

Amend **HB 1951** (house committee printing) by adding the following appropriately numbered SECTIONS to ARTICLE 5 of the bill and renumbering subsequent SECTIONS of the ARTICLE accordingly:

SECTION 5.____. Section 2551.302, Insurance Code, is amended to read as follows:

Sec. 2551.302. REQUIREMENTS FOR REINSURING POLICIES. A title insurance company may reinsure any of its policies and contracts issued on real property located in this state or on policies and contracts issued in this state under Chapter 2751, if:

(1) the reinsuring title insurance company is authorized to engage in business in this state under this title; or [~~and~~]

(2) the title insurance company acquires reinsurance in accordance with Section 2551.305 [~~the department first approves the form of the reinsurance contract~~].

SECTION 5.____. Section 2551.305, Insurance Code, is amended to read as follows:

Sec. 2551.305. CERTAIN REINSURANCE ALLOWED.

(a) Notwithstanding any other provision of this subchapter, a title insurance company may acquire reinsurance on an individual policy or facultative basis from a title insurance company not authorized to engage in the business of title insurance in this state if:

(1) the title insurance company from which the reinsurance is acquired:

(A) has a combined capital and surplus of at least \$20 million as stated in the company's most recent annual statement preceding the acceptance of reinsurance; and

(B) is domiciled in another state and is authorized to engage in the business of title insurance in one or more states; and

(2) the title insurance company acquiring reinsurance gives written notice to the department at least 30 days before acquiring the reinsurance, and the commissioner does not, before the expiration of the 30-day period and on the ground that the transaction may result in a hazardous financial condition, prohibit the title insurance company from obtaining reinsurance under this

section.

(b) The notice required under Subsection (a)(2) must provide sufficient information to enable the commissioner to evaluate the proposed transaction, including a summary of the significant terms of the reinsurance, the financial impact of the transaction on the title insurance company acquiring reinsurance, and the specific identity and state of domicile of each title insurance company from which reinsurance is acquired.

(c) Notwithstanding any other provision of this subchapter, the department may, on application and hearing, permit a title insurance company to acquire reinsurance that does not comply with Subsection (a) on an individual policy or facultative basis from a title insurance company domiciled in another state and not authorized to engage in the business of title insurance in this state, if:

(1) the company has exhausted the opportunity to acquire reinsurance from all other authorized title insurance companies; and

(2) the title insurance company from which the reinsurance is acquired has a combined capital and surplus of at least \$2 [~~\$1.4~~] million as stated in its annual statement preceding the acceptance of reinsurance.

(d) [~~(b)~~] Notwithstanding any other provision of this subchapter, the department may, on application and hearing, permit a title insurance company, including an authorized reinsuring title insurance company, to retain an additional potential liability of not more than 40 percent of the company's capital stock and surplus as stated in the most recent annual statement of the company, if:

(1) the company has exhausted the opportunity to acquire reinsurance under Subsection (c) [~~(a)~~]; and

(2) the additional potential liability of the company is incurred only if the loss suffered by the insured under the policy exceeds the amount of insurance and reinsurance accepted by the company and its reinsuring title insurance companies under the other provisions of this subchapter.

SECTION 5.____. Section 2551.303, Insurance Code, is repealed.

SECTION 5.____. Sections 2551.302 and 2551.305, Insurance Code, as amended by this article, and the repeal of Section 2551.303, Insurance Code, by this article, apply only to a reinsurance contract entered into by a title insurance company on or after the effective date of this Act. A reinsurance contract entered into by a title insurance company before the effective date of this Act is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.