

By: Muñoz, Jr.

H.B. No. 1402

A BILL TO BE ENTITLED

1 AN ACT
2 relating to requirements regarding the withdrawal by certain
3 insurers from the market for certain lines of insurance.

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

5 SECTION 1. Section 827.003, Insurance Code, is amended to
6 read as follows:

7 Sec. 827.003. WITHDRAWAL PLAN REQUIRED. (a) An insurer
8 shall file with the commissioner a plan for orderly withdrawal if
9 the insurer proposes to:

10 (1) reduce the insurer's total annual premium volume
11 by 50 percent or more;

12 (2) reduce the insurer's annual premium by 75 percent
13 or more in a line of insurance in this state; or

14 (3) reduce in this state, or in any applicable rating
15 territory, the insurer's total annual premium volume in a line of
16 personal automobile or residential property insurance by 50 percent
17 or more.

18 (b) An insurer shall file with the commissioner a plan for
19 orderly withdrawal if the insurer proposes to withdraw from writing
20 property and casualty insurance and controls 10 percent or more of
21 total annual premium volume of property and casualty insurance in
22 this state.

23 SECTION 2. Section 827.004, Insurance Code, is amended to
24 read as follows:

1 Sec. 827.004. PROVISIONS OF WITHDRAWAL PLAN. (a) A
2 withdrawal plan filed under Section 827.003 must:

3 (1) be constructed to protect the interests of the
4 people of this state;

5 (2) indicate the dates on which the insurer intends to
6 begin and to complete the plan; and

7 (3) provide for:

8 (A) meeting the insurer's contractual
9 obligations;

10 (B) providing service to the insurer's
11 policyholders and claimants in this state; and

12 (C) meeting any applicable statutory
13 obligations, such as payment of assessments to the guaranty fund
14 and participation in an assigned risk plan or joint underwriting
15 arrangement.

16 (b) In addition to the provisions required under Subsection
17 (a), a withdrawal plan filed under Section 827.003(b) must:

18 (1) provide for the insurer's incremental withdrawal
19 from the property and casualty market by reducing the insurer's
20 annual written premium in equal proportion over a 60-month period
21 beginning on the date of approval of the plan under Section 827.005;
22 and

23 (2) be constructed to allow the market an opportunity
24 to stabilize.

25 SECTION 3. Section 827.005(a), Insurance Code, is amended
26 to read as follows:

27 (a) Except as provided by Subsection (b), the commissioner

1 shall approve a withdrawal plan that adequately provides for
2 meeting the requirements prescribed by Section 827.004(a)(3) and,
3 if applicable, Section 827.004(b) [~~827.004(3)~~].

4 SECTION 4. The change in law made by this Act applies only
5 to a withdrawal plan filed with the commissioner of insurance on or
6 after the effective date of this Act. A withdrawal plan filed with
7 the commissioner of insurance before the effective date of this Act
8 is governed by the law as it existed at the time the withdrawal plan
9 was filed, and that law is continued in effect for that purpose.

10 SECTION 5. This Act takes effect September 1, 2017.