

By: Ellis

S.B. No. 827

A BILL TO BE ENTITLED

AN ACT

relating to the establishment and operation of urban mutual insurance companies.

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

ARTICLE 1. ESTABLISHMENT AND OPERATION OF URBAN MUTUAL INSURANCE COMPANIES

SECTION 1.01. The heading to Subtitle F, Title 6, Insurance Code, is amended to read as follows:

SUBTITLE F. FARM, ~~AND~~ COUNTY, AND URBAN MUTUAL INSURANCE COMPANIES

SECTION 1.02. Subtitle F, Title 6, Insurance Code, is amended by adding Chapter 913 to read as follows:

CHAPTER 913. URBAN MUTUAL INSURANCE COMPANIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 913.001. LIMITED EXEMPTION FROM INSURANCE LAWS; APPLICABILITY OF CERTAIN LAWS. (a) A provision of this code, other than this chapter, does not apply to an urban mutual insurance company holding a certificate of authority under this chapter unless urban mutual insurance companies are expressly mentioned in the other law.

(b) A law enacted after September 1, 2009, does not apply to an urban mutual insurance company unless the law states that it applies to an urban mutual insurance company.

(c) Except to the extent of any conflict with this chapter,

1 the following provisions apply to an urban mutual insurance
2 company:

3 (1) Chapter 32;

4 (2) Subchapter D, Chapter 36;

5 (3) Sections 32.021(c), 32.023, 32.041, 33.002,
6 38.001, 201.005, 201.055, 421.001, 822.204, 841.004, 841.251,
7 841.252, 862.101, 2002.004, and 2002.102;

8 (4) Chapter 81;

9 (5) Chapter 82;

10 (6) Chapter 83;

11 (7) Chapter 86;

12 (8) Chapter 221, subject to Section 221.008;

13 (9) Chapter 401;

14 (10) Chapter 404;

15 (11) Chapter 406;

16 (12) Chapter 422;

17 (13) Chapter 423;

18 (14) Subchapters A and B, Chapter 424, other than
19 Section 424.052, 424.072, or 424.073;

20 (15) Chapter 441;

21 (16) Chapter 443;

22 (17) Chapter 462;

23 (18) Chapter 481;

24 (19) Chapter 493;

25 (20) Chapter 541;

26 (21) Subchapters A and B, Chapter 542;

27 (22) Subchapters A, B, F, and H, Chapter 544, and

1 Subchapter G, Chapter 544, as added by Chapter 748 (H.B. 2810), Acts
2 of the 79th Legislature, Regular Session, 2005;

3 (23) Subchapters B, C, and D, Chapter 551;

4 (24) Chapter 558;

5 (25) Chapter 559;

6 (26) Chapter 560;

7 (27) Chapter 601;

8 (28) Chapter 602;

9 (29) Chapter 651;

10 (30) Chapter 801;

11 (31) Chapter 802;

12 (32) Chapter 803;

13 (33) Chapter 804;

14 (34) Subchapter A, Chapter 805;

15 (35) Chapter 823;

16 (36) Chapter 824;

17 (37) Chapter 1806;

18 (38) Chapter 2006;

19 (39) Chapter 2007;

20 (40) Chapter 2210, subject to Section 2210.061;

21 (41) Chapter 2251;

22 (42) Title 13; and

23 (43) Article 1.09-1.

24 (d) After hearing, the commissioner may adopt rules
25 regarding the application of a law referred to in Subsection (c) to
26 urban mutual insurance companies. The department may enforce rules
27 adopted under this subsection.

1 Sec. 913.002. RULEMAKING AUTHORITY; ENFORCEMENT. (a)

2 After hearing, the commissioner may adopt rules to clarify and
3 augment this chapter as determined by the commissioner to be
4 necessary to accomplish the purposes of this chapter.

5 (b) Using a rate-based methodology, the commissioner shall
6 adopt rules to prevent overexposure of urban mutual insurance
7 companies in any geographic area.

8 (c) The department may enforce rules adopted under this
9 section.

10 Sec. 913.003. FEES. (a) The department shall charge and
11 collect the fees for:

12 (1) an amendment to an urban mutual insurance
13 company's charter; and

14 (2) the issuance of a company's certificate of
15 authority.

16 (b) The department shall charge and the comptroller shall
17 collect a fee for the filing of an annual statement required by the
18 department.

19 (c) The commissioner shall set fees collected under this
20 chapter in amounts reasonable and necessary to cover the costs of
21 administering this chapter.

22 [Sections 913.004-913.050 reserved for expansion]

23 SUBCHAPTER B. ORGANIZATION OF URBAN MUTUAL

24 INSURANCE COMPANY; DIRECTORS

25 Sec. 913.051. APPLICABILITY OF TEXAS NONPROFIT CORPORATION
26 LAW. Except to the extent of any conflict with this chapter, the
27 Texas Nonprofit Corporation Law, as described by Section 1.008,

1 Business Organizations Code, applies to an urban mutual insurance
2 company. The commissioner has each power and duty of, and shall
3 perform each act to be performed by, the secretary of state under
4 that law with respect to urban mutual insurance companies.

5 Sec. 913.052. FORMATION OF COMPANY: INCORPORATION
6 REQUIRED. To form an urban mutual insurance company, an
7 association of individuals that does not hold a certificate of
8 authority issued by the department must obtain a charter as
9 required by this subchapter.

10 Sec. 913.053. INCORPORATION REQUIREMENTS. (a) In this
11 section, "separate risk" means one or more items of real property
12 and the property's contents, if any, that are not exposed to any
13 other property on which insurance is applied for in the association
14 seeking the charter.

15 (b) To be granted a charter as an urban mutual insurance
16 company, an association must:

17 (1) demonstrate that the association:

18 (A) has existed as an association of individuals
19 for at least three years preceding the date of the charter
20 application;

21 (B) has at least 100 individual members;

22 (C) does not have capital stock;

23 (D) is organized and operates solely for the
24 mutual benefit of its members and not for profit;

25 (E) has a representative form of government; and

26 (F) has decided by a majority vote of the
27 association's members to apply for a charter as an urban mutual

1 insurance company under this chapter; and

2 (2) have:

3 (A) at least 100 written applications for
4 insurance on at least 400 separate risks; and

5 (B) an unencumbered surplus as required by
6 Section 913.258(b).

7 (c) Coverage for a risk described by Subsection (b)(2)(A)
8 may not be in an amount that exceeds one percent of the total amount
9 of insurance coverage to be issued by the association as stated in
10 its application for a charter.

11 Sec. 913.054. CHARTER AND ARTICLES OF INCORPORATION.

12 (a) The charter and articles of incorporation of an association
13 that wants to form an urban mutual insurance company must state the
14 names and post office addresses of at least 25 charter members of
15 the company, all of whom are residents of one metropolitan
16 statistical area in this state and each of whom must:

17 (1) be a member of the association;

18 (2) own at least \$5,000 of insurable property for
19 which the member has applied in writing for insurance coverage from
20 the company to be formed; and

21 (3) sign the charter and articles of incorporation.

22 (b) In addition to the requirements of Subsection (a), the
23 charter must:

24 (1) be acknowledged before a notary public by at least
25 five of the charter members described by Subsection (a);

26 (2) state:

27 (A) the name of the company, which must include

1 the words "Urban Mutual";

2 (B) the location of the company's principal
3 office;

4 (C) the number, names, and post office addresses
5 of each of the company's first directors, of which there must be at
6 least five; and

7 (D) the type of property the company will insure
8 and the risk to be insured against; and

9 (3) include any other provision the incorporators want
10 consistent with this chapter.

11 Sec. 913.055. APPLICATION FOR PERMIT TO SOLICIT INSURANCE.

12 (a) At least 10 residents described by Section 913.054(a) that
13 want to form an urban mutual insurance company may apply to the
14 department for a permit to solicit insurance on the mutual plan.

15 (b) The application for a permit to solicit insurance must:

16 (1) state:

17 (A) that at least 100 individuals are members of
18 an association described by Section 913.053(b)(1);

19 (B) that the association has indicated, by
20 majority vote, that the association wants to:

21 (i) insure property of the association's
22 members under this chapter; and

23 (ii) be chartered as an urban mutual
24 insurance company;

25 (C) the name of the company, which must include
26 the words "Urban Mutual";

27 (D) the location of the company's principal

1 office;

2 (E) the risks the company proposes to insure;

3 and

4 (F) the names and places of residence of at least
5 10 of the applicants; and

6 (2) be accompanied by:

7 (A) affidavits of at least two of the applicants,
8 each of whom must:

9 (i) state the applicant's name and
10 residence; and

11 (ii) verify the facts stated in the
12 application; and

13 (B) a filing fee in the amount set by the
14 commissioner.

15 Sec. 913.056. ISSUANCE OF PERMIT TO SOLICIT INSURANCE;
16 TERM. (a) On receipt of an application for a permit to solicit
17 insurance under Section 913.055, the department shall examine the
18 application. If the department finds that the application complies
19 with this chapter, the department shall issue to the applicants a
20 permit to solicit insurance.

21 (b) A permit issued under this section authorizes the permit
22 holders to solicit insurance on the mutual plan in accordance with
23 the terms of the application. The permit does not authorize the
24 permit holders to:

25 (1) issue insurance policies; or

26 (2) pay losses.

27 (c) A permit issued under this section is valid for six

1 months. On receipt of an application for renewal and a renewal fee
2 in the amount set by the commissioner, the department may renew a
3 permit issued under Section 913.055 as frequently and for the
4 period as the department determines necessary.

