

BILL ANALYSIS

H.B. 2872
By: Smithee
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, Article 5.81 of the Insurance Code provides the insurance commissioner with the authority to regulate multi-peril policies of insurance under any of the subchapters of Chapter 5 of the Insurance Code. Article 5.13-2 of the Insurance Code was amended to apply to the regulation of rates and policy forms for essentially all property and casualty lines of insurance regulated under Chapter 5 that may be included in a multi-peril policy. This article is the primary Insurance Code provision regulating rates and policy forms for property and casualty insurance. Therefore, Article 5.13-2 should be the only statutory provision that applies to the regulation of rates and policy forms for these lines of insurance when included in multi-peril policies. Including multi-peril policies in Article 5.13-2 and repealing Article 5.81 will avoid conflicting provisions in the Insurance Code and provide more efficient regulation.

HB 2872 amends Article 5.13-2 of the Insurance Code to include multi-peril insurance as a line of insurance subject to regulation under the article, and will repeal Article 5.81 of the Insurance Code.

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: Section 2(a), Article 5.13-2 of the Insurance Code is amended to also apply to multi-peril insurance.

SECTION 2: Articles 5.81 and 5.81A of the Insurance Code are repealed.

SECTION 3: Prospective application

SECTION 4: The effective date is September 1, 2005.

EFFECTIVE DATE

September 1, 2005. The Act applies beginning with January 1, 2006.