

By: Van Arsdale

H.B. No. 3031

A BILL TO BE ENTITLED

AN ACT

relating to regulation of inland marine, fidelity, and personal liability coverage.

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

SECTION 1. The heading to Article 5.13-2, Insurance Code, is amended to read as follows:

Art. 5.13-2. Rates and Forms for Certain Property and Casualty [~~General Liability and Commercial Property~~] Insurance [~~Coverage~~].

SECTION 2. Sections 1, 2, and 3, Article 5.13-2, Insurance Code are amended to read as follows:

Sec. 1. This article governs the regulation of general liability, commercial property, which shall include farm and ranch owners and farm and ranch policies, all personal and commercial casualty except for the lines of insurance regulated pursuant to Subchapters A and C, Chapter 5 of this code, fidelity and surety bonds, personal umbrella, personal liability, guaranteed auto protection (GAP), involuntary unemployment, financial guaranty, inland marine insurance, rain insurance, or hail insurance on farm crops, and medical professional liability insurance rates and forms. It does not govern automobile [~~, fidelity, surety, or guaranty bonds~~]. The purposes of this article are to:

(1) promote the public welfare by regulating insurance rates to prohibit excessive, inadequate, or unfairly

1 discriminatory rates;

2 (2) promote availability of insurance;

3 (3) promote price competition among insurers to
4 provide rates and premiums that are responsive to competitive
5 market conditions;

6 (4) prohibit price-fixing agreements and other
7 anticompetitive behavior by insurers;

8 (5) regulate the insurance forms used for lines of
9 insurance subject to this article to ensure that they are not
10 unjust, unfair, inequitable, misleading, or deceptive; and

11 (6) provide regulatory procedures for the maintenance
12 of appropriate information reporting systems.

13 Sec. 2. This article applies to all lines of general
14 liability, commercial property, all personal and commercial
15 casualty except for the lines of insurance regulated pursuant to
16 Subchapters A and C, Chapter 5 of this code, fidelity and surety
17 bonds, personal umbrella, personal liability, guaranteed auto
18 protection (GAP), involuntary unemployment, financial guaranty,
19 inland marine insurance, rain insurance, or hail insurance on farm
20 crops, and medical professional liability insurance written under
21 policies or contracts of insurance issued by a licensed insurer,
22 other than [a fidelity, surety, or guaranty bond or] an automobile
23 insurance policy. The Commissioner shall identify the manner for
24 regulating forms and rates, by rule, for the various
25 classifications of risks defined by the Texas Department of
26 Insurance as inland marine insurance.

27 Sec. 3. In this article:

1 (1) "Filer" means an insurer that files rates,
2 prospective loss costs, or supplementary rating information under
3 this article.

4 (2) "Insurer" means an insurer to which Article 5.13
5 of this code applies, but does not include the Texas Windstorm
6 Insurance Association or the Texas FAIR Plan Association. However,
7 the provisions of Sections 4, 5, 6, and 7 of this article shall not
8 apply to Lloyd's or reciprocals with respect to commercial property
9 insurance and the provisions of Sections 4, 5, 6, 7, and 8 of this
10 article shall not apply to Lloyd's or reciprocals with respect to
11 inland marine insurance, rain insurance, or hail insurance on farm
12 crops.

13 (3) "Prospective loss costs" means that portion of a
14 rate that does not include provisions for profit or expenses, other
15 than loss adjustment expenses, that is based on historical
16 aggregate losses and loss adjustment expenses projected by
17 development to their ultimate value and through trending to a
18 future point in time.

19 (4) "Rate" means the cost of insurance per exposure
20 unit, whether expressed as a single number or as a prospective loss
21 cost, with an adjustment to account for the treatment of expenses,
22 profit, and individual insurer variation in loss experience, before
23 any application of individual risk variations based on loss or
24 expense considerations. The term does not include a minimum
25 premium.

