

BILL ANALYSIS

H.B. 2286
By: Taylor
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Article 5.01-1 of the Insurance Code prohibits an insurer from assessing a surcharge based on driving record/traffic violations. County mutual companies, however, are not subject to this statute placing them with an advantage over other insurers. This exception is inconsistent with the purpose of Senate Bill 14 (78th Session) intended to level the playing field in the Texas insurance marketplace. This unequal treatment has hampered new entities into the market by companies that desire to write standard and non-standard risks.

This bill repeals the surcharge assessment prohibition. Accordingly, insurers will be able to assess a rate incorporating driving records in a rate filing provided that the rate is actuarially justified and subject to review by the Department of Insurance.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1: The bill repeals Article 5.01-1 of the Insurance Code relating to the use of a rating plan.

SECTION 2: The bill applies only to an automobile insurance policy delivered, issued for delivery or renewed on or after the effective date of the Act.

SECTION 3: The effective date is September 1, 2005.

EFFECTIVE DATE

September 1, 2005