

AN ACT

relating to compensatory payments and reinsurance agreements made in connection with the issuance of title insurance.

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

SECTION 1. Subchapter B, Chapter 2502, Insurance Code, is amended by adding Section 2502.057 to read as follows:

Sec. 2502.057. CERTAIN COMPENSATORY PAYMENTS RELATED TO CERTAIN ELECTRIC ENERGY PROJECTS PERMITTED. (a) This section applies with respect to a utility project that is:

(1) designed to produce, generate, transmit, distribute, sell, or furnish electric energy; and

(2) valued on completion at more than \$25 million.

(b) A payment for furnishing title evidence for the issuance of a title insurance policy related to a project described by Subsection (a) may be:

(1) a flat fee or fee calculated on an hourly basis that:

(A) is payable on the date the title evidence is furnished; and

(B) does not exceed \$25,000; or

(2) a portion of the title insurance premium:

(A) based on the percentage established by the commissioner for payment by a title insurance company, title insurance agent, or direct operation for services performed by

1 another title insurance company, title insurance agent, or direct
2 operation; and

3 (B) payable on the date of the issuance of the
4 policy for which the evidence is furnished.

5 (c) The payment must be:

6 (1) made by the proposed insured to the title
7 insurance company, title insurance agent, or direct operation that
8 furnishes the title evidence; and

9 (2) credited against the title insurance premium
10 charged for the issuance of the title insurance policy for which the
11 evidence is furnished.

12 (d) Nothing in this section may be construed to allow the
13 payment of an amount in violation of the premium rates promulgated
14 or the division of premium established by the commissioner.

15 (e) This section does not apply to a payment to a reinsurer
16 for the assumption of reinsurance described by Subchapter G,
17 Chapter 2551.

18 SECTION 2. Section 2551.305, Insurance Code, is amended by
19 adding Subsection (e) to read as follows:

20 (e) Notwithstanding any other provision of this subchapter,
21 a title insurance company may obtain reinsurance by a reinsurance
22 treaty or other reinsurance agreement from an assuming insurer with
23 a financial strength rating of B+ or better from the A. M. Best
24 Company that meets the requirements of Subchapter C, Chapter 493,
25 if the title insurance company has provided the department with an
26 affidavit that:

27 (1) contains facts that demonstrate the title

1 insurance company was unable after diligent effort to procure
2 sufficient reinsurance from another title insurance company; and
3 (2) states the terms of the reinsurance treaty or
4 other reinsurance agreement that the title insurance company will
5 obtain.

6 SECTION 3. The change in law made by Section 2502.057,
7 Insurance Code, as added by this Act, applies only to a payment for
8 title evidence furnished on or after the effective date of this Act.
9 A payment for title evidence furnished before the effective date of
10 this Act is governed by the law as it existed immediately before the
11 effective date of this Act, and that law is continued in effect for
12 that purpose.

13 SECTION 4. The change in law made by Section 2551.305(e),
14 Insurance Code, as added by this Act, applies only to reinsurance
15 obtained on or after the effective date of this Act. Reinsurance
16 obtained before the effective date of this Act is governed by the
17 law as it existed immediately before the effective date of this Act,
18 and that law is continued in effect for that purpose.

19 SECTION 5. This Act takes effect September 1, 2013.

H.B. No. 3106

President of the Senate

Speaker of the House

I certify that H.B. No. 3106 was passed by the House on May 2, 2013, by the following vote: Yeas 147, Nays 0, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3106 on May 22, 2013, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3106 on May 26, 2013, by the following vote: Yeas 146, Nays 0, 2 present, not voting.

Chief Clerk of the House

H.B. No. 3106

I certify that H.B. No. 3106 was passed by the Senate, with amendments, on May 20, 2013, by the following vote: Yeas 30, Nays 0, 1 present, not voting; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3106 on May 26, 2013, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor