

BILL ANALYSIS

H.B. 3358
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Insurance
Committee Report (Amended)

BACKGROUND AND PURPOSE

S.B. 14, 78th Legislature, Regular Session, 2003, created an entirely new insurance regulatory system in Texas. As a result of many successful provisions in the bill, insurance rates have decreased and the insurance market Texas is once again competitive.

Despite the overall success of S.B. 14, certain insurance companies have effectively used Texas's court system to their advantage. As a result of these companies disputing the Texas Department of Insurance's initial rate adjustment, thousands of Texas consumers have yet to see the rate reductions they were promised after the 78th session.

H.B. 3358 addresses this issue by creating a disincentive for insurers to extend the rate approval process. Under H.B. 3358, if an insurer files a petition for judicial review in response to a rate decision made by the Texas Department of Insurance, the insurer would have to use the rate in effect at the time the appeal is filed. The bill prevents an insurer from filing and using a higher rate before the appeal is resolved, unless the new rate is directly approved 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

H.B.3358 relates to prior approval of property and casualty insurance rates under certain circumstances.

In SECTION 1, H.B. 3358 seeks to amend Section 2251.151 of the Texas Insurance Code by adding Subsection (a-1). Subsection (a-1) states that if an insurer files a petition under Subchapter D, Chapter 36, for judicial review an order disapproving a rate under this chapter, the insurer must use the rates in effect for the insurer at the time the petition is filed and may not file and use any higher rate for insurance subject to this chapter before the matter subject to judicial review is finally resolved unless the insurer, in accordance with this subchapter, files the new rate with the department, along with any applicable supplementary rating information and supporting information, and obtains the commissioner's approval of the rate.

SECTION 2 of H.B. 3358 simply states that the change in law made by this Act applies only to an insurer that files a petition for judicial review under Subchapter D, Chapter 36, Insurance Code, on or after the effective date of this Act. An insurer that files a petition for judicial review before the effective date of this Act is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

Finally, SECTION 3 of H.B. 3358 states that this Act takes effect September 1, 2007.

EFFECTIVE DATE

September 1, 2007.

EXPLANATION OF AMENDMENT

The Amendment to House Bill 3358 simply adds the phrase "the same line of" to Subsection (a-1), Section 2251.151 of the Texas Insurance Code. Thus, Subsection (a-1) now reads that "If an insurer files a petition under Subchapter D, Chapter 36, for judicial review an order disapproving a rate under this chapter, the insurer must use the rates in effect for the insurer at the time the petition is filed and may not file and use any higher rate for the same line of insurance subject to this chapter before the matter subject to judicial review is finally resolved unless the insurer, in accordance with this subchapter, files the new rate with the department, along with any applicable supplementary rating information and supporting information, and obtains the commissioner's approval of the rate."