

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5-25-13

Date

Honorable David Dewhurst
President of the Senate

Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 3106 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Jim Carona
CARONA, CHAIR

[Signature]
ELTIFE

[Signature]
FRANCOCK

Eddie Lucio, Jr.
LUCIO

[Signature]
VAN DE PUTE

Seanie W. Morrison
MORRISON, CHAIR

[Signature]
ASHBY

[Signature]
DARBY

[Signature]
PITTS

[Signature]
MENEZES

On the part of the Senate

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 3106

A BILL TO BE ENTITLED

AN ACT

relating to compensatory payments and reinsurance agreements made
in connection with the issuance of title insurance.

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

SECTION 1. Subchapter B, Chapter 2502, Insurance Code, is
amended by adding Section 2502.057 to read as follows:

Sec. 2502.057. CERTAIN COMPENSATORY PAYMENTS RELATED TO
CERTAIN ELECTRIC ENERGY PROJECTS PERMITTED. (a) This section
applies with respect to a utility project that is:

(1) designed to produce, generate, transmit,
distribute, sell, or furnish electric energy; and

(2) valued on completion at more than \$25 million.

(b) A payment for furnishing title evidence for the issuance
of a title insurance policy related to a project described by
Subsection (a) may be:

(1) a flat fee or fee calculated on an hourly basis
that:

(A) is payable on the date the title evidence is
furnished; and

(B) does not exceed \$25,000; or

(2) a portion of the title insurance premium:

(A) based on the percentage established by the
commissioner for payment by a title insurance company, title
insurance agent, or direct operation for services performed by

1 another title insurance company, title insurance agent, or direct
2 operation; and

3 (B) payable on the date of the issuance of the
4 policy for which the evidence is furnished.

5 (c) The payment must be:

6 (1) made by the proposed insured to the title
7 insurance company, title insurance agent, or direct operation that
8 furnishes the title evidence; and

9 (2) credited against the title insurance premium
10 charged for the issuance of the title insurance policy for which the
11 evidence is furnished.

12 (d) Nothing in this section may be construed to allow the
13 payment of an amount in violation of the premium rates promulgated
14 or the division of premium established by the commissioner.

15 (e) This section does not apply to a payment to a reinsurer
16 for the assumption of reinsurance described by Subchapter G,
17 Chapter 2551.

18 SECTION 2. Section 2551.305, Insurance Code, is amended by
19 adding Subsection (e) to read as follows:

20 (e) Notwithstanding any other provision of this subchapter,
21 a title insurance company may obtain reinsurance by a reinsurance
22 treaty or other reinsurance agreement from an assuming insurer with
23 a financial strength rating of B+ or better from the A. M. Best
24 Company that meets the requirements of Subchapter C, Chapter 493,
25 if the title insurance company has provided the department with an
26 affidavit that:

27 (1) contains facts that demonstrate the title

1 insurance company was unable after diligent effort to procure
2 sufficient reinsurance from another title insurance company; and
3 (2) states the terms of the reinsurance treaty or
4 other reinsurance agreement that the title insurance company will
5 obtain.

6 SECTION 3. The change in law made by Section 2502.057,
7 Insurance Code, as added by this Act, applies only to a payment for
8 title evidence furnished on or after the effective date of this Act.
9 A payment for title evidence furnished before the effective date of
10 this Act is governed by the law as it existed immediately before the
11 effective date of this Act, and that law is continued in effect for
12 that purpose.

13 SECTION 4. The change in law made by Section 2551.305(e),
14 Insurance Code, as added by this Act, applies only to reinsurance
15 obtained on or after the effective date of this Act. Reinsurance
16 obtained before the effective date of this Act is governed by the
17 law as it existed immediately before the effective date of this Act,
18 and that law is continued in effect for that purpose.

19 SECTION 5. This Act takes effect September 1, 2013.

House Bill 3106
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Subchapter B, Chapter 2502, Insurance Code, is amended by adding Section 2502.057.

No equivalent provision.

SECTION 2. Saving provision.

SENATE VERSION (IE)

SECTION 1. Same as House version except also adds Subsection (e) as follows:

(e) This section does not apply to a payment to a reinsurer for the assumption of reinsurance described by Subchapter G, Chapter 2551. [FA1]

Same as House version.

SECTION 2. Same as House version.

CONFERENCE

SECTION 1. Same as Senate version.

SECTION 2. Section 2551.305, Insurance Code, is amended by adding Subsection (e) to read as follows:

(e) Notwithstanding any other provision of this subchapter, a title insurance company may obtain reinsurance by a reinsurance treaty or other reinsurance agreement from an assuming insurer with a financial strength rating of B+ or better from the A. M. Best Company that meets the requirements of Subchapter C, Chapter 493, if the title insurance company has provided the department with an affidavit that:

(1) contains facts that demonstrate the title insurance company was unable after diligent effort to procure sufficient reinsurance from another title insurance company; and

(2) states the terms of the reinsurance treaty or other reinsurance agreement that the title insurance company will obtain.

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

SECTION 3. Same as House version except makes a conforming change.

House Bill 3106
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

No equivalent provision.

SECTION 3. Effective date.

SENATE VERSION (IE)

Same as House version.

SECTION 3. Same as House version.

CONFERENCE

SECTION 4. The change in law made by Section 2551.305(e), Insurance Code, as added by this Act, applies only to reinsurance obtained on or after the effective date of this Act. Reinsurance obtained before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

[The conference committee may have exceeded the limitations imposed on its jurisdiction, but only the presiding officer can make the final determination on this issue.]

SECTION 5. Same as House version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 25, 2013

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3106 by Morrison (Relating to compensatory payments and reinsurance agreements made in connection with the issuance of title insurance.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to compensatory payments and reinsurance agreements made in connection with the issuance of certain title insurance policies. The bill would apply to a payment for title evidence furnished on or after September 1, 2013.

Based on information provided by the Texas Department of Insurance, it is assumed that any costs associated with the implementation of the bill would be absorbed within existing staff and resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: UP, RB, ER, AG, LXH

Certification of Compliance with Rule 13, Section 6(b), House Rules of Procedure

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference must be furnished to each member of the committee in person or if unable to deliver in person by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Section 10(a) of this rule. The paper copies of the report submitted to the chief clerk under Section 10(b) of this rule must contain a certificate that the requirement of this subsection has been satisfied, and that certificate must be attached to the printed copy of the report furnished to each member under Section 10(d) of this rule. Failure to comply with this subsection is not a sustainable point of order under this rule.

I certify that a copy of the conference committee report on H. B. 3104 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Section 10(b), Rule 13, House Rules of Procedure.

Deanie W. Morris
(name)

5-25-13
(date)