5 Sec. 913.057. COLLECTION AND REFUND OF MONEY FROM CERTAIN
6 INDIVIDUALS APPLYING FOR INSURANCE. An association described by
7 Section 913.053(b)(1) of which the applicants for a permit to
8 solicit insurance are members shall hold in trust money collected
9 from an individual applying for insurance in the association until
10 the association is incorporated. If the association's
11 incorporation is not perfected, the association shall refund the
12 money to the individual applying for the insurance.

13 Sec. 913.058. MEMBERSHIP CONTROL OF COMPANY. (a) The
14 control of an urban mutual insurance company must be ultimately
15 vested as provided by this chapter in the company's members through
16 a board of directors, the members of which must be elected directly
17 by the company's members or by delegates elected by the company's
18 members.

19 (b) Through the company's governing body, the company's
20 members may establish local branches or similar organizations.

21 (c) The methods provided by this section for the control of
22 an urban mutual insurance company are exclusive.

23 Sec. 913.059. ELIGIBILITY OF BOARD OF DIRECTORS; TERM.
24 (a) An individual is eligible to serve as a director of an urban
25 mutual insurance company if the individual is a policyholder who
26 maintains insurance coverage in the amount of at least \$3,000
27 written by the company on the individual's property.

1 (b) Except as otherwise provided by the company's bylaws or
2 constitution, a director serves for a term of one year or until the
3 director's successor qualifies for office.

4 Sec. 913.060. GENERAL POWERS OF BOARD OF DIRECTORS. The
5 board of directors of an urban mutual insurance company has the
6 powers provided by:

7 (1) this chapter; and

8 (2) the company's charter, constitution, and bylaws to
9 the extent those powers do not conflict with this chapter.

10 Sec. 913.061. AUTHORITY TO BORROW MONEY. (a) The board of
11 directors of an urban mutual insurance company, acting through its
12 authorized officers, may borrow money in an amount determined to be
13 necessary to pay the company's accrued or unaccrued losses.

14 (b) The board may pledge as security for a loan the assets of
15 the company, including the contingent liability of its
16 policyholders.

17 Sec. 913.062. REMOVAL OF OFFICER OR DIRECTOR. (a) The
18 board of directors of an urban mutual insurance company, at a
19 meeting, may remove an officer or director of the company if, by a
20 two-thirds majority vote of all the company's directors, the board
21 determines that the removal of the individual is in the best
22 interest of the company. The board may remove an officer or
23 director under this subsection without stating a reason for the
24 removal.

25 (b) The board may appoint one or more individuals to assume
26 the duties and serve the unexpired term of an officer or director
27 removed under this section.

1 Sec. 913.063. CREATION OF LOCAL BRANCHES. (a) An urban
2 mutual insurance company's bylaws may provide for:

3 (1) the organization of local branches to transact the
4 company's business; and

5 (2) the creation of districts in and for which
6 directors may be elected.

7 (b) The bylaws may also provide that delegates from the
8 company's local branches are the company's supreme governing body.

9 (c) The company may consider the hazards against which the
10 company insures and the company's classes of risks and territory of
11 operation in organizing the local branches and creating the
12 districts.

13 Sec. 913.064. POLICYHOLDER MEETINGS. (a) An urban mutual
14 insurance company shall hold a policyholder meeting to elect
15 directors and transact business at the time and place and in the
16 manner prescribed by the company's bylaws.

17 (b) A special meeting of a company's policyholders may be
18 called by:

19 (1) the president, the general manager, or one-third
20 of the company's directors; or

21 (2) the commissioner.

22 Sec. 913.065. VOTING BY POLICYHOLDER. (a) Each
23 policyholder of an urban mutual insurance company is entitled to
24 only one vote at a policyholders' meeting.

25 (b) A policyholder may not vote by proxy.

26 Sec. 913.066. AUTHORITY TO PROHIBIT WAIVER OF BYLAWS. An
27 urban mutual insurance company may provide in its bylaws that a

1 company adjuster, representative appointed by the company, or local
2 branch or officer or agent elected by the local branch may not waive
3 a provision in the company's constitution or bylaws or in a policy
4 issued by the company.

5 [Sections 913.067-913.100 reserved for expansion]

6 SUBCHAPTER C. AUTHORITY TO ENGAGE IN BUSINESS IN THIS STATE

7 Sec. 913.101. AUTHORITY TO ENGAGE IN BUSINESS. Except to
8 the extent of any conflict with this chapter, an urban mutual
9 insurance company must hold a certificate of authority under
10 Section 801.051 to engage in the business of insurance in this state
11 under this chapter.

12 [Sections 913.102-913.150 reserved for expansion]

13 SUBCHAPTER D. POLICIES AND COVERAGE

14 Sec. 913.151. KINDS OF INSURANCE AUTHORIZED. (a) An
15 urban mutual insurance company may insure property against loss or
16 damage by:

17 (1) fire, lightning, explosion, theft, windstorm,
18 hurricane, hail, riot, civil commotion, smoke, aircraft, or land
19 vehicles; or

20 (2) any other hazard against which any other fire or
21 windstorm insurance company operating in this state under Chapter
22 862 may write insurance on property described by Subsection (b).

23 (b) The company may write insurance against the hazards
24 described by Subsection (a) on:

25 (1) an urban dwelling and attendant outhouses and yard
26 buildings and all their contents for home and personal use,
27 including musical instruments and libraries;

1 (2) a church building, fraternal lodge hall, private
2 or church school, or nonindustrial use building owned by a
3 nonprofit organization, located in an urban area; or

4 (3) a trailer or mobile home located in an urban area.

5 (c) An insurance policy written by an urban mutual insurance
6 company against loss or damage by windstorm, hurricane, or hail, as
7 described by Subsection (a), may include coverage for:

8 (1) a building or other structure that is built wholly
9 or partially over water; and

10 (2) the corporeal movable property contained in a
11 building or structure described by Subdivision (1).

12 (d) The urban mutual insurance company may impose
13 appropriate limits of coverage and deductibles for coverage
14 described by Subsection (c).

15 Sec. 913.152. PROPERTY AND HAZARDS AGAINST WHICH COMPANY
16 MAY NOT INSURE. (a) An urban mutual insurance company may not
17 insure:

18 (1) a building, or the building's contents, with more
19 than 40 percent of the building's floor space or more than 500
20 square feet of floor space, whichever is less, used for business
21 purposes, except as provided by Section 913.151(b)(2); or

22 (2) any type of commercial or private passenger motor
23 vehicle, except as provided by Section 913.151(b)(3).

24 (b) An urban mutual insurance company may not assume or
25 issue an insurance policy that:

26 (1) indemnifies an insured for liability to a third
27 party the insured incurs in committing a tortious act; or

1 (2) covers an insured for liability the insured incurs
2 under a contract to maintain, hold, or store property belonging to
3 another.

4 Sec. 913.153. CONTRACT TERMS: INCORPORATION OF BYLAWS.

5 (a) An urban mutual insurance company's bylaws are part of each
6 contract between the company and an insured.

7 (b) Each policy issued by the company must state that the
8 company's bylaws are part of the contract.

9 Sec. 913.154. CONTRACT TERMS: ADOPTION OF ADDITIONAL
10 PROVISIONS. (a) An urban mutual insurance company may adopt as
11 part of the company's bylaws and insurance policies any provision
12 contained in the standard policies of companies writing fire or
13 windstorm insurance as adopted by the commissioner to the extent
14 the provision applies to an urban mutual insurance company.

15 (b) A company that adopts a provision as provided by
16 Subsection (a) shall state in the company's bylaws or in each policy
17 issued by the company that the provision has been adopted as
18 provided by Subsection (a).

19 Sec. 913.155. REPAIR OR REPLACEMENT OF INSURED PROPERTY.
20 The company's bylaws may authorize the company to require, at its
21 option, that all or a percentage of the money paid for a loss be used
22 to replace or repair the damaged or destroyed property. The
23 requirement may apply equally to personal and real property,
24 including personal and real property exempt from execution, such as
25 a homestead or a building on the homestead. The company may provide
26 in its bylaws that the requirements of Section 862.053 do not apply
27 to its insurance policies.

1 [Sections 913.156-913.200 reserved for expansion]

2 SUBCHAPTER E. CHARGES, PREMIUMS, AND ASSESSMENTS

3 Sec. 913.201. PAYMENT OF PREMIUM OR ASSESSMENT. (a) An
4 urban mutual insurance company's bylaws must:

5 (1) state the time and manner of the levy and payment
6 of a premium or assessment for policies written by the company;

7 (2) in addition to the regular premium or assessment
8 under Subdivision (1), establish the contingent liability of a
9 policyholder for all losses accrued while a policy is in force in
10 the amount of at least \$1 for each \$100 of insurance coverage,
11 except as provided by Subsection (b); and

12 (3) state the time and manner of payment of a
13 policyholder's contingent liability established under Subdivision
14 (2).

15 (b) A company's bylaws may provide for the issuance of
16 policies without contingent liability as required by Subsection
17 (a)(2) if the company has policyholder surplus in the amount of at
18 least \$1 million.

19 (c) As required by its bylaws, an urban mutual insurance
20 company shall establish and levy premiums and assessments,
21 including the contingent liability of a policyholder, for all
22 insurance written by the company.

23 (d) A policyholder shall pay premiums and assessments as
24 required by the company's bylaws.

25 (e) The premium or assessment for a policy shall be secured
26 by a lien on each item of real or personal property, other than a
27 homestead, covered by the policy, including the land on which an

1 insured building is located. The lien remains on the property while
2 the insured owns the property.

3 (f) A conservator, receiver, or liquidator of an urban
4 mutual insurance company may not make an assessment against a
5 policyholder for the contingent liability established under
6 Subsection (a)(2).

7 Sec. 913.202. NONPAYMENT OF PREMIUMS OR ASSESSMENTS: FILING
8 OF ACTION. (a) An urban mutual insurance company may bring an
9 action in the county in which the company's home office is located
10 against a policyholder who defaults on the payment of a premium or
11 an assessment.

