

BILL ANALYSIS

Senate Research Center

H.B. 1789
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Economic Development
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Engrossed

DIGEST

Currently, when an insurance company decides to stop writing policies in a particular area, policyholders may have difficulty getting their claims paid or finding coverage with another company. Many states require insurers to notify regulators of their plans to withdraw in advance and to provide for an orderly transition to their policyholders. This bill expands the circumstances under which an insurer is required to file a withdrawal plan when the insurer plans to discontinue writing insurance policies, but plans to continue writing policies in other areas of the state.

PURPOSE

As proposed, H.B. 1789 expands the circumstances under which an insurer is required to file a withdrawal plan when the insurer plans to discontinue writing insurance policies, but plans to continue writing policies in other areas of the state.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Article 21.49-2C, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 21.49-2C, Insurance Code, Subsections (a) and (g), and adds Subsection (h), to require an authorized insurer to file with the commissioner of insurance (commissioner) a plan for orderly withdrawal if the insurer proposes to withdraw from writing a line of insurance in this state or to reduce its total annual premium volume by 75 percent or more or proposes, in a personal line of motor vehicle comprehensive or residential property insurance, to reduce its total annual premium volume in a rating territory by 50 percent or more. Deletes a provision requiring an authorized insurer to file with the commissioner a plan of orderly withdrawal. Sets forth provisions regarding the restriction of writing new business by an insurer of comprehensive motor vehicle or residential property insurance plans in response to catastrophic events. Defines "rating territory." Sets forth provisions authorizing the commissioner to impose certain moratoriums. Requires the commissioner, by rule, to establish reasonable criteria for applying certain standards for determining whether to impose a moratorium.

SECTION 2. Provides that this Act takes effect September 1, 1997.
Makes application of this Act prospective.

SECTION 3. Emergency clause.