

By: West, et al.

S.B. No. 828

Substitute the following for S.B. No. 828:

By: Smithee

C.S.S.B. No. 828

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a study concerning the collection and use of certain
3 information by certain insurers.

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

5 SECTION 1. DEFINITION. In this Act, "department" means the
6 Texas Department of Insurance.

7 SECTION 2. DEPARTMENT STUDY CONCERNING DATA MINING AND
8 PATTERN RECOGNITION. The department shall conduct a study of:

9 (1) technologies such as statistical techniques,
10 devices, or models that may be used by or on behalf of an insurer
11 that writes personal automobile or residential property insurance
12 to establish new classifications or to change methods of
13 classification for rating, tiering, or underwriting; and

14 (2) the manner in which the insurer may use the
15 relationships derived from the technologies described by
16 Subdivision (1) in:

17 (A) predicting differences in expected losses of
18 insureds or applicants for coverage;

19 (B) underwriting and creating and defining risk
20 classifications or changing a method of classification;

21 (C) setting or determining rates and premiums; or

22 (D) using classifications or a change in a method
23 of classification to deny coverage, limit coverage, or refuse to
24 renew or cancel coverage for individual insureds.

1 SECTION 3. REPORT TO LEGISLATURE. The department shall
2 include a report of the results of the study conducted under this
3 Act in the biennial report to the 81st Legislature made under
4 Section 32.022, Insurance Code. The report must describe the impact
5 that the use of the relationships derived from technologies
6 described by Section 2 of this Act has on insurance, insureds, and
7 applicants for insurance in this state, and may include
8 recommendations for proposed legislation appropriate to regulate
9 or mitigate the use of those technologies.

10 SECTION 4. EFFECTIVE DATE. This Act takes effect
11 immediately if it receives a vote of two-thirds of all the members
12 elected to each house, as provided by Section 39, Article III, Texas
13 Constitution. If this Act does not receive the vote necessary for
14 immediate effect, this Act takes effect September 1, 2007.