12 (b) The company is entitled to judgment against the
13 policyholder for:

14 (1) delinquent premiums or assessments;

15 (2) foreclosure of the lien described by Section
16 913.201; and

17 (3) the costs of an action, including a reasonable
18 attorney's fee.

19 Sec. 913.203. POLICYHOLDER LIABILITY. A policyholder is
20 liable for the losses of an urban mutual insurance company only as
21 provided by the company's constitution and bylaws, and only in
22 proportion to the amount that the premium or assessment for the
23 policyholder's policy bears to the total amount of premiums or
24 assessments for all policies written by the company in the class to
25 which the policyholder's policy belongs.

26 [Sections 913.204-913.250 reserved for expansion]

1 SUBCHAPTER F. REGULATION OF URBAN MUTUAL INSURANCE COMPANY;

2 FINANCIAL REQUIREMENTS

3 Sec. 913.251. GENERAL OPERATING REQUIREMENTS. (a) In
4 this section, "urban property" means property located inside an
5 area of land subject to the taxing authority of a municipality with
6 a population of more than 600,000.

7 (b) An urban mutual insurance company shall:

8 (1) maintain a majority of the company's total
9 insurance in force on urban property at all times the insurance is
10 written; and

11 (2) operate on a regular and special assessment basis.

12 (c) Except as otherwise approved by the commissioner, an
13 urban mutual insurance company may not use more than 33 percent of
14 the company's gross income for expenses.

15 (d) Property that is urban property at the time the property
16 is originally insured continues to be classified as urban property
17 if:

18 (1) the policy or policies that insure the property
19 are written by the same urban mutual insurance company; and

20 (2) the coverage continues in effect without lapse of
21 coverage for more than 60 days.

22 Sec. 913.252. LOCATION OF BUSINESS. An urban mutual
23 insurance company may write insurance in:

24 (1) the county in which the company's home office is
25 located at the time of incorporation and in any county adjoining the
26 county in and for which the company is organized;

27 (2) any county in which another urban mutual insurance

1 company is not organized; and

2 (3) any county in this state if the company's reserve
3 fund exceeds \$200,000 in cash or securities in which the reserve
4 fund of a stock fire insurance company may be invested.

5 Sec. 913.253. REINSURANCE. (a) An urban mutual insurance
6 company may reinsure the company's risks with another company
7 against any hazard against which the urban mutual insurance company
8 is permitted to insure.

9 (b) The urban mutual insurance company may contract for
10 mutual or reciprocal reinsurance with another company on the mutual
11 or cooperative plan subject to the following conditions:

12 (1) the urban mutual insurance company may assume the
13 reinsurance on the risks of the other company only if the other
14 company reinsures the risks of the urban mutual insurance company;
15 and

16 (2) the urban mutual insurance company may write or
17 assume the reinsurance only on property that the company is
18 authorized to insure and that is located in this state.

19 (c) An urban mutual insurance company that reinsures
20 another company's property is liable for the losses of the other
21 company only as specified in the reinsurance contract. The urban
22 mutual insurance company does not become a member or partner of the
23 other company as a result of the reinsurance.

24 (d) An urban mutual insurance company may pay or collect
25 additional assessments or premiums for the purpose of a contract
26 described by Subsection (b).

27 Sec. 913.254. ANNUAL REPORTS REQUIRED. (a) An urban

1 mutual insurance company shall annually prepare a written report as
2 required by this section and submit the report to the company's
3 policyholders.

4 (b) The annual report must show:

5 (1) the total amount of premiums paid during the year
6 for the policyholders' insurance;

7 (2) the company's operating expenses; and

8 (3) the total amount of claims paid and the amount paid
9 for each covered peril.

10 (c) The company shall make available to each policyholder a
11 copy of the annual report at the time and in the manner prescribed
12 by the company's bylaws.

13 (d) An urban mutual insurance company shall make annual
14 reports to the department as required by the commissioner or by law.

15 Sec. 913.255. EXAMINATION OF COMPANY. The department
16 shall examine each urban mutual insurance company as often as the
17 department determines necessary.

18 Sec. 913.256. SOLVENCY REQUIREMENTS. (a) An urban mutual
19 insurance company is solvent if:

20 (1) the company's assets, including the policyholders'
21 contingent liability for the company's losses, are reasonably
22 sufficient to pay the company's losses according to the terms of the
23 policies; and

24 (2) the company's required unencumbered surplus, if
25 any, has not been impaired in excess of 16-2/3 percent of the
26 required unencumbered surplus.

27 (b) A company that is solvent as provided by this section

1 may continue to engage in the business of insurance.

2 Sec. 913.257. RESERVE REQUIREMENTS. (a) An urban mutual
3 insurance company's board of directors may provide for the
4 accumulation of reserve funds.

5 (b) The company shall invest the reserve funds in the same
6 type of securities in which the reserve funds of other fire
7 insurance companies are required to be invested by law.

8 Sec. 913.258. SURPLUS REQUIREMENTS. (a) An urban mutual
9 insurance company shall maintain an unencumbered surplus in cash of
10 \$2 for each \$100 of insurance in force or an unencumbered surplus of
11 \$200,000, whichever amount is greater.

12 (b) An urban mutual insurance company shall invest the
13 minimum unencumbered surplus as provided by Section 822.204. The
14 company may invest funds in excess of the minimum unencumbered
15 surplus as provided by the provisions of Subchapter B, Chapter 424,
16 other than Sections 424.052, 424.072, and 424.073.

17 (c) An urban mutual insurance company shall, without delay,
18 restore the minimum unencumbered surplus if the surplus is
19 impaired. The department shall proceed as provided by Subchapter
20 B, Chapter 404.

21 SECTION 1.03. Chapter 221, Insurance Code, is amended by
22 adding Section 221.008 to read as follows:

23 Sec. 221.008. LIMITED PREMIUM TAX EXEMPTION FOR URBAN
24 MUTUAL INSURANCE COMPANIES. (a) In this section, "urban mutual
25 insurance company" means an insurance company organized and
26 operating under Chapter 913.

27 (b) Notwithstanding any other provision of this chapter, an

1 urban mutual insurance company is exempt from premium tax liability
2 under this chapter until the second anniversary of the date on which
3 the insurance company is issued its certificate of authority to
4 engage in business in this state as an urban mutual insurance
5 company.

6 SECTION 1.04. Subchapter B, Chapter 2210, Insurance Code,
7 is amended by adding Section 2210.061 to read as follows:

8 Sec. 2210.061. PARTICIPATION BY URBAN MUTUAL INSURANCE
9 COMPANIES. (a) In this section, "urban mutual insurance company"
10 means an insurance company organized and operating under Chapter
11 913.

12 (b) Notwithstanding Sections 2210.051, 2210.052 and
13 2210.058, an urban mutual insurance company that becomes authorized
14 to write and is engaged in writing insurance that requires the
15 insurance company to be a member of the association shall become a
16 member of the association on the January 1 following the effective
17 date of that authorization, but is not required to pay assessments
18 under Section 2210.058 until the fourth anniversary of the January
19 1 following the effective date of that authorization.

20 (c) On and after the fourth anniversary of the January 1
21 following the effective date of the authorization described by
22 Subsection (b), but before the fifth anniversary of that date, the
23 assessments made against the urban mutual insurance company shall
24 be computed based on 50 percent of the company's net direct written
25 premium, as described by Sections 2210.052 and 2210.058. After the
26 fifth anniversary of the January 1 following the effective date of
27 the authorization described by Subsection (b), but before the sixth

1 anniversary of that date, the assessments made against the urban
2 mutual insurance company shall be computed based on 75 percent of
3 the company's net direct written premium. After the sixth
4 anniversary of the January 1 following the effective date of the
5 authorization described by Subsection (b), the assessments made
6 against the urban mutual insurance company shall be computed based
7 on 100 percent of the company's net direct written premium.

8 SECTION 1.05. Subchapter A, Chapter 2251, Insurance Code,
9 is amended by adding Section 2251.009 to read as follows:

10 Sec. 2251.009. URBAN MUTUAL INSURANCE COMPANIES. (a) In
11 this section, "urban mutual insurance company" means an insurance
12 company organized and operating under Chapter 913.

13 (b) In reviewing rates under this chapter, the commissioner
14 shall ensure that an urban mutual insurance company has pricing
15 flexibility in setting premium rates for coverage provided by the
16 insurance company until the second anniversary of the date on which
17 the insurance company is issued its certificate of authority to
18 engage in business in this state as an urban mutual insurance
19 company.

20 ARTICLE 2. CONFORMING AMENDMENTS

21 SECTION 2.01. Section 32.101, Insurance Code, is amended to
22 read as follows:

23 Sec. 32.101. APPLICABILITY OF SUBCHAPTER. This subchapter
24 applies to insurers who comprise the top 25 insurance groups in the
25 national market and who issue residential property insurance or
26 personal automobile insurance policies in this state, including a
27 Lloyd's plan, a reciprocal or interinsurance exchange, a county

1 mutual insurance company, a farm mutual insurance company, an urban
2 mutual insurance company, the Texas Windstorm Insurance
3 Association, the FAIR Plan Association, and the Texas Automobile
4 Insurance Plan Association.

5 SECTION 2.02. Section 38.152, Insurance Code, is amended to
6 read as follows:

7 Sec. 38.152. EXEMPTION. This subchapter does not apply to:

8 (1) a farm mutual insurance company;

9 (2) an urban mutual insurance company; or

10 (3) [~~to~~] a county mutual fire insurance company
11 writing exclusively industrial fire insurance as described by
12 Section 912.310.