26 (5) "Supplementary rating information" means any
27 manual, rating schedule, plan of rules, rating rules,

1 classification systems, territory codes and descriptions, rating
2 plans, and other similar information used by the insurer to
3 determine the applicable premium for an insured. The term includes
4 factors and relativities, such as increased limits factors,
5 classification relativities, deductible relativities, premium
6 discount, and other similar factors and rating plans such as
7 experience, schedule, and retrospective rating.

8 (6) "Supporting information" means:

9 (A) the experience and judgment of the filer and
10 the experience or information of other insurers or advisory
11 organizations relied on by the filer;

12 (B) the interpretation of any other information
13 relied on by the filer;

14 (C) descriptions of methods used in making the
15 rates; and

16 (D) any other information required by the
17 department to be filed.

18 SECTION 3. Article 5.52, Insurance Code is amended to read
19 as follows:

20 The writing of insurance against loss by lightning, tornado,
21 windstorm, hail, smoke or smudge, cyclone, earthquake, volcanic
22 eruption, rain, frost and freeze, weather or climatic conditions,
23 excess or deficiency of moisture, flood, the rising of the waters of
24 the ocean or its tributaries, bombardment, invasion, insurrection,
25 riot, civil war or commotion, military or usurped power, any order
26 of a civil authority made to prevent the spread of a conflagration,
27 epidemic or catastrophe, vandalism or malicious mischief, strike or

1 lockout, explosion, water or other fluid or substance, resulting
2 from the breakage or leakage of sprinklers, pumps, or other
3 apparatus erected for extinguishing fires, water pipes or other
4 conduits or containers, or resulting from casual water entering
5 through leaks or openings in buildings, or by seepage through
6 building walls, including insurance against accidental injury of
7 such sprinklers, pumps, fire apparatus, conduits or containers, and
8 the rates to be collected therefor in this State, and all matters
9 pertaining to such insurance except as hereinafter set out as to
10 [~~inland~~] marine insurance as defined by Article 5.53, [~~rain~~
11 ~~insurance and insurance against loss by hail on farm crops,~~] shall
12 be governed and controlled by the provisions of Articles 5.25 to
13 5.48, inclusive, and also Articles 5.50 to 5.51, inclusive, of this
14 subchapter and Article 5.67 of Subchapter D of this Chapter, in the
15 same manner and to the same extent as fire insurance and fire
16 insurance rates are now affected by the provisions of said articles
17 of this code.

18 The term "explosion" as used above shall not include
19 insurance against loss of or damage to any property of the insured,
20 resulting from the explosion of or injury to (a) any boiler, heater,
21 or other fired pressure vessel; (b) any unfired pressure vessel;
22 (c) pipes or containers connected with any of said boilers or
23 vessels; (d) any engine, turbine, compressor, pump, or wheel; (e)
24 any apparatus generating, transmitting or using electricity; (f)
25 any other machinery or apparatus connected with or operating by any
26 of the previously named boilers, vessels or machines; nor shall
27 same include the making of inspections and issuance of certificates

1 of inspections upon any such boiler, apparatus or machinery,
2 whether insured or otherwise. Said term shall include, but shall
3 not be limited to (1) the explosion of pressure vessels (except
4 steam boilers of more than fifteen pounds pressure) in buildings
5 designed and used solely for residential purposes by not more than
6 four (4) families; (2) explosion of any kind originating outside of
7 the insured buildings or outside of the building containing the
8 property insured; (3) explosion of pressure vessels which do not
9 contain steam or which are not operated with steam coils or steam
10 jets; (4) electric disturbance causing or concomitant with an
11 explosion in public service or public utility property.

