

CHAPTER 21. GENERAL PROVISIONS

SUBCHAPTER A. AGENTS AND AGENTS' LICENSES

Art. 21.11-2. AGENCY CONTRACTS WITH INSOLVENT INSURERS.

Article repealed effective April 1, 2007

Sec. 1. Every agency contract entered into on and after the effective date of this Act by an insurance company writing fire and casualty insurance in Texas shall contain, or shall be construed to contain, the following provision:

Notwithstanding any other provision of this contract, the obligation of the agent to remit written premiums to the company shall be changed upon the commencement of delinquency proceedings as defined in Article 21.28, Insurance Code of Texas of 1951, as amended. Subsequent to the commencement of delinquency proceedings, the obligation of the agent to remit premiums shall be confined to premiums earned prior to the date of cancellation of policies stated in the order of a court of competent jurisdiction under Article 21.28 of this code canceling the policies. The agent shall not owe or remit to the company or to the Liquidator-Receiver any premiums that are unearned as of the date of the cancellation stated in the order canceling the policies.

Sec. 2. On or after the effective date of the cancellation of policies stated in the court's order canceling policies, the agent shall promptly account to the receiver for all premiums to be returned to the insured or the replacement coverage to be obtained and the earned premiums to be paid to the receiver. Any of those unearned premiums in the hands of the agent on the effective date of the policy cancellations shall be returned promptly by the agent to the insured who paid them or, with the approval of the insured, shall be used to purchase new coverage for the insured with a different insurer. Any of the earned premiums in the hands of the agent shall be remitted promptly to the receiver.

Sec. 3. This article does not prejudice any cause of action by the receiver against any agent for the recovery of unearned premiums that were not returned to policyholders and earned premiums that were not promptly remitted to the receiver.

Sec. 4. This article may not be construed to render the agent an agent of the receiver for earned or unearned premiums.

Added by Acts 1973, 63rd Leg., p. 1263, ch. 462, Sec. 1, eff. Aug. 27, 1973.

Amended by Acts 1989, 71st Leg., ch. 1082, Sec. 6.04, eff. Sept. 1, 1989.