13 SECTION 2.03. Section 81.003(a), Insurance Code, is amended
14 to read as follows:

15 (a) In this section, "insurer" means any organization,
16 corporation, or other person that transacts insurance business,
17 other than an organization, corporation, or other person that is
18 specifically made exempt from this section by a reference to this
19 section, without regard to whether the organization, corporation,
20 or other person is listed in this subsection. The term includes:

21 (1) a capital stock company;

22 (2) a title insurance company;

23 (3) a reciprocal or interinsurance exchange;

24 (4) a Lloyd's plan insurer;

25 (5) a fraternal benefit society;

26 (6) a mutual company, including a mutual assessment
27 company;

- 1 (7) a statewide mutual assessment company;
- 2 (8) a local mutual aid association;
- 3 (9) a burial association;
- 4 (10) a county mutual insurance company;
- 5 (11) a farm mutual insurance company;
- 6 (12) an urban mutual insurance company; and
- 7 (13) [~~(12)~~] a fidelity, guaranty, or surety company.

8 SECTION 2.04. Section 82.002(a), Insurance Code, is amended
9 to read as follows:

10 (a) This chapter applies to each company regulated by the
11 commissioner, including:

- 12 (1) a domestic or foreign, stock or mutual, life,
13 health, or accident insurance company;
- 14 (2) a domestic or foreign, stock or mutual, fire or
15 casualty insurance company;
- 16 (3) a Mexican casualty company;
- 17 (4) a domestic or foreign Lloyd's plan insurer;
- 18 (5) a domestic or foreign reciprocal or interinsurance
19 exchange;
- 20 (6) a domestic or foreign fraternal benefit society;
- 21 (7) a domestic or foreign title insurance company;
- 22 (8) an attorney's title insurance company;
- 23 (9) a stipulated premium insurance company;
- 24 (10) a nonprofit legal service corporation;
- 25 (11) a health maintenance organization;
- 26 (12) a statewide mutual assessment company;
- 27 (13) a local mutual aid association;

- 1 (14) a local mutual burial association;
- 2 (15) an association exempt under Section 887.102;
- 3 (16) a nonprofit hospital, medical, or dental service
- 4 corporation, including a company subject to Chapter 842;
- 5 (17) a county mutual insurance company; ~~and~~
- 6 (18) a farm mutual insurance company; and
- 7 (19) an urban mutual insurance company.

8 SECTION 2.05. Section 83.002, Insurance Code, is amended by
9 adding Subsection (c) to read as follows:

10 (c) This chapter applies to an urban mutual insurance
11 company.

12 SECTION 2.06. Section 252.005, Insurance Code, is amended
13 to read as follows:

14 Sec. 252.005. EXCEPTION. This chapter does not apply to:

15 (1) a farm mutual insurance company operating under
16 Chapter 911;

17 (2) an urban mutual insurance company operating under
18 Chapter 913; or

19 (3) [~~2~~] a mutual insurance company engaged in
20 business under Chapter 12, Title 78, Revised Statutes, before that
21 chapter's repeal by Section 18, Chapter 40, Acts of the 41st
22 Legislature, 1st Called Session, 1929, as amended by Section 1,
23 Chapter 60, General Laws, Acts of the 41st Legislature, 2nd Called
24 Session, 1929, that retains the rights and privileges under the
25 repealed law to the extent provided by those sections.

26 SECTION 2.07. Section 401.001(4), Insurance Code, is
27 amended to read as follows:

1 (4) "Insurer" means an insurer authorized to engage in
2 business in this state, including:

3 (A) a life, health, or accident insurance
4 company;

5 (B) a fire and marine insurance company;

6 (C) a general casualty company;

7 (D) a title insurance company;

8 (E) a fraternal benefit society;

9 (F) a mutual life insurance company;

10 (G) a local mutual aid association;

11 (H) a statewide mutual assessment company;

12 (I) a mutual insurance company other than a
13 mutual life insurance company;

14 (J) a farm mutual insurance company;

15 (K) a county mutual insurance company;

16 (L) a Lloyd's plan;

17 (M) a reciprocal or interinsurance exchange;

18 (N) a group hospital service corporation;

19 (O) a stipulated premium company; ~~and~~

20 (P) a nonprofit legal services corporation; and

21 (Q) an urban mutual insurance company.

22 SECTION 2.08. Section 404.001, Insurance Code, is amended
23 to read as follows:

24 Sec. 404.001. DEFINITION. In this subchapter, "insurer"
25 includes:

26 (1) a capital stock insurance company;

27 (2) a reciprocal or interinsurance exchange;

- 1 (3) a Lloyd's plan;
- 2 (4) a fraternal benefit society;
- 3 (5) a mutual company, including a mutual assessment
- 4 company;
- 5 (6) a statewide mutual assessment company;
- 6 (7) a local mutual aid association;
- 7 (8) a burial association;
- 8 (9) a county mutual insurance company;
- 9 (10) a farm mutual insurance company;
- 10 (11) a fidelity, guaranty, or surety company;
- 11 (12) a title insurance company;
- 12 (13) a stipulated premium company;
- 13 (14) a group hospital service corporation;
- 14 (15) a health maintenance organization;
- 15 (16) a risk retention group;
- 16 (17) an urban mutual insurance company; and
- 17 (18) [~~(17)~~] any other organization or person engaged
- 18 in the business of insurance.

19 SECTION 2.09. Section 406.001, Insurance Code, is amended
20 to read as follows:

21 Sec. 406.001. DEFINITION. In this chapter, "insurer"
22 includes:

- 23 (1) a capital stock insurance company;
- 24 (2) a reciprocal or interinsurance exchange;
- 25 (3) a Lloyd's plan;
- 26 (4) a fraternal benefit society;
- 27 (5) a mutual company, including a mutual assessment

- 1 company;
- 2 (6) a statewide mutual assessment company;
- 3 (7) a local mutual aid association;
- 4 (8) a burial association;
- 5 (9) a county mutual insurance company;
- 6 (10) a farm mutual insurance company;
- 7 (11) a fidelity, guaranty, or surety company;
- 8 (12) a title insurance company;
- 9 (13) a stipulated premium company;
- 10 (14) a group hospital service corporation;
- 11 (15) a health maintenance organization;
- 12 (16) a risk retention group;
- 13 (17) an urban mutual insurance company; and
- 14 (18) [~~(17)~~] any other organization or person engaged
- 15 in the business of insurance.

16 SECTION 2.10. Section 422.004, Insurance Code, is amended

17 to read as follows:

18 Sec. 422.004. APPLICABILITY OF CHAPTER. This chapter

19 applies to:

- 20 (1) the following domestic insurers:
- 21 (A) a stock life, health, or accident insurance
- 22 company;
- 23 (B) a mutual life, health, or accident insurance
- 24 company;
- 25 (C) a stock fire or casualty insurance company;
- 26 (D) a mutual fire or casualty insurance company;
- 27 (E) a title insurance company;

- 1 (F) a mutual assessment company;
- 2 (G) a local mutual aid association;
- 3 (H) a local mutual burial association;
- 4 (I) a statewide mutual assessment company;
- 5 (J) a stipulated premium company;
- 6 (K) a fraternal benefit society;
- 7 (L) a group hospital service corporation;
- 8 (M) a county mutual insurance company;
- 9 (N) a Lloyd's plan;
- 10 (O) a reciprocal or interinsurance exchange;
- 11 (P) a farm mutual insurance company;
- 12 (Q) an urban mutual insurance company; and
- 13 (R) [~~(Q)~~] a mortgage guaranty insurer; and
- 14 (2) all kinds of insurance written by an insurer to
- 15 which this chapter applies.

16 SECTION 2.11. Section 423.001(a), Insurance Code, is

17 amended to read as follows:

18 (a) This chapter applies to a domestic insurer regulated

19 under this code, including:

- 20 (1) a stock company;
- 21 (2) a reciprocal or interinsurance exchange;
- 22 (3) a Lloyd's plan;
- 23 (4) a fraternal benefit society;
- 24 (5) a stipulated premium company;
- 25 (6) a mutual insurance company of any kind, including:
 - 26 (A) a statewide mutual assessment company;
 - 27 (B) a local mutual aid association;

- 1 (C) a burial association;
- 2 (D) a county mutual insurance company; [~~and~~]
- 3 (E) a farm mutual insurance company; and
- 4 (F) an urban mutual insurance company; and
- 5 (7) any other organization or person engaged in the
- 6 business of insurance.

7 SECTION 2.12. Section 441.002, Insurance Code, is amended
8 to read as follows:

9 Sec. 441.002. DEFINITION. In this chapter, unless the
10 purposes of this chapter clearly require or the context clearly
11 indicates another meaning, "insurer" means a person, organization,
12 or company, regardless of whether the person or entity is
13 authorized or admitted, that engages in the business of insurance
14 or that acts as a principal or agent of a person, organization, or
15 company engaged in the business of insurance. The term includes a
16 stock insurance company, reciprocal or interinsurance exchange,
17 Lloyd's plan, fraternal benefit society, stipulated premium
18 company, title insurance company, and mutual insurance company of
19 any kind, including a statewide mutual assessment company, local
20 mutual aid association, burial association, county mutual
21 insurance company, [~~and~~] farm mutual insurance company, and urban
22 mutual insurance company.

