

By: Brimer

S.B. No. 1618

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) The commissioner may:

11            (1) reevaluate the adequacy of the statutory premium  
12 reserves required under Section 2551.253; and

13            (2) based on an actuarial review, change by order the  
14 amount of the statutory premium reserve required of any domestic  
15 title insurer or all domestic title insurers [~~may make~~  
16 ~~recommendations for legislative changes as the commissioner~~  
17 ~~considers appropriate~~].

18            (b) Any change in the amount of a statutory premium reserve  
19 under Subsection (a)(2) is considered a statutory premium reserve  
20 and is not considered a supplemental reserve.

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