1-1	By: Zaffirini S.B. No. 1491
1-2 1-3	(In the Senate - Filed March 8, 2017; March 20, 2017, read first time and referred to Committee on Business & Commerce;
1-4	April 19, 2017, reported favorably by the following vote: Yeas 8,
1-5	Nays 0; April 19, 2017, sent to printer.)
1-6	COMMITTEE VOTE
1-7	Yea Nay Absent PNV
1-8	Hancock X
1-9	Creighton X
1-10 1-11	CampbellXEstesX
1-12	Nichols X
1-13	Schwertner X
1-14	Taylor of Galveston X
1 <b>-</b> 15 1 <b>-</b> 16	Whitmire X Zaffirini X
T-T0	
1 <b>-</b> 17 1 <b>-</b> 18	A BILL TO BE ENTITLED AN ACT
1-19	relating to domestic surplus lines insurers; authorizing and
1-20	imposing a tax.
1-21	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-22 1-23	SECTION 1. The heading to Subtitle I, Title 6, Insurance Code, is amended to read as follows:
1-24	SUBTITLE I. SURPLUS LINES INSURERS; COMPANIES [THAT ARE] NOT
1-25	ORGANIZED IN TEXAS
1-26 1-27	SECTION 2. Section 981.002(4), Insurance Code, is amended to read as follows:
1-27	(4) "Eligible surplus lines insurer" means an insurer
1-29	that is not an authorized insurer, but that is eligible under
1-30	Subchapter B or B-1, in which surplus lines insurance is placed or
1-31	may be placed under this chapter.
1-32 1-33	SECTION 3. Chapter 981, Insurance Code, is amended by adding Subchapter B-1 to read as follows:
1-34	SUBCHAPTER B-1. DOMESTIC SURPLUS LINES INSURER
1-35	Sec. 981.071. DEFINITION. In this subchapter, "domestic
1-36	surplus lines insurer" means an insurance company designated as a
1-37 1-38	domestic surplus lines insurer under Section 981.072. Sec. 981.072. DESIGNATION AS DOMESTIC SURPLUS LINES
1-39	INSURER. (a) A property and casualty insurance company organized
1-40	under Chapter 822 that has capital and surplus in an amount
1-41	described by Section 981.057 may apply to the department in a form
1-42 1-43	and manner prescribed by the commissioner for designation as a
1-43	<pre>domestic surplus lines insurer. (b) On approval of an application under Subsection (a), the</pre>
1-45	commissioner shall designate an applicant as a domestic surplus
1-46	lines insurer and issue to the applicant a domestic surplus lines
1-47	insurer certificate.
1-48 1-49	(c) Notwithstanding Section 822.101, a domestic surplus lines insurer is not entitled to a certificate of authority to
1-50	engage in the business of insurance in this state in the admitted
1-51	market.
1-52	Sec. 981.073. APPLICABILITY OF OTHER LAW; CONFLICTS.
1-53	(a) Except as provided by Subsection (b), a domestic surplus lines
1 <b>-</b> 54 1 <b>-</b> 55	<u>insurer is subject to:</u> (1) this chapter; and
1-56	(2) all other insurance laws, including Title 4,
1-57	applicable to a property and casualty insurance company organized
1-58	under Chapter 822.
1 <b>-</b> 59 1 <b>-</b> 60	(b) A domestic surplus lines insurer is not subject to: (1) Section 38.003;
1-60	(1) Section 38.003; (2) Chapter 462;
- UI	(1) onapoer 1027

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2-1 (3) Chapter 463;	
2-2 (4) Section 981.051;	
2-3 (5) Section 981.101(b);	
2-4 (6) Chapter 2301; and	
2-5 (7) Chapter 2251.	
2-6 (c) To the extent that this subchapter conflicts	s with any
2-7 other insurance law, this subchapter controls.	
2-8 Sec. 981.074. AUTHORIZED BUSINESS. (a) A domest	ic surplus
2-9 lines insurer may only insure a risk in this state if:	
2-10 (1) the insurance is procured as eligibl	le surplus
2-11 lines insurance under this chapter; and	
2-12 (2) the insurance is a kind of insurance the	
2-13 authorized to write under the insurer's articles of incorr	
2-14 (b) A domestic surplus lines insurer may not issue	•
2-15 (1) a policy in the admitted market; or	
2-16 (2) a policy to satisfy the financial resp	
2-17 requirements of Chapter 601, Transportation Code,	
2-18 requirements of Chapter 406, Labor Code, or requiremer	nts of any
2-19 other law of this state mandating insurance covera	age by an
2-20 insurance company authorized to engage in the business of	insurance
2-21 in this state.	~
2-22 Sec. 981.075. TAXES IMPOSED. (a) The premi	
2-23 surplus lines policy written under this subchapter is s	
2-24 the premium tax, if applicable, imposed under Chapter 225	
2-25 (b) A domestic surplus lines insurer is subj	
2-26 applicable maintenance tax as if the domestic surplus lin	les insurer
2-27 were an authorized insurer under Subtitle C, Title 3.	
2-28 Sec. 981.076. REQUIREMENTS FOR DOMESTIC SURPL	LUS LINES
2-29 DOCUMENTS. (a) In this section, "surplus lines documen	it" has the
2-30 meaning assigned by Section 981.101.	
2-31 (b) A surplus lines document issued by a domest:	
2-32 lines insurer must include a statement in the form a	and manner
2-33 provided by commissioner rule.	
2-34 <u>Sec. 981.077. REDOMESTICATION.</u> A foreign in 2-35 redomesticate to this state as a domestic surplus lines	surer may
2-35 redomesticate to this state as a domestic surplus lines	insurer as
2-36 provided by Chapter 983 if the foreign insurer qualif	tles under
2-37 Section 981.072.	
2-38 SECTION 4. This Act takes effect January 1, 2018.	
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