12 SECTION 4. The heading to Article 5.53, Insurance Code, is
13 amended to read as follows:

14 Art. 5.53. Application to [~~Inland~~] Marine Insurance. [~~, Rain~~
15 ~~Insurance, or Hail Insurance on Farm Crops; Definitions; Rates and~~
16 ~~Rating Plans Filed; Policy Forms; Checking Offices]~~

17 SECTION 5. Article 5.53, Insurance Code, is amended to read
18 as follows:

19 The provisions of Chapter 5 of this code shall not apply to
20 marine insurance as defined by this article. The provisions of this
21 article shall apply to all insurance which is now or hereafter
22 defined by statute, by rules [~~ruling~~] of the Commissioner [~~Board~~]
23 of Insurance [~~Commissioners~~], or by lawful custom, as [~~inland~~]
24 marine insurance [~~, rain insurance, or insurance against loss by~~
25 ~~hail on farm crops~~]. None of the terms contained in [~~this article~~
26 ~~and~~] Article 5.52 shall be deemed to include insurance of vessels or
27 craft, their cargoes, marine builder's risk, marine protection and

1 indemnity, or other risk commonly insured under marine as
2 distinguished from inland marine insurance policies.

3 ~~[Whenever used in this article the]~~ The term "Marine
4 Insurance" shall mean and include insurance and reinsurance against
5 any and all kinds of loss or damage to the following subject matters
6 of insurance interest therein:

7 Marine Insurance. Hulls, vessels and craft of every kind,
8 aids to navigation, dry docks and marine railways, including marine
9 builders' and repairers' risks, and whether complete or in process
10 of or awaiting construction; also all marine protection and
11 indemnity risks; also all goods, freights, cargoes, merchandise,
12 effects, disbursements, profits, moneys, bullion, precious stones,
13 securities, choses in action, evidences of debt, valuable papers,
14 bottomry and respondentia interests, and all other kinds of
15 property and interests therein, in respect to, appertaining to or
16 in connection with any and all risks or perils of navigation,
17 transit or transportation on or under any seas, lakes, rivers, or
18 other waters or in the air, or on land in connection with or
19 incident to export, import or waterborne risks, or while being
20 assembled, packed, crated, baled, compressed or similarly prepared
21 for such shipment or while awaiting the same, or during any delays,
22 storage, transshipment or reshipment incident thereto, including
23 the insurance of war risks in respect to any or all of the aforesaid
24 subject matters of insurance.

25 ~~[(a) As to all classes of insurance contained in this~~
26 ~~article, for which class rates or rating plans are customarily~~
27 ~~fixed by rating bureaus or associations of underwriters, rates or~~

1 ~~rating plans, together with applicable policy forms and~~
2 ~~endorsements, shall be filed by all authorized insurers writing~~
3 ~~such classes with the Board in such manner and form as it shall~~
4 ~~direct, and all rates on risks not falling within a recognized~~
5 ~~class fixed by any such bureau or association, together with~~
6 ~~applicable policy forms and endorsements, shall be similarly filed.~~
7 ~~Due consideration shall be given to past and prospective loss~~
8 ~~experience within and outside the State, including catastrophe~~
9 ~~hazard, to a reasonable margin for profit and contingencies, and to~~
10 ~~all other relevant factors within and outside the State.]~~

11 ~~[(b) As soon as reasonably possible after the filing has~~
12 ~~been made, the Board shall in writing approve or disapprove the~~
13 ~~same; provided that any filing of class rates or rating plans,~~
14 ~~together with applicable policies and endorsements, shall be deemed~~
15 ~~approved unless disapproved within thirty (30) days; provided the~~
16 ~~Board may by official order postpone action for such further time~~
17 ~~not exceeding thirty (30) days, as it deems necessary for proper~~
18 ~~consideration, and provided further that rates on risks not falling~~
19 ~~within a recognized class fixed by a rating bureau or association of~~
20 ~~underwriters, together with applicable policies and endorsements,~~
21 ~~shall be deemed approved from the date of filing to the date of~~
22 ~~formal approval or disapproval. The Board may investigate rates~~
23 ~~not required to be filed under the provisions of this article and~~
24 ~~may require the filing of any particular rate, together with~~
25 ~~applicable policies and endorsements, not otherwise required to be~~
26 ~~filed.]~~

