

INSURANCE CODE

TITLE 2. TEXAS DEPARTMENT OF INSURANCE

SUBTITLE B. DISCIPLINE AND ENFORCEMENT

CHAPTER 81. GENERAL PROVISIONS REGARDING DISCIPLINE AND
ENFORCEMENT

Sec. 81.001. LIMITATIONS PERIOD FOR CERTAIN DISCIPLINARY ACTIONS. (a) Except as provided by Subsection (b), the department or commissioner may not begin an action to impose a sanction, penalty, or fine, including an administrative penalty, against an insurer, agent, or other license holder who is subject to the jurisdiction of the department for conduct that is a violation of this code or another insurance law of this state after the earlier of:

(1) the fifth anniversary of the date on which the conduct that is a violation occurred; or

(2) the second anniversary of the earlier of:

(A) the date on which the conduct that is a violation is first discovered by the department; or

(B) the date on which the conduct that is a violation is made known to the department.

(b) The department or commissioner may not begin an action to impose a sanction, penalty, or fine, including an administrative penalty, against an insurer, agent, or other license holder who is subject to the jurisdiction of the department for conduct that is a violation of this code or another insurance law of this state and that involves fraud by the insurer, agent, or license holder after the fifth anniversary of the earlier of:

(1) the date on which the conduct that is a violation is first discovered by the department; or

(2) the date on which the conduct that is a violation is made known to the department.

(c) This section does not apply to conduct that is:

(1) a violation that is ongoing at the time the department seeks to impose the sanction, penalty, or fine;

(2) a violation of Subchapter A, Chapter 544, or Section 541.057, as those provisions relate to discrimination on

the basis of race or color, regardless of the time the conduct occurs; or

(3) a violation of Title 5, Labor Code.

Added by Acts 1999, 76th Leg., ch. 101, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 887, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 265 (H.B. 7), Sec. 6.058, eff. September 1, 2005.

Sec. 81.002. NOTICE OF CERTAIN ORDERS AND DECISIONS. Notwithstanding Section 2001.142, Government Code, in a contested case before the department or the commissioner the department shall mail to each party and the party's attorney of record, by certified mail, return receipt requested, a copy of the department's or commissioner's written decision or order in that case.

Added by Acts 1999, 76th Leg., ch. 101, Sec. 1, eff. Sept. 1, 1999.

Sec. 81.003. NOTIFICATION OF CERTAIN DISCIPLINARY ACTIONS OCCURRING IN OTHER STATES; CIVIL PENALTY. (a) In this section, "insurer" means any organization, corporation, or other person that transacts insurance business, other than an organization, corporation, or other person that is specifically made exempt from this section by a reference to this section, without regard to whether the organization, corporation, or other person is listed in this subsection. The term includes:

- (1) a capital stock company;
- (2) a title insurance company;
- (3) a reciprocal or interinsurance exchange;
- (4) a Lloyd's plan insurer;
- (5) a fraternal benefit society;
- (6) a mutual company, including a mutual assessment company;
- (7) a statewide mutual assessment company;
- (8) a local mutual aid association;
- (9) a burial association;
- (10) a county mutual insurance company;

(11) a farm mutual insurance company; and

(12) a fidelity, guaranty, or surety company.

(b) An insurer shall notify the commissioner and shall deliver a copy of any applicable order or judgment to the commissioner not later than the 30th day after the date of the:

(1) suspension or revocation of the insurer's right to transact business in another state; or

(2) receipt of an order to show cause why the insurer's license in another state should not be suspended or revoked.

(c) An insurer who violates Subsection (b) is liable for a civil penalty, recoverable by a civil action, in an amount not to exceed \$500 for each violation. In addition to the civil penalty, the commissioner may suspend or revoke the license of an insurer or agent for a wilful violation of Subsection (b).

Added by Acts 1999, 76th Leg., ch. 101, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 43 (S.B. [1012](#)), Sec. 1, eff. September 1, 2017.

Sec. 81.004. REPORT TO ATTORNEY GENERAL. The department shall report to the attorney general, promptly and in detail, any violation of law relating to insurance companies or the business of insurance.

Added by Acts 1999, 76th Leg., ch. 101, Sec. 1, eff. Sept. 1, 1999.