

Amend **CSSB 14** (page 6, line 1, committee printing) by adding the following new subchapter, and renumbering subsequent subchapters accordingly:

SUBCHAPTER R. NONSTANDARD MARKETS.

Art. 5.1425. RATE REQUIREMENTS

Sec. 1. SCOPE. This article governs the regulation of rates for personal automobile insurance in nonstandard markets.

Sec. 2. PURPOSE. The purpose of this section is to:

(1) promote the availability of personal automobile liability insurance in this state by preserving residual markets for Texas residents historically served by such residual markets;

(2) reduce the number of uninsured drivers in this state by ensuring a readily available residual market for high risk, nonstandard drivers;

(3) ensure that rates in such residual markets are not excessive, inadequate, unreasonable or unfairly discriminatory for the risks to which they apply; and

(4) ensure that such residual markets are subject to unfair discrimination statutes and to market conduct examination by the commissioner.

Sec. 3. STANDARD RATE INDEX. (a) Using standard and generally accepted actuarial techniques, the commissioner shall annually calculate and publish a statewide standard rate index intended to accurately reflect the statewide average rate for classifications, including the following:

(1) for private passenger automobile liability, standard rate indexes for bodily injury liability, property damage liability, personal injury protection, medical payments, and uninsured/underinsured motorist coverages; and

(2) for private passenger automobile physical damage, standard rate indexes for collision, and other than collision coverages.

(b) The commissioner may establish and calculate other standard rate indexes for private passenger automobile insurance as necessary to implement the provisions of this article.

Sec. 4. NONSTANDARD RATES. (a) "Nonstandard rates" are rates that are 30% or higher than the standard rate index calculated

by the commissioner.

(b) A county mutual insurance company, as defined in Section 912 of this code, writing personal automobile insurance at nonstandard rates is not subject to Article 5.142 of this code provided the county mutual writes less than 3.5% of the total personal automobile insurance premiums in this state.

(c) A county mutual insurance company that increases its aggregate rates by 10% or more in a calendar year must secure the prior approval of the commissioner as provided by Section 5 of Article 5.142 of this code.

(d) Notwithstanding subsection 4(b) of this article, the commissioner may designate by rule other types of insurers that historically and currently, as of the effective date of this Act, serve residual markets for high risk, nonstandard drivers in this state. Such insurers designated by the commissioner may be subject to this article.

Sec. 5. RATE STANDARDS AND FILING. (a) Rates established under this article may not be excessive, inadequate, unreasonable, or unfairly discriminatory for the risks to which they apply.

(b) The commissioner by rule shall determine what an insurer must file to ensure compliance with subsection (a) of this section and Sec. 3 of this article.

(c) The commissioner may disapprove a rate that does not comply with subsection (a) as provided for in Sec. 6 of Article 5.142.

(d) Nothing in this article shall be construed to limit the commissioner's authority to conduct market conduct examinations under Article 1.15 of this code for an insurer subject to this article.

(e) Insurers subject to this article are subject to unfair discrimination provisions in this code, including articles 21.21-6, 21.21-8, and 21.21-10.

(f) No rating territory shall be smaller than the boundary of a county, except for counties in the designated catastrophe area for the Texas Windstorm Insurance Association, under Article 21.49 of this code, where insurers may file their own territories to reflect the exposure to weather-related catastrophic events.

(g) Each rate filing and any supporting information filed under this article are subject to disclosure under Chapter 552, Government Code, as of the date the filing is received by the department.