

AN ACT

relating to the regulatory authority of the commissioner of insurance and the Texas Department of Insurance.

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

SECTION 1. Section 36.004, Insurance Code, is amended to read as follows:

Sec. 36.004. COMPLIANCE WITH NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS REQUIREMENTS; RULES. (a) Except as provided by Subsection (c) and Section 36.005, the department may not require an insurer to comply with a rule, regulation, directive, or standard adopted by the National Association of Insurance Commissioners, including a rule, regulation, directive, or standard relating to policy reserves, unless application of the rule, regulation, directive, or standard is expressly authorized by statute [~~and approved by the commissioner~~].

(b) For purposes of Subsection (a), a version of a rule, regulation, directive, or standard is expressly authorized by statute if:

(1) the statute explicitly authorizes the commissioner to adopt rules consistent with the rule, regulation, directive, or standard; or

(2) that version is the latest version of the rule, regulation, directive, or standard on the date that the statute was enacted.

1 (c) The commissioner may adopt a rule to require compliance
2 with a rule, regulation, directive, or standard adopted by the
3 National Association of Insurance Commissioners if:

4 (1) the commissioner finds the rule is technical or
5 nonsubstantive in nature or necessary to preserve the department's
6 accreditation; and

7 (2) before the adoption of the rule, the commissioner
8 provides the standing committees of the senate and house of
9 representatives with primary jurisdiction over the department with
10 written notice of the commissioner's intent to adopt the rule.

11 SECTION 2. Subchapter A, Chapter 36, Insurance Code, is
12 amended by adding Section 36.007 to read as follows:

13 Sec. 36.007. RULES RELATING TO AGREEMENTS LIMITING STATE
14 AUTHORITY TO REGULATE INSURANCE PROHIBITED; EFFECT OF AGREEMENT.

15 (a) The commissioner may not adopt or enforce a rule that
16 implements an interstate, national, or international agreement
17 that:

18 (1) infringes on the authority of this state to
19 regulate the business of insurance in this state; and

20 (2) was not approved by the legislature.

21 (b) An agreement described by Subsection (a) has no effect
22 on the authority of this state to regulate the business of insurance
23 in this state unless the agreement is approved by the legislature.

24 SECTION 3. Subchapter C, Chapter 551, Insurance Code, is
25 amended by adding Section 551.1041 to read as follows:

26 Sec. 551.1041. RULEMAKING AUTHORITY RELATING TO NOTICE OF
27 CANCELLATION OF CERTAIN PERSONAL AUTOMOBILE INSURANCE COVERAGES.

1 The commissioner shall exercise the commissioner's rulemaking
2 authority to adopt rules under which an insurer that cancels a
3 personal automobile insurance policy that provides comprehensive
4 or collision physical damage coverage for an automobile that is
5 subject to a purchase money lien is required to notify the
6 lienholder, if known, that the coverage will be canceled.

7 SECTION 4. Section 36.004, Insurance Code, as amended by
8 this Act, applies only to a rule adopted or amended on or after the
9 effective date of this Act. A rule adopted before the effective
10 date of this Act and not amended on or after that date is governed by
11 the law applicable to the rule immediately before the effective
12 date of this Act, and that law is continued in effect for that
13 purpose.

14 SECTION 5. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect September 1, 2017.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1450 passed the Senate on May 4, 2017, by the following vote: Yeas 31, Nays 0; May 26, 2017, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 27, 2017, House granted request of the Senate; May 28, 2017, Senate adopted Conference Committee Report by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1450 passed the House, with amendments, on May 24, 2017, by the following vote: Yeas 141, Nays 4, one present not voting; May 27, 2017, House granted request of the Senate for appointment of Conference Committee; May 28, 2017, House adopted Conference Committee Report by the following vote: Yeas 99, Nays 47, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor