

## **BILL ANALYSIS**

S.B. 978  
By: Watson  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current law allows insurers to assess a premium surcharge at the time of renewal if the insured has filed one or more claims in the preceding three-year period. This limit is not consistent with other parts of the Insurance Code.

As proposed, S.B. 978 increases the allowable number of claims to be filed before the insured is assessed a premium surcharge from one claim during a three-year period to two claims during a three-year period.

### **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. Amends Section 551.107(c), Insurance Code, to state that an insurer may assess a premium surcharge at the time an insurance policy is renewed if the insured has filed two, rather than one as currently found in the Code, or more claims in the preceding three policy years. The amount of the surcharge must be based on sound actuarial principles.

SECTION 2. This Act applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2008. A policy delivered, issued for delivery, or renewed before January 1, 2008, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. Effective date: September 1, 2007.

### **EFFECTIVE DATE**

September 1, 2007.