

INSURANCE CODE

TITLE 4. REGULATION OF SOLVENCY

SUBTITLE F. REINSURANCE

CHAPTER 491. GENERAL REINSURANCE REQUIREMENTS

SUBCHAPTER A. REINSURANCE

Sec. 491.001. INAPPLICABILITY OF SUBCHAPTER. This subchapter does not apply to:

- (1) life insurance;
- (2) health insurance;
- (3) annuity contracts;
- (4) title insurance;
- (5) workers' compensation insurance;
- (6) employers' liability insurance coverage; or
- (7) any policy or kind of coverage for which the

maximum possible loss to the insurer is not readily ascertainable on the policy's issuance.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 1, eff. April 1, 2007.

Sec. 491.002. REINSURANCE PERMITTED. An insurer or reinsurer authorized to engage in the business of insurance or reinsurance in this state may reinsure all or part of a single risk in another solvent insurer.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 1, eff. April 1, 2007.

Sec. 491.003. RISK LIMITATION FOR DOMESTIC OR FOREIGN INSURER. An insurer incorporated under the laws of this state, another state, or the United States and authorized to engage in business in this state may not expose itself to a loss or hazard on a single risk in an amount that exceeds 10 percent of the insurer's surplus for policyholders unless the insurer reinsures the excess in another solvent insurer.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 1, eff. April 1, 2007.

Sec. 491.004. RISK LIMITATION FOR ALIEN INSURER. An insurer incorporated under the laws of a jurisdiction other than this state, another state, or the United States and authorized to engage in business in this state may not, unless the insurer reinsures the excess in another solvent insurer, expose itself to a loss or hazard on a single risk in an amount that exceeds the sum of:

(1) 10 percent of the insurer's deposit with the statutory officer in the state through which the insurer is authorized to engage in business in the United States; and

(2) 10 percent of the other surplus for policyholders of the insurer's United States branch.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 1, eff. April 1, 2007.

Sec. 491.005. COMPLIANCE WITH OTHER LAW. Reinsurance that is required or permitted by this subchapter must comply with Chapter 493.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 1, eff. April 1, 2007.

SUBCHAPTER B. COMPUTATION OF REINSURANCE RESERVE

Sec. 491.051. COMPUTATION OF RESERVE FOR INSURER WITH NO BASIS PRESCRIBED BY LAW. For an insurer engaged in the business of a kind of insurance in this state, for which no basis is prescribed by law, the department shall compute the reinsurance reserve on the basis prescribed by Section 862.102 for an insurer writing fire insurance.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 1, eff. April 1, 2007.

Sec. 491.052. COMPUTATION OF REINSURANCE RESERVES FOR CERTAIN INSURERS. (a) On December 31 of each year, or as soon as practicable after that date, the department shall, in accordance with Section 491.051, compute the reinsurance reserve for all unexpired risks of each insurer organized under the laws of this

state or engaged in the business of insurance in this state.

(b) This section does not apply to:

- (1) life insurance;
- (2) fire insurance;
- (3) marine insurance;
- (4) inland marine insurance;
- (5) lightning insurance; or
- (6) tornado insurance.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](#)), Sec. 1, eff.
April 1, 2007.