

By: Smith of Tarrant

H.B. No. 2547

A BILL TO BE ENTITLED

AN ACT

1
2 relating to rate filing requirements and rating standards for
3 commercial property insurers.

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

5 SECTION 1. Subsection (a) and (c), Section 2251.003,
6 Insurance Code, is amended as follows:

7 (a) This subchapter and Subchapters B, C, D, and E apply to:

8 (1) an insurer to which Sections 1806.102, 1806.103,
9 2252.001, and 2252.002 apply [~~Article 5.13 applies~~], other than the
10 Texas Windstorm Insurance Association, the FAIR Plan Association,
11 and the Texas Automobile Insurance Plan Association; and

12 (2) except as provided by Subsection (c), a Lloyd's
13 plan, reciprocal or interinsurance exchange, and county mutual
14 insurance company with respect to the lines of insurance described
15 by Subsection (b).

16 (c) Sections 2251.008, 2251.052, 2251.101, 2251.102,
17 2251.103, 2251.104, 2251.105, and 2251.107 do not apply to a
18 Lloyd's plan or a reciprocal or interinsurance exchange with
19 respect to commercial property insurance, inland marine insurance,
20 rain insurance, or hail insurance on farm crops unless the Lloyd's
21 plan or a reciprocal or interinsurance exchange is in the five
22 largest groups, ranked by line based on direct written premiums,
23 writing commercial property insurance, inland marine insurance,
24 rain insurance, or hail insurance on farm crops. Rankings shall be

1 designated by commissioner's order after notice and a hearing.
2 This subsection expires January 1, 2009.

3 SECTION 2. Subsection (a), (c), and (d), Section 2301.003,
4 Insurance Code, is amended as follows:

5 (a) This subchapter applies to:

6 (1) an insurer to which Sections 1806.102, 1806.103,
7 2252.001, and 2252.002 apply [~~Article 5.13 applies~~], other than the
8 Texas Windstorm Insurance Association, the FAIR Plan Association,
9 and the Texas Automobile Insurance Plan Association; and

10 (2) except as provided by Subsections (c) and (d), a
11 Lloyd's plan, reciprocal or interinsurance exchange, and county
12 mutual insurance company with respect to the lines of insurance
13 described by Subsection (b).

14 (c) Section 2301.009 does not apply to a Lloyd's plan or a
15 reciprocal or interinsurance exchange with respect to commercial
16 property insurance unless the Lloyd's plan or a reciprocal or
17 interinsurance exchange is in the five largest groups, ranked by
18 line based on direct written premiums, writing commercial property
19 insurance. Rankings shall be designated by commissioner's order
20 after notice and a hearing. This subsection expires January 1,
21 2009.

22 (d) This subchapter does not apply to a Lloyd's plan or
23 reciprocal or interinsurance exchange with respect to inland marine
24 insurance, rain insurance, or hail insurance on farm crops unless
25 the Lloyd's plan or a reciprocal or interinsurance exchange is in
26 the five largest groups, ranked by line based on direct written
27 premiums, writing inland marine insurance, rain insurance, or hail

1 insurance on farm crops. Rankings shall be designated by
2 commissioner's order after notice and a hearing. This subsection
3 expires January 1, 2009.

4 SECTION 3. This Act applies to a commercial property
5 insurance policy issued by a Lloyd's plan or reciprocal or
6 interinsurance exchange that is delivered, issued for delivery, or
7 renewed on or after the effective date of this Act. A commercial
8 property insurance policy issued by a Lloyd's plan or reciprocal or
9 interinsurance exchange that is delivered, issued for delivery, or
10 renewed prior to the effective date of this Act is governed by the
11 law as it existed immediately before the effective date of this Act,
12 and that law is continued in effect for that purpose.

13 SECTION 4. This Act applies to an insurance policy or
14 printed endorsement form for inland marine insurance, rain
15 insurance, or hail insurance on farm crops issued by a Lloyd's plan
16 or reciprocal or interinsurance exchange that is delivered, issued
17 for delivery, or renewed on or after January 1, 2008. An insurance
18 policy or printed endorsement form for inland marine insurance,
19 rain insurance, or hail insurance on farm crops issued by a Lloyd's
20 plan or reciprocal or interinsurance exchange that is delivered,
21 issued for delivery, or renewed before January 1, 2008, is governed
22 by the law as it existed immediately before the effective date of
23 this Act, and that law is continued in effect for that purpose.

24 SECTION 5. This Act takes effect September 1, 2007.