

By: Paul

H. B. No. 4877

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the Texas Property and Casualty Insurance Guaranty
3 Association.

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

5 SECTION 1. Section 462.004(4), Insurance Code, is amended
6 to read as follows:

7 (4) "Claimant" means an insured making a first-party
8 claim, ~~or~~ a person instituting a liability claim, or a workers'
9 compensation claimant.

10 SECTION 2. Section 462.007(b), Insurance Code, is amended
11 to read as follows:

(1) life, annuity, health, or disability insurance;

15 (2) mortgage guaranty, financial guaranty, or other
16 kinds of insurance offering protection against investment risks:

17 (3) a fidelity or surety bond, or any other bonding
18 obligation:

19 (4) credit insurance, guaranteed asset protection
20 insurance that protects a lender's or borrower's interest if the
21 amount owed on an asset exceeds its value, vendors' single-interest
22 insurance, collateral protection insurance, or similar insurance
23 protecting a creditor's interest arising out of a creditor-debtor
24 transaction;

14 (9) insurance provided by or guaranteed by government.
15 SECTION 3. Section [462.017](#)(b), Insurance Code, is amended
16 to read as follows:

22 SECTION 4. Section 462.054, Insurance Code, is amended to
23 read as follows:

24 Sec. 462.054. ELIGIBILITY TO SERVE AS INDUSTRY
25 REPRESENTATIVE. To be eligible to serve as an insurance industry
26 board member, an individual must be an officer or a full-time
27 employee of a member insurer or affiliated entity.

1 SECTION 5. Section 462.105, Insurance Code, is amended to
2 read as follows:

3 Sec. 462.105. ACCOUNTS. For purposes of administration and
4 assessment, the association maintains the following four accounts
5 ~~[is divided into]~~:

6 (1) the administrative account;
7 (2) the workers' compensation insurance account;
8 (3) ~~(2)~~ the automobile insurance account; and
9 (4) ~~(3)~~ the account for all other lines of insurance
10 to which this chapter applies.

11 SECTION 6. Section 462.156(a), Insurance Code, is amended
12 to read as follows:

13 (a) The amounts provided under assessments made under this
14 chapter supplement the marshalling of assets by the receiver under
15 Chapter 443 ~~[442]~~ to make payments on the impaired insurer's
16 behalf.

17 SECTION 7. Sections 462.308(a), (b), and (c), Insurance
18 Code, are amended to read as follows:

19 (a) The association is entitled to recover:

20 (1) the amount of a covered claim and the cost of
21 defense paid on behalf of a person:

22 (A) who is an affiliate of the impaired insurer;
23 and

24 (B) whose liability obligations to other persons
25 are satisfied wholly or partly by payment made under this chapter;
26 ~~[and]~~

27 (2) the amount of a covered claim for workers'

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1 compensation insurance benefits and the costs of administration and
2 defense of the claim paid under this chapter from an insured
3 employer or any successor entity to the insured employer under
4 state, federal, or international law whose net worth on December 31
5 of the year preceding the date the insurer becomes an impaired
6 insurer exceeds \$50 million; and

13 (b) The association is not entitled to recover under
14 Subsection (a)(2) or (3) against an insured who is exempt from
15 federal income tax under Section 501(a), Internal Revenue Code of
16 1986, by being described by Section 501(c)(3) of that code.

17 (c) For purposes of Subsections [Subsection] (a)(2) and
18 (3), an insured's net worth is deemed to include the aggregate net
19 worth of the insured and of the insured's parent, subsidiary, and
20 affiliated companies computed on a consolidated basis.

21 SECTION 8. Section 462.309(a), Insurance Code, is amended
22 to read as follows:

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1 proceeding directly related to the receivership or instituted by
2 the receiver, is stayed for:

8 SECTION 9. Except as provided by this section, the changes
9 in law made by this Act apply only with respect to a property and
10 casualty insurance company that is designated as an impaired
11 insurer on or after the effective date of this Act. The law as it
12 existed immediately before the effective date of this Act applies
13 with respect to a property and casualty insurance company that is
14 designated as an impaired insurer before the effective date of this
15 Act, and that law is continued in effect for that purpose.

16 SECTION 10. This Act takes effect September 1, 2025.