23 SECTION 2.13. Section 443.003, Insurance Code, is amended
24 to read as follows:

25 Sec. 443.003. COVERED PERSONS. The provisions of this
26 chapter apply to all:

- 27 (1) insurers who are doing or have done an insurance

1 business in this state and against whom claims arising from that
2 business may exist now or in the future and to all persons subject
3 to examination by the commissioner;

4 (2) insurers who purport to do an insurance business
5 in this state;

6 (3) insurers who have insureds resident in this state;

7 (4) other persons organized or doing insurance
8 business, or in the process of organizing with the intent to do
9 insurance business in this state;

10 (5) nonprofit health corporations and all fraternal
11 benefit societies subject to Chapters 844 and 885, respectively;

12 (6) title insurance companies subject to Title 11;

13 (7) health maintenance organizations subject to
14 Chapter 843; and

15 (8) surety and trust companies subject to Chapter 7,
16 general casualty companies subject to Chapter 861, statewide mutual
17 assessment companies subject to Chapter 881, mutual insurance
18 companies subject to Chapter 882 or 883, local mutual aid
19 associations subject to Chapter 886, burial associations subject to
20 Chapter 888, farm mutual insurance companies subject to Chapter
21 911, county mutual insurance companies subject to Chapter 912,
22 urban mutual insurance companies subject to Chapter 913, Lloyd's
23 plans subject to Chapter 941, reciprocal or interinsurance
24 exchanges subject to Chapter 942, and fidelity, guaranty, and
25 surety companies.

26 SECTION 2.14. Section 493.002(a), Insurance Code, is
27 amended to read as follows:

1 (a) Except as provided by Subsection (b), this chapter
2 applies to all insurers, including:

- 3 (1) a stock or mutual property and casualty insurance
4 company;
- 5 (2) a Mexican casualty insurance company;
- 6 (3) a Lloyd's plan;
- 7 (4) a reciprocal or interinsurance exchange;
- 8 (5) a nonprofit legal service corporation;
- 9 (6) a county mutual insurance company;
- 10 (7) a farm mutual insurance company;
- 11 (8) an urban mutual insurance company;
- 12 (9) a risk retention group; and
- 13 (10) [~~(9)~~] any insurer writing a line of insurance
14 regulated by Title 10.

15 SECTION 2.15. Section 541.082(a), Insurance Code, is
16 amended to read as follows:

- 17 (a) In this section, "insurer" includes:
- 18 (1) a life insurance company;
- 19 (2) a health insurance company;
- 20 (3) an accident insurance company;
- 21 (4) a general casualty company;
- 22 (5) a mutual life insurance company or other mutual
23 insurance company;
- 24 (6) a mutual or natural premium life insurance
25 company;
- 26 (7) a Lloyd's plan;
- 27 (8) a county mutual insurance company;

- 1 (9) a farm mutual insurance company;
- 2 (10) a reciprocal or interinsurance exchange;
- 3 (11) a fraternal benefit society;
- 4 (12) a local mutual aid association;
- 5 (13) a health maintenance organization;
- 6 (14) a group hospital service corporation; [~~or~~]
- 7 (15) a multiple employer welfare arrangement that
- 8 holds a certificate of coverage under Chapter 846; or
- 9 (16) an urban mutual insurance company.

10 SECTION 2.16. Section 542.002, Insurance Code, is amended
11 to read as follows:

12 Sec. 542.002. APPLICABILITY OF SUBCHAPTER. This
13 subchapter applies to the following insurers whether organized as a
14 proprietorship, partnership, stock or mutual corporation, or
15 unincorporated association:

- 16 (1) a life, health, or accident insurance company;
- 17 (2) a fire or casualty insurance company;
- 18 (3) a hail or storm insurance company;
- 19 (4) a title insurance company;
- 20 (5) a mortgage guarantee company;
- 21 (6) a mutual assessment company;
- 22 (7) a local mutual aid association;
- 23 (8) a local mutual burial association;
- 24 (9) a statewide mutual assessment company;
- 25 (10) a stipulated premium company;
- 26 (11) a fraternal benefit society;
- 27 (12) a group hospital service corporation;

- 1 (13) a county mutual insurance company;
- 2 (14) a Lloyd's plan;
- 3 (15) a reciprocal or interinsurance exchange; ~~and~~
- 4 (16) a farm mutual insurance company; and
- 5 (17) an urban mutual insurance company.

6 SECTION 2.17. Section 542.052, Insurance Code, is amended
7 to read as follows:

8 Sec. 542.052. APPLICABILITY OF SUBCHAPTER. This
9 subchapter applies to any insurer authorized to engage in business
10 as an insurance company or to provide insurance in this state,
11 including:

- 12 (1) a stock life, health, or accident insurance
13 company;
- 14 (2) a mutual life, health, or accident insurance
15 company;
- 16 (3) a stock fire or casualty insurance company;
- 17 (4) a mutual fire or casualty insurance company;
- 18 (5) a Mexican casualty insurance company;
- 19 (6) a Lloyd's plan;
- 20 (7) a reciprocal or interinsurance exchange;
- 21 (8) a fraternal benefit society;
- 22 (9) a stipulated premium company;
- 23 (10) a nonprofit legal services corporation;
- 24 (11) a statewide mutual assessment company;
- 25 (12) a local mutual aid association;
- 26 (13) a local mutual burial association;
- 27 (14) an association exempt under Section 887.102;

- 1 (15) a nonprofit hospital, medical, or dental service
2 corporation, including a corporation subject to Chapter 842;
3 (16) a county mutual insurance company;
4 (17) a farm mutual insurance company;
5 (18) an urban mutual insurance company;
6 (19) [~~(18)~~] a risk retention group;
7 (20) [~~(19)~~] a purchasing group;
8 (21) [~~(20)~~] an eligible surplus lines insurer; and
9 (22) [~~(21)~~] except as provided by Section 542.053(b),
10 a guaranty association operating under Chapter 462 or 463.

11 SECTION 2.18. Section 544.001, Insurance Code, is amended
12 to read as follows:

13 Sec. 544.001. APPLICABILITY OF SUBCHAPTER. This
14 subchapter applies to:

- 15 (1) any legal entity engaged in the business of
16 insurance in this state, including:
17 (A) a capital stock insurance company;
18 (B) a mutual insurance company;
19 (C) a title insurance company;
20 (D) a fraternal benefit society;
21 (E) a local mutual aid association;
22 (F) a statewide mutual assessment company;
23 (G) a county mutual insurance company;
24 (H) a Lloyd's plan;
25 (I) a reciprocal or interinsurance exchange;
26 (J) a stipulated premium company;
27 (K) a group hospital service corporation;

- 1 (L) a farm mutual insurance company;
- 2 (M) an urban mutual insurance company;
- 3 (N) [~~(M)~~] a risk retention group;
- 4 (O) [~~(N)~~] an eligible surplus lines insurer; and
- 5 (P) [~~(O)~~] an agent, broker, adjuster, or life and
- 6 health insurance counselor; and
- 7 (2) a health maintenance organization.

8 SECTION 2.19. Section 544.051, Insurance Code, is amended
9 to read as follows:

10 Sec. 544.051. APPLICABILITY OF SUBCHAPTER. This
11 subchapter applies to any individual, corporation, association,
12 partnership, or other legal entity engaged in the business of
13 insurance, including:

- 14 (1) a fraternal benefit society;
- 15 (2) a county mutual insurance company;
- 16 (3) a Lloyd's plan;
- 17 (4) a reciprocal or interinsurance exchange;
- 18 (5) a farm mutual insurance company;
- 19 (6) an urban mutual insurance company; and
- 20 (7) [~~(6)~~] an agent, broker, adjuster, or life and
- 21 health insurance counselor.

22 SECTION 2.20. Section 544.252, Insurance Code, is amended
23 to read as follows:

24 Sec. 544.252. APPLICABILITY OF SUBCHAPTER. This
25 subchapter applies to an insurer that is admitted to engage in the
26 business of insurance and authorized to write an insurance policy
27 providing coverage for losses resulting from fire in this state,

1 including a county mutual insurance company, a Lloyd's plan, a
2 reciprocal or interinsurance exchange, [~~or~~] a farm mutual insurance
3 company, or an urban mutual insurance company.

4 SECTION 2.21. Section 544.301(1), Insurance Code, as added
5 by Chapter 728 (H.B. 2018), Acts of the 79th Legislature, Regular
6 Session, 2005, is amended to read as follows:

7 (1) "Insurer" means an insurance company, reciprocal
8 or interinsurance exchange, mutual insurance company, capital
9 stock company, county mutual insurance company, farm mutual
10 insurance company, urban mutual insurance company, Lloyd's plan, or
11 other legal entity authorized to write residential property
12 insurance in this state. The term includes an affiliate, as
13 described by Section 823.003(a), if that affiliate is authorized to
14 write and is writing residential property insurance in this
15 state. The term does not include:

16 (A) an eligible surplus lines insurer regulated
17 under Chapter 981;

18 (B) the Texas Windstorm Insurance Association
19 under Chapter 2210; or

20 (C) the FAIR Plan Association under Chapter 2211.

21 SECTION 2.22. Section 544.352(2), Insurance Code, is
22 amended to read as follows:

23 (2) "Insurer" means an insurance company, reciprocal
24 or interinsurance exchange, mutual insurance company, capital
25 stock company, county mutual insurance company, farm mutual
26 insurance company, urban mutual insurance company, association,
27 Lloyd's plan, or other entity writing residential property

1 insurance in this state. The term includes an affiliate, as
2 described by Section 823.003(a), if that affiliate is authorized to
3 write and is writing residential property insurance in this
4 state. The term does not include:

5 (A) the Texas Windstorm Insurance Association
6 created and operated under Chapter 2210; or

7 (B) the FAIR Plan created and operated under
8 Chapter 2211.

9 SECTION 2.23. Section 551.051(1), Insurance Code, is
10 amended to read as follows:

11 (1) "Insurer" means an insurance company or other
12 entity admitted to engage in business and authorized to write
13 liability insurance in this state, including a county mutual
14 insurance company, an urban mutual insurance company, a Lloyd's
15 plan, and a reciprocal or interinsurance exchange. The term does
16 not include a county mutual fire insurance company that writes
17 exclusively industrial fire insurance as described by Section
18 912.310 or a farm mutual insurance company.