27 ~~[(c) Any filing by an insurer of a rate less than an approved~~

1 ~~rate relative to any of the rates mentioned in sub-division (a) of~~
2 ~~this article may be used by such insurer after same shall have been~~
3 ~~approved by the Board, or after same shall have been on file with~~
4 ~~the Board without action for thirty (30) days.]~~

5 ~~[(d) If at any time the Board finds that an approved filing~~
6 ~~no longer meets the requirements of this article, it may after~~
7 ~~hearing issue an order withdrawing its approval thereof.]~~

8 ~~[(e) An insurer may satisfy its obligation to make such~~
9 ~~filings by becoming a member of, or a subscriber to, a licensed~~
10 ~~rating organization which makes such filings, and by authorizing~~
11 ~~the Board to accept such filings on its behalf. A corporation, an~~
12 ~~un-incorporated association, a partnership, or an individual,~~
13 ~~whether located within or outside the State, may be licensed as a~~
14 ~~rating organization in connection with any of the sorts of~~
15 ~~insurance mentioned in this article, subject to the conditions, not~~
16 ~~inconsistent herewith, prescribed by law for such organizations in~~
17 ~~connection with other kinds of insurance, provided two or more~~
18 ~~insurers have designated it to act for them as to any such class or~~
19 ~~classes of insurance in the manner prescribed herein. An insurer~~
20 ~~may belong or subscribe to rating bureaus or associations for other~~
21 ~~types of insurance.]~~

22 ~~[(f) Insurers may, subject to the supervision of the Board,~~
23 ~~operate any checking office or offices deemed necessary or~~
24 ~~advisable.]~~

25 ~~[(g) The writing of inland marine insurance, rain insurance~~
26 ~~and insurance against loss by hail on farm crops, shall be governed~~
27 ~~by the provisions of Articles 5.25 to 5.48, inclusive, and also~~

1 ~~Articles 5.50 to 5.51, inclusive, of this subchapter and Article~~
2 ~~5.67 of Subchapter D. of this chapter, in the same manner and to the~~
3 ~~same extent as fire insurance and fire insurance rates are now~~
4 ~~affected by the provisions of said articles, except that wherever~~
5 ~~in any of said articles reference is made to making, fixing,~~
6 ~~prescribing, determination or promulgation by the Board of rates or~~
7 ~~policy forms or endorsements, the provisions of this article shall~~
8 ~~control. Notwithstanding any other provision of this subchapter,~~
9 ~~the flexible rating program created under Subchapter M of this~~
10 ~~chapter does not apply to this article.]~~

11 ~~[(h) The provisions of Chapter 5 of this code shall not~~
12 ~~apply to marine insurance other than inland marine insurance~~
13 ~~governed by this article.]~~

14 SECTION 6. Subsection (a) of Section 1 of Article 5.53-A,
15 Insurance Code, is amended to read as follows:

16 Sec. 1. (a) Any company licensed to engage in the business
17 of fire insurance and its allied lines, or inland marine insurance,
18 or both, is authorized to write home warranty insurance or home
19 protection insurance in this state.

20 SECTION 7. Article 5.97, Insurance Code, is amended to read
21 as follows:

22 (a) The Texas Department [~~State Board~~] of Insurance may take
23 action on filings for standard and uniform rates, rating plans,
24 manual rules, classification plans, statistical plans, and policy
25 and endorsement forms, or any modification of any of these for the
26 lines of insurance regulated in Subchapter B, Chapter 5, of this
27 code [~~and for the regulated lines of insurance in Article 5.53 and~~

1 ~~Article 5.53-A of this code~~] under the procedure specified in this
2 article.

3 (b) Any interested person may initiate proceedings before
4 the commissioner [~~board~~] with respect to any matter specified in
5 Section (a) of this article by filing a petition with the department
6 [~~State Board of Insurance~~] that includes the following:

7 (1) specific identification of the matter that is
8 proposed to be adopted, approved, amended, or repealed;

9 (2) the wording of the matter proposed to be adopted,
10 approved, amended, or repealed; and

11 (3) justification for the proposed action in
12 sufficient particularity to inform the commissioner [~~board~~] and any
13 interested person of the petitioner's reasons and arguments.

