

By: Seaman

H.B. No. 885

A BILL TO BE ENTITLED

AN ACT

relating to premium reserve amounts required for title insurers.

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

SECTION 1. Section 2551.253, Insurance Code, as effective April 1, 2005, is amended to read as follows:

Sec. 2551.253. AMOUNTS ADDED TO RESERVE FOR CALENDAR YEARS AFTER 1997; REDUCTIONS. (a) Out of total charges for title insurance policies written or assumed on or after January 1, 1998, and before January 1, 2005, a domestic title insurer shall add to and set aside in the statutory premium reserve an amount equal to the total of the following, as described in the insurer's annual statement:

(1) 25 cents per \$1,000 of net retained liability if the insurer had \$250 million or more in direct written premiums written for the most recent calendar year; or

(2) 30 cents per \$1,000 of net retained liability if the insurer had less than \$250 million in direct written premiums written for the most recent calendar year.

(b) Out of total charges for title insurance policies written or assumed on or after January 1, 2005, a domestic title insurer shall add to and set aside in the statutory premium reserve an amount equal to the total of 18.5 cents per \$1,000 of net retained liability for the most recent calendar year, as described in the insurer's annual statement.

1 (c) A domestic title insurer shall reduce additions to the
2 statutory premium reserve set aside for title insurance policies
3 written or assumed after the year 1997 over a 20-year period
4 beginning in the year after the year in which the policies are
5 written or assumed in the manner and under the same percentages
6 applied under Sections 2551.252(c) and (d).

7 SECTION 2. Section 2551.258, Insurance Code, as effective
8 April 1, 2005, is amended to read as follows:

9 Sec. 2551.258. REEVALUATION OF CERTAIN RESERVE
10 REQUIREMENTS. (a) On or before July 1 of each even-numbered year,
11 a domestic title insurer shall perform and deliver to the
12 commissioner an actuarial review concerning the adequacy of the
13 insurer's statutory premium reserves required under Section
14 2551.253.

15 (b) On or before October 1 of each even-numbered year, the
16 [The] commissioner shall ~~[may]~~ reevaluate the adequacy of the
17 statutory premium reserves required under Section 2551.253 and may
18 make recommendations for legislative changes as the commissioner
19 considers appropriate.

20 SECTION 3. This Act takes effect September 1, 2005.