

1-1 By: Seaman (Senate Sponsor - Brimer) H.B. No. 885
1-2 (In the Senate - Received from the House March 29, 2005;
1-3 March 30, 2005, read first time and referred to Committee on
1-4 Business and Commerce; April 28, 2005, reported favorably by the
1-5 following vote: Yeas 8, Nays 0; April 28, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to premium reserve amounts required for title insurers.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Section 2551.253, Insurance Code, as effective
1-11 April 1, 2005, is amended to read as follows:

1-12 Sec. 2551.253. AMOUNTS ADDED TO RESERVE FOR CALENDAR YEARS
1-13 AFTER 1997; REDUCTIONS. (a) Out of total charges for title
1-14 insurance policies written or assumed on or after January 1, 1998,
1-15 and before January 1, 2005, a domestic title insurer shall add to
1-16 and set aside in the statutory premium reserve an amount equal to
1-17 the total of the following, as described in the insurer's annual
1-18 statement:

1-19 (1) 25 cents per \$1,000 of net retained liability if
1-20 the insurer had \$250 million or more in direct written premiums
1-21 written for the most recent calendar year; or

1-22 (2) 30 cents per \$1,000 of net retained liability if
1-23 the insurer had less than \$250 million in direct written premiums
1-24 written for the most recent calendar year.

1-25 (b) Out of total charges for title insurance policies
1-26 written or assumed on or after January 1, 2005, a domestic title
1-27 insurer shall add to and set aside in the statutory premium reserve
1-28 an amount equal to the total of 18.5 cents per \$1,000 of net
1-29 retained liability for the most recent calendar year, as described
1-30 in the insurer's annual statement.

1-31 (c) A domestic title insurer shall reduce additions to the
1-32 statutory premium reserve set aside for title insurance policies
1-33 written or assumed after the year 1997 over a 20-year period
1-34 beginning in the year after the year in which the policies are
1-35 written or assumed in the manner and under the same percentages
1-36 applied under Sections 2551.252(c) and (d).

1-37 SECTION 2. Section 2551.258, Insurance Code, as effective
1-38 April 1, 2005, is amended to read as follows:

1-39 Sec. 2551.258. REEVALUATION OF CERTAIN RESERVE
1-40 REQUIREMENTS. (a) The commissioner may:

1-41 (1) reevaluate the adequacy of the statutory premium
1-42 reserves required under Section 2551.253; and

1-43 (2) based on an actuarial review, change by order the
1-44 amount of the statutory premium reserve required of any domestic
1-45 title insurer or all domestic title insurers [may make
1-46 recommendations for legislative changes as the commissioner
1-47 considers appropriate].

1-48 (b) Any change in the amount of a statutory premium reserve
1-49 under Subsection (a)(2) is considered a statutory premium reserve
1-50 and is not considered a supplemental reserve.

1-51 SECTION 3. This Act takes effect September 1, 2005.

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