14 (c) A copy of each petition initiating a proceeding shall be
15 marked with the date it was received by the department [~~State Board~~
16 ~~of Insurance~~] and shall be made available for public inspection at
17 the office of the chief clerk of the department [~~board~~] throughout
18 the period the petition is pending. Except for emergency matters
19 acted on under Section (j) of this article, the commissioner
20 [~~board~~] may not act on a petition until it has been available for
21 public inspection for at least 15 days after the date of filing and
22 notice has been given in accordance with this section. Not later
23 than the 10th day before the date the commissioner [~~board~~] takes
24 action on any rule, rating plan, classification plan, statistical
25 plan, or policy or endorsement form under this article, the
26 department [~~board~~] shall publish in the Texas Register [~~a notice of~~
27 ~~the meeting or hearing at which the action will be taken.~~ The

1 ~~notice must include~~] a brief summary of the substance of the
2 proposed rule, rating plan, classification plan, statistical plan,
3 or policy or endorsement form, and a statement that the full text of
4 the rule, rating plan, classification plan, statistical plan, or
5 policy or endorsement form is available for review in the office of
6 the chief clerk of the department [~~State Board of Insurance~~].

7 (d) Any interested person may request [~~the board to hold~~] a
8 hearing before the commissioner [~~it~~] acts on a pending petition.
9 Except as provided by Article 5.97A of this code, the commissioner
10 [~~board~~] has discretion whether or not to hold such a hearing.

11 [~~(e) The board shall consider each proposal as provided by~~
12 ~~the procedures specified in Article 5.15, Article 5.53, or Article~~
13 ~~5.53-A of this code, whichever is applicable to the line of~~
14 ~~insurance addressed.~~]

15 (e) [~~(f)~~] The commissioner may [~~board shall~~] hold a hearing
16 to consider the proposal or may [~~shall~~] enter an order implementing
17 or denying the proposal. If the commissioner [~~board~~] denies a
18 proposal, the commissioner [~~it~~] shall specify the reasons for the
19 denial in the commissioner's [~~its~~] order.

20 (f) [~~(g)~~] On its own motion, the department [~~board~~] may
21 initiate a proceeding with respect to any matter specified in
22 Section (a) of this article.

23 (g) [~~(h)~~] If a hearing is scheduled to consider a proposal,
24 the department [~~board~~] shall publish notice in the Texas Register
25 not less than 10 days before the hearing and shall state the time,
26 place, and legal authority for the hearing and the matters to be
27 considered.

1 (h) [~~(i)~~] After entering an order with respect to any matter
2 specified in Section (a) of this article, the department [~~board~~]
3 shall file a notice of the commissioner's [~~its~~] action for
4 publication in the adopted rule section of the Texas Register. In
5 addition, before the effective date of the action, the department
6 [~~board~~] shall cause notice of the order to be mailed to the
7 applicant, to all insurers writing the affected line of insurance
8 in this state, and to all other persons who have made timely written
9 request for notification. Failure to mail this notice will not
10 invalidate any action taken.

11 (i) [~~(j)~~] The commissioner's [~~board's~~] action takes effect
12 15 days after the date that notice of the action is published in the
13 Texas Register or on a later specified date. If the commissioner
14 [~~board~~] finds that an imminent peril to the public health, safety,
15 or welfare, or a requirement of state or federal law requires the
16 commissioner's [~~its~~] action to be effective before the end of the
17 15-day period, the commissioner [~~it~~] may take emergency action to
18 be effective at an earlier time. The commissioner's [~~board's~~]
19 action on an emergency matter may be effective for 120 days, and
20 renewable once for a period not exceeding 60 days immediately
21 following the 120-day period. The permanent adoption of an
22 identical change is not precluded.

