

## CHAPTER 261

## H.B. No. 1508

An Act relating to sources of payment for violations of trade practices in the business of insurance.

*Be it enacted by the Legislature of the State of Texas:*

**SECTION 1.** Section 23, Article 21.21, Insurance Code, is amended to read as follows:

Sec. 23. Those civil penalties, premium refunds, judgments, compensatory judgments, individual recoveries, orders, class action awards, costs, damages, or attorneys' fees which are assessed or awarded as provided in this Article shall be paid only from the capital or surplus funds of the offending insurance company, and no such payments shall take precedence over, be in priority to, or in any manner be applicable to the provisions of Article 21.28-B, Texas Insurance Code, known as the Loss Claimant's Priorities Act, Article 21.28-C, Texas Insurance Code, known as the Property and Casualty Insurance Guaranty Act, Article 21.28-D, Texas Insurance Code, known as the Life, Accident, Health, and Hospital Service Insurance Guaranty Association Act, Article 21.28-E, Texas Insurance Code, known as the Texas Life, Health and Accident Guaranty Act, any other similar insurance guaranty act hereafter enacted by the Texas Legislature, or Article 21.39-A, Texas Insurance Code, known as the Asset Protection Act, and such special statutes and the priorities of funds created thereby shall be exempt from the provisions of this Article.

**SECTION 2.** The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on April 18, 1985, by a non-record vote; passed by the Senate on May 15, 1985, by the following vote: Yeas 31, Nays 0.

Approved: June 4, 1985

Effective: August 26, 1985