

BILL ANALYSIS

C.S.H.B. 1891
By: Eiland
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

All insurance companies including Lloyds, Reciprocal, and County Mutual companies are subject to the TWIA Act, Art. 21.49, Insurance Code with two exceptions, farm mutual companies and a county mutual writing exclusively industrial fire insurance. Industrial Fire is a term for policies that cover dwellings, household goods and wearing apparel. The policies are sold on a weekly, monthly or quarterly basis on a continuous premium payment plan. Typically these are low value dwellings sold to low and modest income households. A county mutual company that markets exclusively industrial fire insurance has been exempt from certain laws under §912.310, Insurance Code, and specifically exempt from TWIA and assessments. The intent of HB 1891 is to remove the exemption for an industrial fire county mutual if it is affiliated with other insurers as part of a holding company group.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1: Adds the term “non-affiliated” to Section 3(k), Article 21.49 of the Insurance Code pertaining to county mutuals. Sites sections of the code describing non-affiliated county mutuals and industrial fire insurance policies.

SECTION 2: Effective date

EFFECTIVE DATE

September 1, 2005

COMPARISON OF ORIGINAL TO SUBSTITUTE

Corrects drafting error by inserting further qualifications that companies are writing exclusively industrial fire insurance under Subsection (a)(2) of Section 912.310 Texas Insurance Code.