23 (j) [~~(k)~~] Any person aggrieved by an order of the
24 commissioner [~~board~~] is entitled to redress as provided by [~~Article~~
25 ~~5.15,~~] Article 5.23[~~, Article 5.53, or Article 5.53-A~~] of this
26 code[~~, whichever is applicable to the line of insurance addressed~~
27 ~~in the order~~].

1 (k) [~~(l)~~] The Administrative Procedure [~~and Texas Register~~]
2 Act (Chapter 2001, Texas Government Code [~~Article 6252-13a,~~
3 ~~Vernon's Texas Civil Statutes~~]), does not apply to commissioner or
4 department [~~board~~] action taken under this article.

5 (l) [~~(m)~~] The department [~~board~~] or the office of public
6 insurance counsel may require that a person who has filed a petition
7 under Subsection (b) of this article or who has otherwise presented
8 materials to the department [~~board~~] in connection with a proceeding
9 under this article provide additional information to the department
10 [~~board~~] or office, including any statistical, actuarial, or other
11 information on which the petition or other materials were based.

12 (m) [~~(n)~~] Notwithstanding Subsections (a) through (k) [~~(l)~~]
13 of this article, this article does not apply to a line of insurance
14 subject to Article 5.13-2 of this code.

15 SECTION 8. Subsection (c) of Article 21.28-E, Insurance
16 Code, is amended to read as follows:

17 (c) The provisions of this article shall not apply to
18 marine insurance as defined [~~other than inland marine insurance~~
19 ~~governed~~] by Article 5.53.

20 SECTION 9. Subdivision (b) of Section 4 of Article 21.49-3,
21 Insurance Code, is amended to read as follows:

22 (b)(1) Subject to Subdivision 5 [~~(6)~~] of this subsection,
23 the rates, rating plans, rating rules, rating classification,
24 territories, and policy forms applicable to the insurance written
25 by the association and statistics relating thereto shall be subject
26 to Subchapter B of Chapter 5 of the Insurance Code, as amended,
27 giving due consideration to the past and prospective loss and

1 expense experience for medical professional liability insurance
2 within and without this state of all of the member companies of the
3 association, trends in the frequency and severity of losses, the
4 investment income of the association, and such other information as
5 the commissioner may require; provided, that if any article of the
6 above subchapter is in conflict with any provision of this Act, this
7 Act shall prevail. For purposes of this article, rates, rating
8 plans, rating rules, rating classifications, territories, and
9 policy forms for for-profit nursing homes are subject to the
10 requirements of Article 5.15-1 of this code to the same extent as
11 not-for-profit nursing homes.

12 ~~[(2) Within such time as the board shall direct, the~~
13 ~~association shall submit, for the approval of the board pursuant to~~
14 ~~Article 5.15 of the Insurance Code, an initial filing, in proper~~
15 ~~form, of policy forms, classifications, rates, rating plans, and~~
16 ~~rating rules applicable to medical liability insurance to be~~
17 ~~written by the association.]~~

18 (2) ~~[(3)]~~ Any deficit sustained by the association
19 with respect to physicians and health care providers, other than
20 for-profit and not-for-profit nursing homes, or by for-profit and
21 not-for-profit nursing homes in any one year shall be recouped,
22 pursuant to the plan of operation and the rating plan then in
23 effect, by one or more of the following procedures in this sequence:

24 First, a contribution from the policyholder's stabilization
25 reserve fund for physicians and health care providers, other than
26 for-profit and not-for-profit nursing homes, established under
27 Section 4A of this article or from the stabilization reserve fund

1 for for-profit and not-for-profit nursing homes, established under
2 Section 4B of this article, as appropriate, until the respective
3 fund is exhausted;

4 Second, an assessment upon the policyholders pursuant to
5 Section 5(a) of this article;

6 Third, an assessment upon the members pursuant to Section
7 5(b) of this article. To the extent a member has paid one or more
8 assessments and has not received reimbursement from the association
9 in accordance with Subdivision (5) of this subsection, a credit
10 against premium taxes under Article 4.10 of this code, as amended,
11 shall be allowed. The tax credit shall be allowed at a rate of 20
12 percent per year for five successive years following the year in
13 which said deficit was sustained and at the option of the insurer
14 may be taken over an additional number of years.

