
18 commissioner shall approve a withdrawal plan that adequately
19 provides for meeting the requirements prescribed by Section
20 827.004(3), unless the commissioner finds that any line of
21 insurance described in the filed withdrawal plan is not offered in
22 the state in a quantity or manner adequate to cover the risks or
23 protect the interests of the citizens or potential policyholders of
24 the state. If the commissioner makes this finding, then the
25 commissioner may order the date that the withdrawal begins and may
26 modify, restrict, or limit the withdrawal in any manner the
27 commissioner decides, in the commissioner's discretion.

1 (b) A withdrawal plan is deemed approved if the
2 commissioner:

3 (1) does not hold a hearing on the plan before the 61st
4 [~~31st~~] day after the date the plan is filed with the commissioner;
5 or

6 (2) does not deny approval before the 61st [~~31st~~] day
7 after the date a hearing on the plan is held.

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