

A BILL TO BE ENTITLED

AN ACT

relating to insurance withdrawal and restriction plans; providing civil penalties.

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

SECTION 1. Chapter 827, Insurance Code, is amended by amending Sections 827.001, 827.003, 827.006, and 827.007 and adding Sections 827.012 and 827.013 to read as follows:

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

(1) "Insurer" includes any licensed insurer or other entity writing insurance in this state, including a county mutual insurance company, a Lloyd's plan company, a reciprocal or interinsurance exchange, or a farm mutual insurance company.

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

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

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

(2) reduce, in a rating territory, the insurer's total annual premium volume in a personal line of motor vehicle comprehensive or residential property insurance by 50 percent or more.

1       (b) An authorized insurer shall file with the commissioner a  
2 plan for orderly withdrawal for each line of insurance for which the  
3 insurer is required to withdraw under Section 827.012.

4       Sec. 827.006. RESUMPTION OF WRITING INSURANCE AFTER  
5 COMPLETE VOLUNTARY WITHDRAWAL OR MANDATORY WITHDRAWAL. (a) An  
6 insurer that withdraws on its own initiative from writing all lines  
7 of insurance in this state or an insurer that is required to  
8 withdraw from all lines of insurance in this state under Section  
9 827.012 may not, without the approval of the commissioner, resume  
10 writing insurance in this state before the fifth anniversary of the  
11 date of withdrawal.

12       (b) An insurer that is required to withdraw from all lines  
13 of insurance in this state under Section 827.012 may not be approved  
14 to write any other lines of insurance in this state until the  
15 insurer is approved by the commissioner to write motor vehicle  
16 comprehensive insurance or residential property insurance.

17       Sec. 827.007. PENALTIES. (a) The commissioner may impose  
18 the civil penalties under Chapter 82 on an insurer that fails to  
19 obtain the commissioner's approval before the insurer:

20               (1) withdraws from writing a line of insurance in this  
21 state; or

22               (2) reduces the insurer's total annual premium volume  
23 by 75 percent or more in any year.

24       (b) The commissioner may impose the civil penalties  
25 provided by Chapter 82 on an insurer that fails to file a withdrawal  
26 plan under Section 827.003(b) for each of the lines of insurance  
27 from which the insurer is required to withdraw or that fails to

1 obtain the commissioner's approval for the withdrawal plan under  
2 that section for each of the lines of insurance from which the  
3 insurer is required to withdraw.

4 Sec. 827.012. MANDATORY WITHDRAWAL. An authorized insurer  
5 that withdraws from writing a personal line of motor vehicle  
6 comprehensive insurance or residential property insurance in this  
7 state or that reduces its total annual premium volume by 75 percent  
8 or more in a personal line of motor vehicle comprehensive insurance  
9 or residential property insurance in this state may not write any  
10 other line of insurance in this state, including those lines the  
11 insurer is currently authorized to write and any additional new  
12 lines the insurer may otherwise be authorized to write.

13 Sec. 827.013. NO REQUIREMENT TO WRITE ADDITIONAL LINES.  
14 Nothing in this chapter shall be construed to require an insurer  
15 that writes only one line of motor vehicle comprehensive insurance  
16 or residential property insurance in this state to write any other  
17 line or lines of insurance.

18 SECTION 2. (a) This Act takes effect June 1, 2003, if it  
19 receives a vote of two-thirds of all the members elected to each  
20 house, as provided by Section 39, Article III, Texas Constitution.  
21 If this Act does not receive the vote necessary to take effect on  
22 that date, this Act takes effect September 1, 2003.

23 (b) This Act applies only to a reduction or withdrawal of a  
24 line of insurance by an insurer on or after the effective date of  
25 this Act. A reduction or withdrawal of a line of insurance by an  
26 insurer before the effective date of this Act is governed by the law  
27 as it existed immediately before the effective date of this Act, and

1 that law is continued in effect for that purpose.