

1-1 By: Eiland (Senate Sponsor - Lucio) H.B. No. 2565  
1-2 (In the Senate - Received from the House April 18, 2005;  
1-3 April 19, 2005, read first time and referred to Committee on  
1-4 Business and Commerce; May 2, 2005, reported favorably by the  
1-5 following vote: Yeas 9, Nays 0; May 2, 2005, sent to printer.)

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

1-8 relating to prohibiting rebates regarding certain insurance  
1-9 coverage.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Article 5.13(a), Insurance Code, is amended to  
1-12 read as follows:

1-13 (a) This subchapter applies to every insurance company,  
1-14 corporation, interinsurance exchange, mutual, reciprocal,  
1-15 association, Lloyd's plan, or other organization or insurer writing  
1-16 any of the characters of insurance business herein set forth,  
1-17 hereinafter called "Insurer"; provided that nothing in this entire  
1-18 subchapter shall be construed to apply to any county or farm mutual  
1-19 insurance company or association, as regulated under Chapters 911  
1-20 and 912 of this code, except that:

1-21 (1) Article 5.13-2 of this code shall apply to a county  
1-22 mutual insurance company with respect to personal automobile and  
1-23 commercial automobile insurance, residential and commercial  
1-24 property insurance, and inland marine insurance;

1-25 (2) Article 5.20 of this code shall apply to a county  
1-26 mutual insurance company with respect to each line of insurance  
1-27 that a county mutual insurance company is authorized to write under  
1-28 Section 912.151; and

1-29 (3) Article 5.20 of this code shall apply to a farm  
1-30 mutual insurance company with respect to each line of insurance  
1-31 that a farm mutual insurance company is authorized to write under  
1-32 Section 911.151.

1-33 SECTION 2. Article 5.20(d), Insurance Code, is amended to  
1-34 read as follows:

1-35 (d) As used in this article:

1-36 (1) "Insurance" [~~the word "insurance"~~] includes  
1-37 suretyship.

1-38 (2) "Insurer" means an insurance company or other  
1-39 legal entity described by Subsection (a), Article 5.13, of this  
1-40 code.

1-41 (3) "Policy" [and the word "policy"] includes a  
1-42 bond.

1-43 SECTION 3. Section 911.001(c), Insurance Code, is amended  
1-44 to read as follows:

1-45 (c) Except to the extent of any conflict with this chapter,  
1-46 the following provisions apply to a farm mutual insurance company:

1-47 (1) Subchapter A, Chapter 32;

1-48 (2) Subchapter D, Chapter 36;

1-49 (3) Sections 31.002(2), 32.021(c), 32.023, 32.041,  
1-50 33.002, 38.001, 81.001-81.004, 201.005, 201.055, 801.051-801.055,  
1-51 801.057, 801.101, 801.102, 822.204, 841.004, 841.251, 841.252, and  
1-52 862.101;

1-53 (4) Chapter 541;

1-54 (5) Chapter 802;

1-55 (6) [~~5~~] Subchapter A, Chapter 805;

1-56 (7) [~~6~~] Chapter 824; and

1-57 (8) [~~7~~] Sections 2, 5, 6, and 17, Article 1.10, and  
1-58 Articles 1.09-1, [~~1.11~~] 1.12, 1.13, 1.15, 1.15A, 1.16, 1.17, 1.18,  
1-59 1.19, [~~1.20, 1.21, 1.22~~] 2.10, 5.20 [~~21.21~~], 21.28, 21.28-A,  
1-60 21.28-C, 21.39, and 21.39-A.

1-61 SECTION 4. Section 912.002(b), Insurance Code, is amended  
1-62 to read as follows:

1-63 (b) A county mutual insurance company is subject to:

1-64 (1) Sections 38.001, 501.202, 501.203, and 822.204;

2-1 (2) Chapters 221, 251, 252, 254, and 541; and  
2-2 (3) ~~[(2)]~~ Articles 1.15, 1.15A, 1.16, ~~[1.35B]~~, 2.10,  
2-3 5.20, ~~[4.10, 5.12]~~, 5.37, 5.38, 5.39, 5.40, ~~[5.49, 21.21]~~ and  
2-4 21.49.

2-5 SECTION 5. Section 941.003(b), Insurance Code, is amended  
2-6 to read as follows:

- 2-7 (b) A Lloyd's plan is subject to:
- 2-8 (1) Section 5, Article 1.10;
- 2-9 (2) Article 1.15A;
- 2-10 (3) Subchapters A, ~~[Q]~~ T, and U, Chapter 5;
- 2-11 (4) Chapters 251, 252, and 541;
- 2-12 (5) Articles 5.20, 5.35, 5.38, 5.39, 5.40, ~~[and 5.49,~~
- 2-13 ~~(5) Articles 21.21]~~ and 21.49-8;
- 2-14 (6) Sections 822.203, 822.205, 822.210, and 822.212;

2-15 and

- 2-16 (7) Article 5.13-2, as provided by that article.

2-17 SECTION 6. Section 942.003(b), Insurance Code, is amended  
2-18 to read as follows:

- 2-19 (b) An exchange is subject to:
- 2-20 (1) Section 5, Article 1.10;
- 2-21 (2) Articles 1.15, 1.15A, and 1.16;
- 2-22 (3) Subchapters A, ~~[Q]~~ T, and U, Chapter 5;
- 2-23 (4) Articles 5.20, 5.35, 5.37, 5.38, 5.39, and 5.40;
- 2-24 (5) Article ~~[Articles 21.21 and]~~ 21.49-8;
- 2-25 (6) Chapter 541;
- 2-26 (7) Sections 822.203, 822.205, 822.210, 822.212,
- 2-27 861.254(a)-(f), 861.255, 862.001(b), and 862.003; and

- 2-28 (8) ~~[(7)]~~ Article 5.13-2, as provided by that article.

2-29 SECTION 7. The changes in law made by this Act apply to  
2-30 conduct with respect to an insurance policy that is delivered,  
2-31 issued for delivery, or renewed on or after January 1, 2006.  
2-32 Conduct with respect to a policy delivered, issued for delivery, or  
2-33 renewed before January 1, 2006, is governed by the law as it existed  
2-34 immediately before the effective date of this Act, and that law is  
2-35 continued in effect for that purpose.

2-36 SECTION 8. This Act takes effect September 1, 2005.

2-37 \* \* \* \* \*