19 SECTION 2.24. Section 551.101, Insurance Code, is amended
20 to read as follows:

21 Sec. 551.101. DEFINITION. In this subchapter, "insurer"
22 means any authorized insurer writing property and casualty
23 insurance in this state, including:

- 24 (1) a county mutual insurance company;
25 (2) a Lloyd's plan;
26 (3) a reciprocal or interinsurance exchange; ~~and~~
27 (4) a farm mutual insurance company; and

1 (5) an urban mutual insurance company.

2 SECTION 2.25. Section 554.001, Insurance Code, is amended
3 to read as follows:

4 Sec. 554.001. APPLICABILITY OF CHAPTER. This chapter
5 applies to each insurer or health maintenance organization engaged
6 in the business of insurance or the business of a health maintenance
7 organization in this state, regardless of form and however
8 organized, including:

- 9 (1) a stock life, health, or accident insurance
10 company;
- 11 (2) a mutual life, health, or accident insurance
12 company;
- 13 (3) a stock fire or casualty insurance company;
- 14 (4) a mutual fire or casualty insurance company;
- 15 (5) a Mexican casualty insurance company;
- 16 (6) a Lloyd's plan;
- 17 (7) a reciprocal or interinsurance exchange;
- 18 (8) a fraternal benefit society;
- 19 (9) a title insurance company;
- 20 (10) an attorney's title insurance company;
- 21 (11) a stipulated premium company;
- 22 (12) a nonprofit legal services corporation;
- 23 (13) a statewide mutual assessment company;
- 24 (14) a local mutual aid association;
- 25 (15) a local mutual burial association;
- 26 (16) an association exempt under Section 887.102;
- 27 (17) a nonprofit hospital, medical, or dental service

1 corporation, including a corporation subject to Chapter 842;

2 (18) a county mutual insurance company;

3 (19) a farm mutual insurance company;

4 (20) an urban mutual insurance company; and

5 (21) [~~20~~] an insurer or health maintenance
6 organization engaged in the business of insurance or the business
7 of a health maintenance organization in this state that does not
8 hold a certificate of authority issued by the department or is not
9 otherwise authorized to engage in business in this state.

10 SECTION 2.26. Section 558.001, Insurance Code, is amended
11 to read as follows:

12 Sec. 558.001. DEFINITION. In this chapter, "insurer"
13 means an insurance company or other entity authorized to engage in
14 the business of insurance in this state. The term includes:

15 (1) a stock life, health, or accident insurance
16 company;

17 (2) a mutual life, health, or accident insurance
18 company;

19 (3) a stock fire or casualty insurance company;

20 (4) a mutual fire or casualty insurance company;

21 (5) a Mexican casualty insurance company;

22 (6) a farm mutual insurance company;

23 (7) a county mutual insurance company;

24 (8) a Lloyd's plan;

25 (9) a reciprocal or insurance exchange;

26 (10) a fraternal benefit society;

27 (11) a stipulated premium company;

- 1 (12) a nonprofit legal services corporation;
- 2 (13) a statewide mutual assessment company;
- 3 (14) a local mutual aid association;
- 4 (15) a local mutual burial association;
- 5 (16) an association exempt under Section 887.102;
- 6 (17) a nonprofit hospital, medical, or dental service
- 7 corporation, including a corporation subject to Chapter 842;
- 8 (18) a risk retention group;
- 9 (19) a purchasing group;
- 10 (20) an eligible surplus lines insurer;
- 11 (21) an urban mutual insurance company; and
- 12 (22) [~~21~~] a guaranty association operating under
- 13 Chapter 462 or 463.

14 SECTION 2.27. Section 559.001(10), Insurance Code, is

15 amended to read as follows:

16 (10) "Insurer" means an insurer authorized to write

17 property and casualty insurance in this state, including an

18 insurance company, reciprocal or interinsurance exchange, mutual

19 insurance company, capital stock company, county mutual insurance

20 company, association, Lloyd's plan, or other entity writing

21 personal insurance in this state. The term includes an affiliate,

22 as described by this code, if that affiliate is authorized to write

23 personal insurance in this state. The term does not include a farm

24 mutual insurance company, an urban mutual insurance company, or an

25 eligible surplus lines insurer under this code.

26 SECTION 2.28. Section 560.001, Insurance Code, is amended

27 to read as follows:

1 Sec. 560.001. DEFINITION OF INSURER. In this chapter,
2 "insurer" means an insurance company, reciprocal or interinsurance
3 exchange, mutual insurance company, farm mutual insurance company,
4 urban mutual insurance company, capital stock insurance company,
5 county mutual insurance company, Lloyd's plan, surplus lines
6 insurer, or other legal entity engaged in the business of insurance
7 in this state. The term includes:

8 (1) an affiliate described by Section 823.003(a);

9 (2) the Texas Windstorm Insurance Association
10 established under Chapter 2210;

11 (3) the FAIR Plan Association established under
12 Chapter 2211; and

13 (4) the Texas Automobile Insurance Plan Association
14 established under Chapter 2151.

15 SECTION 2.29. Section 602.001(1), Insurance Code, is
16 amended to read as follows:

17 (1) "Covered entity" means a person who holds or is
18 required to hold a license, registration, certificate of authority,
19 or other authorization under this code or another insurance law of
20 this state. The term includes:

21 (A) an insurance company, including:

22 (i) a county mutual insurance company;

23 (ii) a farm mutual insurance company;

24 (iii) a fraternal benefit society;

25 (iv) a group hospital service corporation;

26 (v) a Lloyd's plan;

27 (vi) a local mutual aid association;

- 1 (vii) a mutual insurance company;
2 (viii) a reciprocal or interinsurance
3 exchange;
4 (ix) a statewide mutual assessment company;
5 (x) an urban mutual insurance company; and
6 (xi) [~~(x)~~] a stipulated premium company;
7 (B) a health maintenance organization; and
8 (C) an insurance agent.

9 SECTION 2.30. Section 651.001(5), Insurance Code, is
10 amended to read as follows:

11 (5) "Insurer" means an entity organized or authorized
12 to engage in the business of insurance under this code as a capital
13 stock insurance company, title insurance company, reciprocal or
14 interinsurance exchange, Lloyd's plan, fraternal benefit society,
15 mutual or mutual assessment company of any kind, statewide mutual
16 assessment company, local mutual aid association, burial
17 association, county or farm mutual insurance company, urban mutual
18 insurance company, fidelity, guaranty, or surety company, or trust
19 company.

20 SECTION 2.31. Section 703.001, Insurance Code, is amended
21 to read as follows:

22 Sec. 703.001. DEFINITION. In this chapter, "covered
23 entity" means a health maintenance organization or insurer
24 regulated by the department, including:

25 (1) a stock life, health, or accident insurance
26 company;

27 (2) a mutual life, health, or accident insurance

1 company;

2 (3) a stock fire or casualty insurance company;

3 (4) a mutual fire or casualty insurance company;

4 (5) a Mexican casualty insurance company;

5 (6) a Lloyd's plan;

6 (7) a reciprocal or interinsurance exchange;

7 (8) a fraternal benefit society;

8 (9) a title insurance company;

9 (10) an attorney's title insurance company;

10 (11) a stipulated premium company;

11 (12) a nonprofit legal services corporation;

12 (13) a statewide mutual assessment company;

13 (14) a local mutual aid association;

14 (15) a local mutual burial association;

15 (16) an association exempt under Section 887.102;

16 (17) a nonprofit hospital, medical, or dental service

17 corporation, including a corporation subject to Chapter 842;

18 (18) a county mutual insurance company; ~~and~~

19 (19) a farm mutual insurance company; and

20 (20) an urban mutual insurance company.

21 SECTION 2.32. Section 801.001(2), Insurance Code, is
22 amended to read as follows:

23 (2) "Insurer" means the issuer of an insurance policy
24 that is issued to another in consideration of a premium and that
25 insures against a loss that may be insured against under the law.

26 The term includes a:

27 (A) fraternal benefit society;

- 1 (B) Lloyd's plan;
- 2 (C) mutual company of any kind, including a:
 - 3 (i) statewide mutual assessment
 - 4 association;
 - 5 (ii) local mutual aid association or burial
 - 6 association; and
 - 7 (iii) county, ~~or~~ farm, or urban mutual
 - 8 insurance company;
- 9 (D) reciprocal or interinsurance exchange; and
- 10 (E) stock company.

11 SECTION 2.33. Section 802.051, Insurance Code, is amended
12 to read as follows:

13 Sec. 802.051. APPLICABILITY OF SUBCHAPTER. This
14 subchapter applies to each company regulated by the commissioner,
15 including:

- 16 (1) a stock life, health, or accident insurance
- 17 company;
- 18 (2) a mutual life, health, or accident insurance
- 19 company;
- 20 (3) a stock fire or casualty insurance company;
- 21 (4) a mutual fire or casualty insurance company;
- 22 (5) a Mexican casualty company;
- 23 (6) a Lloyd's plan;
- 24 (7) a reciprocal or interinsurance exchange;
- 25 (8) a fraternal benefit society;
- 26 (9) a title insurance company;
- 27 (10) an attorney's title insurance company;

- 1 (11) a stipulated premium insurance company;
- 2 (12) a nonprofit legal service corporation;
- 3 (13) a health maintenance organization;
- 4 (14) a statewide mutual assessment company;
- 5 (15) a local mutual aid association;
- 6 (16) a local mutual burial association;
- 7 (17) an association exempt under Section 887.102;
- 8 (18) a nonprofit hospital, medical, or dental service
- 9 corporation, including a company subject to Chapter 842;
- 10 (19) a county mutual insurance company; ~~and~~
- 11 (20) a farm mutual insurance company; and
- 12 (21) an urban mutual insurance company.

