

By: Carona

S.B. No. 1585

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of nonstandard rates for personal lines automobile insurance.

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

SECTION 1. Subsections (a) and (f), Section 13, Article 5.13-2, Insurance Code, are amended to read as follows:

(a) This section governs rate regulation of personal automobile insurance issued at nonstandard rates [~~by a county mutual insurance company~~] as prescribed by this section.

(f)(1) An insurer authorized to write personal automobile insurance may issue personal automobile policies at nonstandard rates. Any insurer writing personal automobile insurance only at nonstandard rates may have a separate rating plan for each personal automobile insurance program of the insurer that is subject to a separate reinsurance agreement, and differences in the premium, fees, and rates charged under such rating plans shall not be considered discriminatory, provided the following conditions are met:

(A) all personal automobile insurance written by the insurer is written at nonstandard rates;

(B) the total annual premium for all personal automobile insurance written by the insurer and its affiliates at nonstandard rates is no more than two percent of the Texas personal automobile insurance market; and

1 (C) the insurer has no more than five such rating
2 plans [~~A county mutual insurance company that issues personal~~
3 ~~automobile insurance policies only at nonstandard rates is subject~~
4 ~~to filing requirements as determined by the commissioner by rule if~~
5 ~~the insurer and the insurer's affiliated companies or group have a~~
6 ~~market share of less than 3.5 percent]~~.

7 (2) In setting rates, an insurance company subject to
8 this subsection must comply with the rating standards established
9 by this article. Not later than the first day on which any change in
10 the rates becomes effective, the company shall for informational
11 purposes file the rates and any additional information required by
12 the department. The commissioner by rule shall determine the
13 information required to be provided in the filing under this
14 subsection. The commissioner may inspect the books and records of
15 the company at any time to ensure compliance with the rating
16 standards. An insurance company described by this subsection is
17 subject to Article 5.144 of this code. All insurers writing
18 personal automobile insurance only at nonstandard rates are subject
19 to the same reduced filing requirements as determined by the
20 commissioner by rule and are not subject to Article 5.01-1 or 21.81
21 of this code [~~A county mutual insurance company not described by~~
22 ~~this section is subject to Article 21.81 of this code and is~~
23 ~~required to comply with the filing requirements of this article and~~
24 ~~any other provision of this code applicable to a county mutual~~
25 ~~insurance company]~~.

26 Section 2. The following laws are repealed:

27 (1) Subsection (g), Section 13, Article 5.13-2,

1 Insurance Code;

2 (2) Article 5.01, Insurance Code; and

3 (3) Article 5.03, Insurance Code.

4 SECTION 3. This Act applies only to an insurance policy that
5 is delivered, issued for delivery, or renewed on or after January 1,
6 2006. An insurance policy that is delivered, issued for delivery,
7 or renewed before January 1, 2006, is governed by the law as it
8 existed immediately before the effective date of this Act, and that
9 law is continued in effect for this purpose.

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