

By: Lucio

S.B. No. 1372

A BILL TO BE ENTITLED

AN ACT

relating to withdrawal and restriction plans for certain insurers.

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

SECTION 1. Section 827.001, Insurance Code, is amended by amending Subdivision (1) and adding Subdivision (3) to read as follows:

(1) "Insurer" means an insurance company or other legal entity authorized to engage in the business of insurance in this state, including a fraternal benefit society, a reciprocal or interinsurance exchange, a Lloyd's plan, a farm mutual insurance company, and a county mutual insurance company. The term includes an affiliate. The term does not include ~~[a farm mutual insurance company or]~~ an eligible surplus lines insurer regulated under Chapter 981.

(3) "Personal automobile insurance" and "residential property insurance" have the meanings assigned by Section 2254.001.

SECTION 2. Section 827.006, Insurance Code, is amended to read as follows:

Sec. 827.006. ~~[RESUMPTION OF]~~ WRITING INSURANCE AFTER COMPLETE WITHDRAWAL. An insurer that withdraws from writing residential property insurance or personal automobile ~~[all lines of]~~ insurance in this state may not, without the approval of the commissioner, write any line of ~~[resume writing]~~ insurance in this state before the fifth anniversary of the date of withdrawal.

1 SECTION 3. Section 827.007, Insurance Code, is amended to  
2 read as follows:

3 Sec. 827.007. PENALTIES. The commissioner may impose  
4 sanctions [~~the civil penalties~~] under Chapter 82 on an insurer that  
5 fails to comply in any manner with this chapter [~~obtain the~~  
6 ~~commissioner's approval before the insurer:~~

7 [~~(1) withdraws from writing a line of insurance in~~  
8 ~~this state; or~~

9 [~~(2) reduces the insurer's total annual premium volume~~  
10 ~~by 75 percent or more in any year]~~.

11 SECTION 4. Sections 827.008(a) and (b), Insurance Code, are  
12 amended to read as follows:

13 (a) Before an insurer [~~, in response to a catastrophic~~  
14 ~~natural event that occurred during the preceding six months,~~] may  
15 restrict writing new personal automobile insurance or residential  
16 property insurance business in this state or a rating territory [~~in~~  
17 ~~a line of personal automobile or residential property insurance]~~,  
18 the insurer must file a proposed restriction plan with the  
19 commissioner for the commissioner's review and approval. The  
20 commissioner may not approve a restriction plan in which the  
21 insurer proposes to increase the relative number of residential  
22 property insurance policies issued by the insurer that offer  
23 substantially less coverage than the average residential property  
24 insurance policy previously issued by the insurer.

25 (b) The commissioner may modify, restrict, or limit a  
26 restriction plan under this section as necessary if the  
27 commissioner finds that a line of insurance subject to the

1 restriction plan is not offered in this state in a quantity or  
2 manner to adequately cover the risks in this state or to adequately  
3 protect the residents of this state and policyholders in this state  
4 [~~in light of the impact of the catastrophic natural event~~]. The  
5 commissioner may by order set the date on which the insurer's  
6 restriction begins.

7 SECTION 5. Section 827.008(c), Insurance Code, is repealed.

8 SECTION 6. The change in law made by this Act applies only  
9 to a withdrawal or restriction plan filed with the Texas Department  
10 of Insurance on or after the effective date of this Act. A  
11 withdrawal or restriction plan filed with the Texas Department of  
12 Insurance before the effective date of this Act is covered by the  
13 law in effect at the time the withdrawal or restriction plan was  
14 filed, and that law is continued in effect for that purpose.

15 SECTION 7. This Act takes effect September 1, 2009.