INSURANCE CODE

TITLE 6. ORGANIZATION OF INSURERS AND RELATED ENTITIES

SUBTITLE A. GENERAL PROVISIONS APPLICABLE TO INSURERS AND RELATED ENTITIES

CHAPTER 801. CERTIFICATE OF AUTHORITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 801.001.  DEFINITIONS. In this chapter:

(1)  "Control" has the meaning described by Section 823. 005.

(2)  "Insurer" means the issuer of an insurance policy that is issued to another in consideration of a premium and that insures against a loss that may be insured against under the law.  The term includes a:

(A)  fraternal benefit society;

(B)  Lloyd's plan;

(C)  mutual company of any kind, including a:

(i)  statewide mutual assessment association;

(ii)  local mutual aid association or burial association; and

(iii)  county or farm mutual insurance company;

(D)  reciprocal or interinsurance exchange;

(E)  group hospital service corporation;

(F)  health maintenance organization;

(G)  nonprofit legal services corporation; and

(H)  stock company.

(3)  "Person" has the meaning assigned by Section 823.002.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1022 (H.B. [4291](http://capitol.texas.gov/tlodocs/81R/billtext/html/HB04291F.HTM)), Sec. 1, eff. June 19, 2009.

Sec. 801.002.  EXEMPTION FOR CERTAIN FRATERNAL BENEFIT SOCIETIES. This chapter does not apply to a fraternal benefit society that:

(1)  sells insurance policies only as an incidental benefit to its members; and

(2)  on September 6, 1955, was:

(A)  organized and licensed by the department as a fraternal benefit society; or

(B)  exempt under former Article 10.12 or 10.38, revised as Section 885.004.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

SUBCHAPTER B. CERTIFICATE OF AUTHORITY

Sec. 801.051.  APPROVAL, DENIAL, OR DISAPPROVAL OF APPLICATION FOR CERTIFICATE; ELIGIBILITY; HEARING. (a) The department shall approve, deny, or disapprove an application for a certificate of authority to act as an insurer.

(b)  If the department determines that the applicant has complied with the law, the department shall approve the application and issue under the department's seal a certificate of authority to act as an insurer.

(c)  On the applicant's request, the commissioner shall hold a hearing on a denial.  Not later than the 30th day after the date of the applicant's request for a hearing, the commissioner shall request a hearing date.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1022 (H.B. [4291](http://capitol.texas.gov/tlodocs/81R/billtext/html/HB04291F.HTM)), Sec. 2, eff. June 19, 2009.

Sec. 801.052.  EFFECT AND CONTENTS OF CERTIFICATE. A certificate of authority issued to an insurer under this chapter authorizes the insurer to engage in the business of insurance. The certificate of authority must state the specific kinds of insurance authorized under the certificate.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.053.  DURATION OF CERTIFICATE. A certificate of authority issued to an insurer under this chapter is effective until it is suspended or revoked.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.054.  PREFERENCE FOR DOMESTIC COMPANY. In issuing a certificate of authority to an applicant under this chapter, the department shall give preference to an application submitted by a domestic company.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.055.  DEPOSIT OF FEES. A fee collected by the department under this chapter for a certificate of authority shall be deposited to the credit of the Texas Department of Insurance operating account.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.056.  FAILURE TO PROVIDE COMPLETE SET OF FINGERPRINTS: GROUND FOR DENIAL OF APPLICATION. (a) In this section, "authorization" means any authorization issued by the department to engage in an activity regulated under this code, including:

(1)  a certificate of authority;

(2)  a certificate of registration;

(3)  a license; and

(4)  a permit.

(b)  The department may deny an application for an authorization if the applicant or a corporate officer of the applicant fails to provide a complete set of fingerprints on request by the department.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.057.  FAILURE TO FILE ANNUAL STATEMENT: GROUND FOR REVOCATION OR SUSPENSION. A certificate of authority of an insurer that fails to file an annual statement required by law is subject to being suspended or revoked by the department.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

SUBCHAPTER C. COMPETENCE, FITNESS, OR REPUTATION

Sec. 801.101.  DEPARTMENT INQUIRY. The department may inquire into the competence, fitness, or reputation of:

(1)  an officer or director of an insurer; or

(2)  a person having control of an insurer.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.102.  DENIAL OF APPLICATION OR REVOCATION OF CERTIFICATE. (a) If after conducting an inquiry under Section 801.101 the department determines that the person who is the subject of the inquiry is not worthy of the public confidence, the department shall:

(1)  deny the application for a certificate of authority; or

(2)  revoke the insurer's certificate of authority.

(b)  On the applicant's request, the commissioner shall hold a hearing on a denial or revocation.  Not later than the 30th day after the date of the applicant's request for a hearing, the commissioner shall request a hearing date.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1022 (H.B. [4291](http://capitol.texas.gov/tlodocs/81R/billtext/html/HB04291F.HTM)), Sec. 3, eff. June 19, 2009.

SUBCHAPTER D. FELONY CONVICTION

Sec. 801.151.  ISSUANCE OF CERTIFICATE PROHIBITED. Except as provided by Sections 801.153 and 801.154, the department may not issue a certificate of authority to an applicant if a corporate officer or member of the board of directors of the applicant has been convicted of a felony involving:

(1)  moral turpitude; or

(2)  breach of a fiduciary duty.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.152.  REVOCATION OF CERTIFICATE. After notice and hearing, the department may revoke the certificate of authority of an insurer if a corporate officer or member of the board of directors of the insurer is convicted of a felony involving:

(1)  moral turpitude; or

(2)  breach of a fiduciary duty.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.153.  PETITION FOR ISSUANCE OR REINSTATEMENT OF CERTIFICATE. A company may petition the commissioner for issuance or reinstatement of a certificate of authority of the company that is denied or revoked under this subchapter:

(1)  not earlier than the later of:

(A)  the fifth anniversary of the date of the final conviction; or

(B)  if the officer or director is sentenced to confinement or imprisonment or placed on community supervision, the fifth anniversary of the date the officer or director completes the sentence or period of community supervision; or

(2)  after the officer or director ceases to be an officer or director of the insurer.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.154.  GRANT OF PETITION. The commissioner shall grant a petition for issuance or reinstatement of a certificate of authority under this subchapter if the petitioner demonstrates that granting the petition would be in the public interest and that justice would best be served by granting the petition.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 801.155.  RULES RELATING TO CONTENTS OF PETITION. The department may adopt rules under this subchapter prescribing the contents of a petition for issuance or reinstatement of a certificate of authority.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.