

BILL ANALYSIS

C.S.S.B. 1829
By: Lucio
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The 78th Legislature, Regular Session, 2003, enacted S.B. 14, designed to allow certain insurers serving the nonstandard insurance market to continue to serve that market in Texas. S.B. 14 provided for lesser filing requirements for county mutuals and other insurance companies writing nonstandard insurance. Nonstandard markets were to be determined based upon a threshold rate (the benchmark plus 30 percent) as compared to a standard rate index. The commissioner of insurance, by rule, was allowed to designate companies other than county mutuals that had also traditionally served the nonstandard market.

C.S.S.B. 1829 defines non-standard companies and their affiliates, and allows non-standard insurers needing simplified filing requirements to be restricted from issuing liability policies at greater than minimum limits required by law. C.S.S.B. 1829 allows non-standard insurers to continue to offer competitive and lower rates to drivers that deserve a rate lower than 30 percent above the rate index. The broad authority given to the Texas Department of Insurance to obtain information regarding statutory rate standards under S.B. 14 remains intact.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Commissioner of the Texas Department of Insurance in SECTION 1 (Article 5.13-2, Section 13, subsection (h), of the Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 13, Article 5.13-2, Insurance Code, by adding Subsection (h), as follows:

Upon finding that it is in the public interest, the commissioner, by order, may determine that an insurer is subject to the filing requirements determined by the commissioner by rule under subsection (f) of this section if insurer is subject to the filing requirements determined by the commissioner by rule under Subsection (f) of this section if the insurer, along with the insurer's affiliated companies or group, issues personal automobile liability insurance policies only below 101 percent of the minimum limits required by Chapter 601 (Motor Vehicle Safety Responsibility Act), Transportation Code, and if the insurer, along with the insurer's affiliated companies or group, has a market share of less than 3.5 percent of the personal automobile insurance market in this state.

SECTION 2. Effective date: upon passage or September 1, 2005.

EFFECTIVE DATE

Upon passage or September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute adds new language to Section 1 allowing the commissioner to determine if the insurer is subject to filing requirements.