13 SECTION 2.34. Section 803.001(1), Insurance Code, is
14 amended to read as follows:

15 (1) "Domestic company" means any entity licensed,
16 chartered, or organized under this code, including:

- 17 (A) a county mutual insurance company;
- 18 (B) a farm mutual insurance company;
- 19 (C) a fire and marine insurance company;
- 20 (D) a fraternal benefit society;
- 21 (E) a general casualty company;
- 22 (F) a group hospital service corporation;
- 23 (G) a health maintenance organization;
- 24 (H) a life, health, and accident insurance
- 25 company;
- 26 (I) a Lloyd's plan;
- 27 (J) a local mutual aid association;

- 1 (K) a mutual life insurance company;
- 2 (L) a mutual insurance company other than a
- 3 mutual life insurance company;
- 4 (M) a nonprofit legal services corporation;
- 5 (N) a reciprocal exchange;
- 6 (O) a statewide mutual assessment company;
- 7 (P) a stipulated premium insurance company;
- 8 (Q) a surety and trust company;
- 9 (R) an urban mutual insurance company; and
- 10 (S) [~~(R)~~] a title insurance company.

11 SECTION 2.35. Section 804.101(a)(2), Insurance Code, is
12 amended to read as follows:

- 13 (2) "Company" means:
- 14 (A) an insurance company, including:
- 15 (i) a casualty insurance company;
- 16 (ii) a county mutual insurance company;
- 17 (iii) an exempt association under Section
- 18 887.102;
- 19 (iv) a farm mutual insurance company;
- 20 (v) a fire insurance company;
- 21 (vi) a fraternal benefit society;
- 22 (vii) a life insurance company;
- 23 (viii) a Lloyd's plan;
- 24 (ix) a mutual assessment company;
- 25 (x) a mutual insurance company other than a
- 26 mutual life insurance company;
- 27 (xi) a reciprocal exchange;

- 1 (xii) a risk retention group;
2 (xiii) a stipulated premium insurance
3 company;
4 (xiv) a title insurance company;
5 (xv) an urban mutual insurance company;
6 and
7 (xvi) [~~xv~~] a carrier providing job
8 protection insurance;
9 (B) a group hospital service corporation;
10 (C) a health maintenance organization;
11 (D) a prepaid legal services corporation; or
12 (E) any other company engaged in the business of
13 insurance as a principal.

14 SECTION 2.36. Section 805.002(a), Insurance Code, is
15 amended to read as follows:

- 16 (a) This subchapter applies to any insurer, including ~~a~~:
17 (1) a capital stock company;
18 (2) a reciprocal or interinsurance exchange;
19 (3) a Lloyd's plan;
20 (4) a fraternal benefit society;
21 (5) a mutual company, including a mutual assessment
22 company;
23 (6) a local mutual aid association;
24 (7) a burial association;
25 (8) a county mutual insurance company;
26 (9) a farm mutual insurance company;
27 (10) a fidelity, guaranty, or surety company;

- 1 (11) a mutual life insurance company;
- 2 (12) a mutual insurance company other than a mutual
3 life insurance company;
- 4 (13) a stipulated premium company;
- 5 (14) a title insurance company;
- 6 (15) an urban mutual insurance company; and
- 7 (16) [~~(15)~~] any other insurance company engaged in the
8 business of insurance in or organized under the laws of this state
9 or otherwise regulated under this code.

10 SECTION 2.37. Section 821.002, Insurance Code, is amended
11 to read as follows:

12 Sec. 821.002. EXEMPTIONS. This subchapter does not apply
13 to:

- 14 (1) a fraternal benefit society operating under
15 Chapter 885;
- 16 (2) a local mutual aid association or local mutual
17 burial association operating under Chapters 886, 887, and 888;
- 18 (3) a statewide mutual assessment company or
19 association operating under Chapters 881, 887, or 888;
- 20 (4) another association operating under Subchapter C,
21 Chapter 887;
- 22 (5) a farm mutual insurance company operating under
23 Chapter 911; [~~or~~]
- 24 (6) a county mutual fire insurance company operating
25 under Chapter 912; or
- 26 (7) an urban mutual insurance company operating under
27 Chapter 913.

1 SECTION 2.38. Section 822.201, Insurance Code, is amended
2 to read as follows:

3 Sec. 822.201. APPLICABILITY OF CAPITAL AND SURPLUS
4 REQUIREMENTS. The capital and surplus requirements of this
5 chapter apply to each insurance company or other entity, other than
6 a farm mutual insurance company or an urban mutual insurance
7 company, authorized to write property and casualty insurance in
8 this state including:

- 9 (1) a county mutual insurance company;
10 (2) a mutual insurance company, other than a mutual
11 life insurance company;
12 (3) a Lloyd's plan; and
13 (4) a reciprocal or interinsurance exchange.

14 SECTION 2.39. Section 823.002(6), Insurance Code, is
15 amended to read as follows:

16 (6) "Insurer" means any insurance company organized
17 under the laws of this state, a commercially domiciled insurer, or
18 an insurer authorized to engage in the business of insurance in this
19 state. The term includes a capital stock company, mutual company,
20 farm mutual insurance company, urban mutual insurance company,
21 title insurance company, fraternal benefit society, local mutual
22 aid association, statewide mutual assessment company, county
23 mutual insurance company, Lloyd's plan, reciprocal or
24 interinsurance exchange, stipulated premium insurance company, and
25 group hospital service corporation. The term does not include the
26 United States, a state, or an agency, authority, instrumentality,
27 or political subdivision of a state.

1 SECTION 2.40. Section 827.001(1), Insurance Code, is
2 amended to read as follows:

3 (1) "Insurer" means an insurance company or other
4 legal entity authorized to engage in the business of insurance in
5 this state, including a reciprocal or interinsurance exchange, a
6 Lloyd's plan, and a county mutual insurance company. The term
7 includes an affiliate. The term does not include a farm mutual
8 insurance company, an urban mutual insurance company, or an
9 eligible surplus lines insurer regulated under Chapter 981.

10 SECTION 2.41. Section 827.002, Insurance Code, is amended
11 to read as follows:

12 Sec. 827.002. EXEMPTION. This chapter does not apply to a
13 transfer of business from an insurer to a company that:

- 14 (1) is within the same insurance group as the insurer;
15 (2) is authorized to engage in the business of
16 insurance in this state; and
17 (3) is not a reciprocal or interinsurance exchange, a
18 Lloyd's plan, a county mutual insurance company, ~~or~~ a farm mutual
19 insurance company, or an urban mutual insurance company.

20 SECTION 2.42. Section 1806.102(b), Insurance Code, is
21 amended to read as follows:

22 (b) This subchapter applies to:

23 (1) a farm mutual insurance company with respect to
24 each line of insurance that a farm mutual insurance company is
25 authorized to write under Section 911.151; ~~and~~

26 (2) a county mutual insurance company with respect to
27 each line of insurance that a county mutual insurance company is

1 authorized to write under Section 912.151; and

2 (3) an urban mutual insurance company with respect to
3 each line of insurance that an urban mutual insurance company is
4 authorized to write under Section 913.151.

5 SECTION 2.43. Section 1807.002(b), Insurance Code, is
6 amended to read as follows:

7 (b) Subsection (a) does not apply to:

8 (1) a farm mutual insurance company operating under
9 Chapter 911;

10 (2) a mutual insurance company engaged in business
11 under Chapter 12, Title 78, Revised Statutes, before that chapter's
12 repeal by Section 18, Chapter 40, Acts of the 41st Legislature, 1st
13 Called Session, 1929, as amended by Section 1, Chapter 60, General
14 Laws, Acts of the 41st Legislature, 2nd Called Session, 1929, that
15 retains the rights and privileges under the repealed law to the
16 extent provided by those sections; [~~or~~]

17 (3) a county mutual insurance company operating under
18 Chapter 912; or

19 (4) an urban mutual insurance company operating under
20 Chapter 913.

21 SECTION 2.44. Section 2002.004(b), Insurance Code, is
22 amended to read as follows:

23 (b) This section applies to each insurer that provides
24 personal property insurance in this state, including a county
25 mutual insurance company, farm mutual insurance company, urban
26 mutual insurance company, Lloyd's plan, and reciprocal or
27 interinsurance exchange.

1 SECTION 2.45. Section 2002.006(c), Insurance Code, is
2 amended to read as follows:

3 (c) This section does not apply to:

4 (1) a farm mutual insurance company operating under
5 Chapter 911;

6 (2) a county mutual insurance company operating under
7 Chapter 912;

8 (3) an urban mutual insurance company operating under
9 Chapter 913;

10 (4) a mutual insurance company engaged in business
11 under Chapter 12, Title 78, Revised Statutes, before that chapter's
12 repeal by Section 18, Chapter 40, Acts of the 41st Legislature, 1st
13 Called Session, 1929, as amended by Section 1, Chapter 60, General
14 Laws, Acts of the 41st Legislature, 2nd Called Session, 1929, that
15 retains the rights and privileges under the repealed law to the
16 extent provided by those sections;

17 (5) [~~4~~] the making of inspections or issuance of
18 certificates of inspections on a boiler, apparatus, or machinery
19 described by Subsection (b)(2), whether insured or otherwise; or

20 (6) [~~5~~] the insurance of a vessel or craft, its
21 cargo, marine builder's risk, marine protection and indemnity, or
22 another risk commonly insured under a marine insurance policy, as
23 distinguished from an inland marine insurance policy.

