

1-1 By: Lucio S.B. No. 1559
1-2 (In the Senate - Filed March 11, 2005; March 22, 2005, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 April 11, 2005, reported favorably by the following vote: Yeas 9,
1-5 Nays 0; April 11, 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. Subsection (a), Article 5.13, Insurance Code, is
1-12 amended to 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. Subsection (d), Article 5.20, Insurance Code, is
1-34 amended to 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 bond.

1-42 SECTION 3. Subsection (c), Section 911.001, Insurance Code,
1-43 is amended to read as follows:

1-44 (c) Except to the extent of any conflict with this chapter,
1-45 the following provisions apply to a farm mutual insurance company:

1-46 (1) Subchapter A, Chapter 32;

1-47 (2) Subchapter D, Chapter 36;

1-48 (3) Sections 31.002(2), 32.021(c), 32.023, 32.041,
1-49 33.002, 38.001, 81.001-81.004, 201.005, 201.055, 801.051-801.055,
1-50 801.057, 801.101, 801.102, 822.204, 841.004, 841.251, 841.252, and
1-51 862.101;

1-52 (4) Chapter 541;

1-53 (5) Chapter 802;

1-54 (6) [~~5~~] Subchapter A, Chapter 805;

1-55 (7) [~~6~~] Chapter 824; and

1-56 (8) [~~7~~] Sections 2, 5, 6, and 17, Article 1.10, and
1-57 Articles 1.09-1, [~~1.11~~] 1.12, 1.13, 1.15, 1.15A, 1.16, 1.17, 1.18,
1-58 1.19, [~~1.20, 1.21, 1.22~~] 2.10, 5.20 [~~21.21~~], 21.28, 21.28-A,
1-59 21.28-C, 21.39, and 21.39-A.

1-60 SECTION 4. Subsection (b), Section 912.002, Insurance Code,
1-61 is amended to read as follows:

1-62 (b) A county mutual insurance company is subject to:

1-63 (1) Sections 38.001, 501.202, 501.203, and 822.204;

1-64 [~~and~~]

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

2-4 SECTION 5. Subsection (b), Section 941.003, Insurance Code,
2-5 is amended to read as follows:

- 2-6 (b) A Lloyd's plan is subject to:
- 2-7 (1) Section 5, Article 1.10;
- 2-8 (2) Article 1.15A;
- 2-9 (3) Subchapters A, [~~Q~~] T, and U, Chapter 5;
- 2-10 (4) Chapters 251, 252, and 541;
- 2-11 (5) Articles 5.20, 5.35, 5.38, 5.39, 5.40, [and 5.49,
- 2-12 [5.21, 21.21] and 21.49-8;
- 2-13 (6) Sections 822.203, 822.205, 822.210, and 822.212;

2-14 and

- 2-15 (7) Article 5.13-2, as provided by that article.

2-16 SECTION 6. Subsection (b), Section 942.003, Insurance Code,
2-17 is amended to read as follows:

- 2-18 (b) An exchange is subject to:
- 2-19 (1) Section 5, Article 1.10;
- 2-20 (2) Articles 1.15, 1.15A, and 1.16;
- 2-21 (3) Subchapters A, [~~Q~~] T, and U, Chapter 5;
- 2-22 (4) Articles 5.20, 5.35, 5.37, 5.38, 5.39, and 5.40;
- 2-23 (5) Article [Articles 21.21 and] 21.49-8;
- 2-24 (6) Chapter 541;
- 2-25 (7) Sections 822.203, 822.205, 822.210, 822.212,
- 2-26 861.254(a)-(f), 861.255, 862.001(b), and 862.003; and

- 2-27 (8) [~~(7)~~] Article 5.13-2, as provided by that article.

2-28 SECTION 7. The changes in law made by this Act apply to
2-29 conduct with respect to an insurance policy that is delivered,
2-30 issued for delivery, or renewed on or after January 1, 2006.
2-31 Conduct with respect to a policy delivered, issued for delivery, or
2-32 renewed before January 1, 2006, is governed by the law as it existed
2-33 immediately before the effective date of this Act, and that law is
2-34 continued in effect for that purpose.

2-35 SECTION 8. This Act takes effect September 1, 2005.

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