

By: Averitt

S.B. No. 398

A BILL TO BE ENTITLED

AN ACT

relating to rates and rating plans for automobile insurance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 13, Article 5.13-2, Insurance Code, is amended by amending Subsection (f) and adding Subsection (f-1) to read as follows:

(f) A county mutual insurance company that issues personal automobile insurance policies only at nonstandard rates, as determined before all applicable discounts are applied to the rates and after any policy fees are applied to the rates, is subject to filing requirements as determined by the commissioner by rule if the insurer and the insurer's affiliated companies or group have a market share of less than 3.5 percent. In setting rates, an insurance company subject to this subsection must comply with the rating standards established by this article. Not later than the first day on which any change in the rates becomes effective, the company shall for informational purposes file the rates and any additional information required by the department. The commissioner by rule shall determine the information required to be provided in the filing under this subsection. The commissioner may inspect the books and records of the company at any time to ensure compliance with the rating standards. An insurance company described by this subsection is subject to Article 5.144 of this code. A county mutual insurance company not described by this

1 section is subject to Article 21.81 of this code and is required to
2 comply with the filing requirements of this article and any other
3 provision of this code applicable to a county mutual insurance
4 company.

5 (f-1) For a county mutual insurance company described by
6 Subsection (f) of this section, each personal automobile insurance
7 program of the company that is subject to a separate reinsurance
8 agreement and each local chapter or district is considered an
9 insurer for purposes of this article and Articles 1.02 and 5.171 of
10 this code.

11 SECTION 2. Articles 5.01-1 and 5.01-3, Insurance Code, are
12 repealed.

13 SECTION 3. This Act applies only to the rate for an
14 insurance policy that is delivered, issued for delivery, or renewed
15 on or after January 1, 2006. The rate for an insurance policy that
16 is delivered, issued for delivery, or renewed before January 1,
17 2006, is governed by the law as it existed immediately before the
18 effective date of this Act, and that law is continued in effect for
19 this purpose.

20 SECTION 4. This Act takes effect September 1, 2005.