24 SECTION 2.46. Section 2002.102(a), Insurance Code, is
25 amended to read as follows:

26 (a) An insurer, including a farm mutual insurance company,
27 urban mutual insurance company, county mutual insurance company,

1 Lloyd's plan, or reciprocal or interinsurance exchange, that renews
2 a homeowners insurance policy, fire and residential allied lines
3 insurance policy, farm and ranch owners insurance policy, or farm
4 and ranch insurance policy must provide the policyholder with
5 written notice of any difference between each form of the policy
6 offered to the policyholder on renewal and the form of the policy
7 held immediately before renewal.

8 SECTION 2.47. Section 2006.001(3), Insurance Code, is
9 amended to read as follows:

10 (3) "Insurer" means an insurer authorized to write
11 property and casualty insurance in this state, including:

- 12 (A) a county mutual insurance company;
- 13 (B) a farm mutual insurance company;
- 14 (C) an urban mutual insurance company;
- 15 (D) a Lloyd's plan; and
- 16 (E) [~~(D)~~] a reciprocal or interinsurance
17 exchange.

18 SECTION 2.48. Section 2006.051(2), Insurance Code, is
19 amended to read as follows:

20 (2) "Insurer" means an insurer authorized to write
21 residential property insurance, including:

- 22 (A) a county mutual insurance company;
- 23 (B) a farm mutual insurance company;
- 24 (C) an urban mutual insurance company;
- 25 (D) a Lloyd's plan; and
- 26 (E) [~~(D)~~] a reciprocal or interinsurance
27 exchange.

1 SECTION 2.49. Section 2007.001, Insurance Code, is amended
2 to read as follows:

3 Sec. 2007.001. APPLICABILITY OF CHAPTER. This chapter
4 applies only to an insurer that:

5 (1) is authorized to engage in business in this state,
6 including a stock company, mutual insurance company, farm mutual
7 insurance company, urban mutual insurance company, county mutual
8 insurance company, Lloyd's plan, and reciprocal or interinsurance
9 exchange; and

10 (2) writes a policy of:

11 (A) homeowners insurance;

12 (B) fire insurance;

13 (C) farm and ranch owners insurance;

14 (D) private passenger automobile physical damage
15 insurance;

16 (E) commercial automobile physical damage
17 insurance; or

18 (F) commercial multiple peril insurance.

19 SECTION 2.50. Section 2203.055(a), Insurance Code, is
20 amended to read as follows:

21 (a) The association is composed of each insurer, including a
22 Lloyd's plan and a reciprocal or interinsurance exchange,
23 authorized to write and writing liability insurance, including
24 automobile liability insurance, on a direct basis in this state,
25 other than:

26 (1) a farm mutual insurance company authorized under
27 Chapter 911; ~~and~~

1 (2) a county mutual insurance company authorized under
2 Chapter 912; and

3 (3) an urban mutual insurance company authorized under
4 Chapter 913.

5 SECTION 2.51. Section 2252.001(b), Insurance Code, is
6 amended to read as follows:

7 (b) This chapter does not apply to:

8 (1) a farm mutual insurance company or association
9 regulated under Chapter 911; [~~or~~]

10 (2) a county mutual insurance company regulated under
11 Chapter 912; or

12 (3) an urban mutual insurance company regulated under
13 Chapter 913.

14 SECTION 2.52. Section 4001.003(6), Insurance Code, is
15 amended to read as follows:

16 (6) "Insurer" means an insurance company or insurance
17 carrier regulated by the department. The term includes:

18 (A) a stock life, health, or accident insurance
19 company;

20 (B) a mutual life, health, or accident insurance
21 company;

22 (C) a stock fire or casualty insurance company;

23 (D) a mutual fire or casualty insurance company;

24 (E) a Mexican casualty insurance company;

25 (F) a Lloyd's plan;

26 (G) a reciprocal or interinsurance exchange;

27 (H) a fraternal benefit society;

- 1 (I) a stipulated premium company;
- 2 (J) a nonprofit or for-profit legal services
3 corporation;
- 4 (K) a statewide mutual assessment company;
- 5 (L) a local mutual aid association;
- 6 (M) a local mutual burial association;
- 7 (N) an association exempt under Section 887.102;
- 8 (O) a nonprofit hospital, medical, or dental
9 service corporation, including a company subject to Chapter 842;
- 10 (P) a health maintenance organization;
- 11 (Q) a county mutual insurance company; ~~and~~
- 12 (R) a farm mutual insurance company; and
- 13 (S) an urban mutual insurance company.

14 SECTION 2.53. Section 4051.001(b), Insurance Code, is
15 amended to read as follows:

16 (b) This subchapter and Subchapters B-E, G, and I apply to
17 each person who performs the acts of an agent, as described by
18 Section 4001.051, whether through an oral, written, electronic, or
19 other form of communication, by soliciting, negotiating,
20 procuring, or collecting a premium on an insurance contract offered
21 by any kind of insurer authorized to engage in the business of
22 property and casualty insurance in this state, including:

- 23 (1) a fidelity or surety company;
- 24 (2) a mutual insurance company, including a farm
25 mutual, an urban mutual, or a county mutual;
- 26 (3) a reciprocal or interinsurance exchange; and
- 27 (4) a Lloyd's plan.

1 SECTION 2.54. Sections 4051.101(a) and (c), Insurance Code,
2 are amended to read as follows:

3 (a) Except as provided by Section 4051.052, a person is
4 required to hold a limited property and casualty license if the
5 person acts as an agent who writes:

6 (1) job protection insurance as defined by Section
7 962.002;

8 (2) exclusively, insurance on growing crops under
9 Subchapter F;

10 (3) any form of insurance authorized under Chapter 911
11 for a farm mutual insurance company or authorized under Chapter 913
12 for an urban mutual insurance company;

13 (4) exclusively, any form of insurance authorized to
14 be solicited and written in this state that relates to:

15 (A) the ownership, operation, maintenance, or
16 use of a motor vehicle designed for use on the public highways,
17 including a trailer or semitrailer, and the motor vehicle's
18 accessories or equipment; or

19 (B) the ownership, occupancy, maintenance, or
20 use of a manufactured home classified as personal property under
21 Section 2.001, Property Code;

22 (5) a prepaid legal services contract under Article
23 5.13-1 or Chapter 961;

24 (6) exclusively, an industrial fire insurance policy:

25 (A) covering dwellings, household goods, and
26 wearing apparel;

27 (B) written on a weekly, monthly, or quarterly

1 basis on a continuous premium payment plan; and

2 (C) written for an insurer exclusively engaged in
3 the business as described by Section 912.310;

4 (7) credit insurance, except as otherwise provided by
5 Chapter 4055; or

6 (8) any other kind of insurance, if holding a limited
7 property and casualty license to write that kind of insurance is
8 determined necessary by the commissioner for the protection of the
9 insurance consumers of this state.

10 (c) This section does not apply to a person who wrote for the
11 previous calendar year:

12 (1) policies authorized by Chapter 911 for a farm
13 mutual insurance company that generated, in the aggregate, less
14 than \$50,000 in direct premium;

15 (2) policies authorized by Chapter 913 for an urban
16 mutual insurance company that generated, in the aggregate, less
17 than \$50,000 in direct premium; or

18 (3) [~~2~~] industrial fire insurance policies that
19 generated, in the aggregate, less than \$20,000 in direct premium.

20 SECTION 2.55. Section 4152.001(4), Insurance Code, is
21 amended to read as follows:

22 (4) "Insurer" means a commercially domiciled insurer
23 or other person legally organized in this state to engage in the
24 business of insurance as an insurance company, including:

25 (A) a capital stock insurance company;

26 (B) a mutual insurance company;

27 (C) a title insurance company;

- 1 (D) a fraternal benefit society;
- 2 (E) a local mutual aid association;
- 3 (F) a statewide mutual assessment company;
- 4 (G) a county mutual insurance company;
- 5 (H) a Lloyd's plan;
- 6 (I) a reciprocal or interinsurance exchange;
- 7 (J) a stipulated premium company;
- 8 (K) a group hospital service corporation;
- 9 (L) a farm mutual insurance company;
- 10 (M) an urban mutual insurance company; and
- 11 (N) [~~(M)~~] a risk retention group.

12 SECTION 2.56. Article 5.13(a), Insurance Code, is amended
13 to read as follows:

14 (a) This subchapter applies to every insurance company,
15 corporation, interinsurance exchange, mutual, reciprocal,
16 association, Lloyd's plan, or other organization or insurer writing
17 any of the characters of insurance business herein set forth,
18 hereinafter called "Insurer"; provided that nothing in this entire
19 subchapter shall be construed to apply to any county mutual
20 insurance company, [~~or~~] farm mutual insurance company or
21 association, or urban mutual insurance company, as regulated under
22 Chapters 911, [~~and~~] 912, and 913 of this code, except that:

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

27 (2) Chapter 1806 applies [~~Article 5.20 of this code~~]

1 ~~shall apply]~~ to a county mutual insurance company with respect to
2 each line of insurance that a county mutual insurance company is
3 authorized to write under Section 912.151; and

4 (3) Chapter 1806 applies [~~Article 5.20 of this code~~
5 ~~shall apply]~~ to:

6 (A) a farm mutual insurance company with respect
7 to each line of insurance that a farm mutual insurance company is
8 authorized to write under Section 911.151; and

9 (B) an urban mutual insurance company with
10 respect to each line of insurance that an urban mutual insurance
11 company is authorized to write under Section 913.151.

12 ARTICLE 3. TRANSITION; EFFECTIVE DATE

13 SECTION 3.01. The commissioner of insurance shall adopt
14 rules as required by Chapter 913, Insurance Code, as added by this
15 Act, not later than December 1, 2009.

16 SECTION 3.02. The Texas Department of Insurance shall
17 accept applications for certificates of authority to engage in
18 business as an urban mutual insurance company beginning January 1,
19 2010.

20 SECTION 3.03. This Act takes effect September 1, 2009.