

By: Smithee

H.B. No. 2789

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the applicability of certain insurance laws to certain  
3 farm mutual insurance companies.

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

5 SECTION 1. Section 221.001(b), Insurance Code, is amended  
6 to read as follows:

7 (b) This chapter does not apply to:

8 (1) a fraternal benefit society, including a fraternal  
9 benefit society operating under Chapter 885;

10 (2) a group hospital service corporation operating  
11 under Chapter 842;

12 (3) a stipulated premium company operating under  
13 Chapter 884;

14 (4) a mutual assessment association, company, or  
15 corporation regulated under Chapter 887; ~~or~~

16 (5) a purely cooperative or mutual fire insurance  
17 company carried on by its members solely for the protection of their  
18 own property and not for profit, except as provided by Section  
19 221.002(b)(13); or

20 (6) a farm mutual insurance company operating under  
21 Chapter 911, unless the company:

22 (A) insures property in more than five counties  
23 in this state;

24 (B) has gross annual premium receipts greater

1 than \$1 million; or

2 (C) is a member of an insurance group that  
3 includes insurance companies writing lines of insurance other than  
4 those lines a farm mutual insurance company is authorized to write  
5 under Section 911.151.

6 SECTION 2. Section 252.005, Insurance Code, is amended to  
7 read as follows:

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

9 (1) a farm mutual insurance company operating under  
10 Chapter 911, unless the company:

11 (A) insures property in more than five counties  
12 in this state;

13 (B) has gross annual premium receipts greater  
14 than \$1 million; or

15 (C) is a member of an insurance group that  
16 includes insurance companies writing lines of insurance other than  
17 those lines a farm mutual insurance company is authorized to write  
18 under Section 911.151; or

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24 retains the rights and privileges under the repealed law to the  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

26 SECTION 3. Section 2210.006(b), Insurance Code, is amended  
27 to read as follows:

1 (b) This chapter does not apply to:

2 (1) a farm mutual insurance company operating under  
3 Chapter 911, unless the company:

4 (A) insures property in more than five counties  
5 in this state;

6 (B) has gross annual premium receipts greater  
7 than \$1 million; or

8 (C) is a member of an insurance group that  
9 includes insurance companies writing lines of insurance other than  
10 those lines a farm mutual insurance company is authorized to write  
11 under Section 911.151;

12 (2) a nonaffiliated county mutual fire insurance  
13 company described by Section 912.310 that is writing exclusively  
14 industrial fire insurance policies as described by Section  
15 912.310(a)(2); or

16 (3) a mutual insurance company or a statewide mutual  
17 assessment company engaged in business under Chapter 12 or 13,  
18 Title 78, Revised Statutes, respectively, before those chapters'  
19 repeal by Section 18, Chapter 40, Acts of the 41st Legislature, 1st  
20 Called Session, 1929, as amended by Section 1, Chapter 60, General  
21 Laws, Acts of the 41st Legislature, 2nd Called Session, 1929, that  
22 retains the rights and privileges under the repealed law to the  
23 extent provided by those sections.

24 SECTION 4. (a) Sections 221.001(b) and 252.005, Insurance  
25 Code, as amended by this Act, do not affect tax liability accruing  
26 before the 2013 calendar year. That liability continues in effect  
27 as if this Act had not been enacted, and the former law is continued

1 in effect for the collection of taxes due and for civil and criminal  
2 enforcement of the liability for those taxes.

3 (b) Section 2210.006(b), Insurance Code, as amended by this  
4 Act, applies only to participation in the Texas Windstorm Insurance  
5 Association on or after the effective date of this Act, including  
6 the payment of assessments the liability for which accrues on or  
7 after that date. Participation in the Texas Windstorm Insurance  
8 Association before the effective date of this Act, including the  
9 payment of assessments the liability for which accrued before that  
10 date, is governed by the law as it existed immediately before that  
11 date, and that law is continued in effect for that purpose.

12 SECTION 5. This Act takes effect immediately if it receives  
13 a vote of two-thirds of all the members elected to each house, as  
14 provided by Section 39, Article III, Texas Constitution. If this  
15 Act does not receive the vote necessary for immediate effect, this  
16 Act takes effect September 1, 2013.