

CHAPTER 73

H.B. No. 316

AN ACT

relating to the cancellation of agency contracts by fire and casualty insurance companies.

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

SECTION 1. Subsection (b), Section 1, Article 21.11-1, Insurance Code, is amended to read as follows:

(b) The company shall renew all contracts for fire and casualty insurance for the agent during a period of six months from the effective date of the termination, but in the event any risk shall not meet current underwriting standards of the company, the company may decline its renewal, provided that the company shall give the agent not less than 60 days' notice of its intention not to renew the contract of insurance. *An insurance company that is renewing contracts of insurance under this subsection shall pay to the terminated agent commissions for those renewals according to the same commission schedule that was in effect for that agent before the company's decision to terminate the agency contract. A terminated agent must be allowed to pay to the company all sums due according to the same accounts current payment terms that are in effect for agents of the company who have not been terminated.*

SECTION 2. Section 2, Article 21.11-1, Insurance Code, is amended to read as follows:

Sec. 2. During the term of the contract the company shall not refuse to renew such business from the agent as would be in accordance with the company's current underwriting standards *in effect for agents of the company who have not been terminated.*

SECTION 3. 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 2, 1987, by a non-record vote. Passed by the Senate on April 24, 1987, by a viva-voce vote.

Approved May 7, 1987.

Effective 90 days after date of adjournment.