

By: Vo

H.B. No. 2414

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.

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

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

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

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

SECTION 4. Section 827.008(a), Insurance Code, is amended to read as follows:

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

SECTION 5. Sections 827.010(a) and (d), Insurance Code, are amended to read as follows:

(a) The commissioner may impose a moratorium of not longer

1 than two years on the approval of:

2 (1) ~~[the approval of]~~ withdrawal plans; or

3 (2) ~~[the implementation of]~~ plans to restrict the
4 writing of new business described by Section 827.008.

5 (d) To impose or renew a moratorium under this section, the
6 commissioner must determine, after notice and hearing, that ~~[a~~
7 ~~catastrophic event has occurred and that as a result of that event]~~
8 a particular line of insurance is not reasonably expected to be
9 available at an affordable premium to a substantial number of
10 policyholders or potential policyholders in this state or, in the
11 case of lines of personal automobile or residential property
12 insurance, in a rating territory.

13 SECTION 6. Section 827.008(c), Insurance Code, is repealed.

14 SECTION 7. The change in law made by this Act applies only
15 to a withdrawal or restriction plan filed with the Texas Department
16 of Insurance on or after the effective date of this Act. A
17 withdrawal or restriction plan filed with the Texas Department of
18 Insurance before the effective date of this Act is governed by the
19 law as it existed at the time the withdrawal or restriction plan was
20 filed, and that law is continued in effect for that purpose.

21 SECTION 8. This Act takes effect September 1, 2015.