15 (3) [~~(4)~~] After the initial year of operation, rates,
16 rating plans, and rating rules, and any provision for recoupment
17 should be based upon the association's loss and expense experience,
18 together with such other information based upon such experience as
19 the department [~~board~~] may deem appropriate. The resultant premium
20 rates shall be on an actuarially sound basis and shall be calculated
21 to be self-supporting.

22 (4) [~~(5)~~] In the event that sufficient funds are not
23 available for the sound financial operation of the association, in
24 addition to assessments paid pursuant to the plan of operation in
25 accordance with Section 3(c)(2) of this article and contributions
26 from the policyholder's stabilization reserve fund, all members
27 shall, on a basis authorized by the department [~~board~~], as long as

1 the department [~~board~~] deems it necessary, contribute to the
2 financial requirements of the association in the manner provided
3 for in Section 5. Any assessment or contribution shall be
4 reimbursed to the members with interest at a rate to be approved by
5 the department [~~board~~]. Pending recoupment or reimbursement of
6 assessments or contributions paid to the association by a member,
7 the unrepaid balance of such assessments and contributions may be
8 reflected in the books and records of the insurer as an admitted
9 asset of the insurer for all purposes, including exhibition in
10 annual statements pursuant to Article 6.12 (recodified effective
11 June 1, 2003, as Sections 862.001 and 862.003) of this code.

12 (5) [~~(6)~~] The rates applicable to professional
13 liability insurance provided by the association that cover nursing
14 homes that are not for profit must reflect a discount of 30 percent
15 from the rates for the same coverage provided to others in the same
16 category of insureds. The commissioner shall ensure compliance
17 with this subdivision.

18 SECTION 10. Subdivision (5) of Section 5(a) of Article
19 21.55, Insurance Code, is amended to read as follows:

20 Sec. 5. (a) This article does not apply to:

- 21 (1) workers' compensation insurance;
- 22 (2) mortgage guaranty insurance;
- 23 (3) title insurance;
- 24 (4) fidelity, surety, or guaranty bonds;
- 25 (5) marine insurance as defined [~~other than inland~~
26 ~~marine insurance governed~~] by Article 5.53 of this code; or
- 27 (6) a guaranty association created and operating under

1 Article 9.48 of this code.

2 SECTION 11. Subsection (e) of Article 21.56, Insurance
3 Code, is amended to read as follows:

4 (e) The provisions of this article shall not apply to
5 marine insurance as defined [~~other than inland marine insurance~~
6 ~~governed~~] by Article 5.53 of this code.

7 SECTION 12. Article 21.79E, Insurance Code, is amended to
8 read as follows:

9 Any insurer authorized to write any form of casualty
10 insurance in this state shall also be authorized to write group or
11 individual credit involuntary unemployment insurance indemnifying
12 a debtor for installment or other periodic payments on the
13 indebtedness while the debtor is involuntarily unemployed,
14 including policy forms and endorsements which define involuntary
15 unemployment to provide coverage and a premium charge for
16 interruption or reduction of a debtor's income during periods of
17 leave (paid or otherwise) authorized by the Federal Family and
18 Medical Leave Act, or other state or federal laws. Such insurance
19 may be written alone or in conjunction with credit life insurance,
20 credit accident and health insurance, or both, in policies issued
21 by any authorized insurer, but not in contravention of the Texas
22 Free Enterprise and Antitrust Act of 1983. Rates and forms for such
23 insurance may be made and filed in accordance with Article 5.13-2
24 [~~Articles 5.14 and 5.15~~] of this code.

25 SECTION 13. REPEALER. Articles 5.14, 5.15, and 5.15B,
26 Insurance Code, are repealed.

27 SECTION 14. This Act takes effect September 1, 2003.