

SENATE AMENDMENTS

2nd Printing

By: Shine

H.B. No. 3496

A BILL TO BE ENTITLED

AN ACT

1
2 relating to voting procedures for policyholders of farm mutual
3 insurance companies.

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

5 SECTION 1. Section 911.065, Insurance Code, is amended by
6 adding Subsection (c) to read as follows:

7 (c) A farm mutual insurance company may provide in its
8 constitution or bylaws that a policyholder may vote electronically
9 or by mail without making a personal appearance at a policyholders'
10 meeting.

11 SECTION 2. This Act takes effect September 1, 2017.

ADOPTED

MAY 22 2017

Leroy Sew
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY:

Leroy Taylor

1 Amend H.B. No. 3496 (senate committee printing) by adding
2 the following appropriately numbered SECTIONS to the bill and
3 renumbering SECTIONS of the bill accordingly:

4 SECTION _____. Section 221.001, Insurance Code, is amended
5 by amending Subsection (b) and adding Subsection (c) to read as
6 follows:

7 (b) This chapter does not apply to:

8 (1) a fraternal benefit society, including a
9 fraternal 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
18 their own property and not for profit, except as provided by
19 Section 221.002(b)(13); or

20 (6) a farm mutual insurance company operating under
21 Chapter 911, unless the company is acting as a fronting insurer.

22 (c) In this section, "fronting insurer" means a farm
23 mutual insurance company:

24 (1) issuing an insurance policy that is the result
25 of:

26 (A) marketing by an insurer not affiliated with
27 the farm mutual insurance company;

28 (B) an application submitted by a consumer to an
29 insurer not affiliated with the farm mutual insurance company;

1 or

2 (C) an agreement with an insurer that is not a
3 farm mutual insurance company solely for the purpose of being
4 regulated under Chapter 911; or

5 (2) that cedes 85 percent or more of the farm mutual
6 insurance company's direct written premium to one or more
7 nonaffiliated reinsurers.

8 SECTION _____. Section 252.005, Insurance Code, is amended
9 to read as follows:

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

11 (1) a farm mutual insurance company operating under
12 Chapter 911, unless the company is acting as a fronting insurer
13 as defined by Section 221.001(c); or

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

21 SECTION _____. Section 2210.006(b), Insurance Code, is
22 amended to read as follows:

23 (b) This chapter does not apply to:

24 (1) a farm mutual insurance company operating under
25 Chapter 911, unless the company is acting as a fronting insurer,
26 as defined by Section 221.001(c);

27 (2) a nonaffiliated county mutual fire insurance
28 company described by Section 912.310 that is writing exclusively
29 industrial fire insurance policies as described by Section
30 912.310(a)(2); or

31 (3) a mutual insurance company or a statewide mutual

1 assessment company engaged in business under Chapter 12 or 13,
2 Title 78, Revised Statutes, respectively, before those chapters'
3 repeal by Section 18, Chapter 40, Acts of the 41st Legislature,
4 1st Called Session, 1929, as amended by Section 1, Chapter 60,
5 General Laws, Acts of the 41st Legislature, 2nd Called Session,
6 1929, that retains the rights and privileges under the repealed
7 law to the extent provided by those sections.

8 SECTION _____. (a) Sections 221.001 and 252.005, Insurance
9 Code, as amended by this Act, do not affect tax liability
10 accruing before the 2017 calendar year. That liability continues
11 in effect as if this Act had not been enacted, and the former
12 law is continued in effect for the collection of taxes due and
13 for civil and criminal enforcement of the liability for those
14 taxes.

15 (b) Section 2210.006(b), Insurance Code, as amended by
16 this Act, applies only to participation in the Texas Windstorm
17 Insurance Association on or after the effective date of this
18 Act, including the payment of assessments the liability for
19 which accrues on or after that date. Participation in the Texas
20 Windstorm Insurance Association before the effective date of
21 this Act, including the payment of assessments the liability for
22 which accrued before that date, is governed by the law as it
23 existed immediately before that date, and that law is continued
24 in effect for that purpose.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 23, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3496 by Shine (Relating to voting procedures for policyholders of farm mutual insurance companies.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to voting procedures for policyholders of farm mutual insurance companies. The bill would also amend the Insurance Code pertaining to the applicability of certain insurance laws to certain farm mutual insurance companies. The bill would amend which farm mutual insurance companies are not subject to insurance premium taxes and which farm mutual insurance companies are subject to insurance maintenance taxes.

Based on information provided by the Texas Department of Insurance and Comptroller of Public Accounts, this analysis assumes the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

This analysis assumes there could be a minimal impact on premium and maintenance tax revenue associated with implementing the provisions of the bill, but it is anticipated to not have a significant fiscal impact.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 304 Comptroller of Public Accounts

LBB Staff: UP, CL, CP, AG, EH

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 9, 2017

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3496 by Shine (Relating to voting procedures for policyholders of farm mutual insurance companies.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to voting procedures for policyholders of farm mutual insurance companies. Based on information provided by the Texas Department of Insurance, this analysis assumes the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: UP, CL, CP, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 27, 2017

TO: Honorable Larry Phillips, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3496 by Shine (Relating to voting procedures for policyholders of farm mutual insurance companies.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to voting procedures for policyholders of farm mutual insurance companies. Based on information provided by the Texas Department of Insurance, this analysis assumes the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: UP, CP, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 14, 2017

TO: Honorable Larry Phillips, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3496 by Shine (Relating to voting procedures for policyholders of farm mutual insurance companies.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to voting procedures for policyholders of farm mutual insurance companies. Based on information provided by the Texas Department of Insurance, this analysis assumes the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would take effect on September 1, 2017; however, a farm mutual insurance company would not be required to comply with the provisions of the bill before January 1, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: UP, AG, CP