

Amend CSSB 1007 (Senate committee report) by inserting the following appropriately numbered SECTION and renumbering subsequent SECTIONS of the bill appropriately:

SECTION _____. Subtitle G, Title 5, Insurance Code, is amended by adding Chapter 752 to read as follows:

CHAPTER 752. DATA MINING AND PATTERN RECOGNITION

Sec. 752.001. DEFINITION. In this chapter, "regulated entities" means insurers or other organizations regulated by the department, including:

- (1) a domestic or foreign Lloyd's plan;
- (2) a domestic or foreign reciprocal or interinsurance exchange;
- (3) a county mutual insurance company;
- (4) a farm mutual insurance company;
- (5) a domestic or foreign title insurance company; and
- (6) an attorney's title insurance company.

Sec. 752.002. STUDY OF INFORMATION CONCERNING DATA MINING AND PATTERN RECOGNITION. (a) The commissioner by rule shall require regulated entities to report to the department concerning:

(1) technologies used by the entities to identify relationships among variables that are used to predict differences in expected losses of covered persons or applicants for coverage or that are otherwise used in activities of regulated entities; and

(2) the manner in which the regulated entities use the technologies described by Subdivision (1) in:

- (A) underwriting and creating and defining risk classifications;
- (B) setting rates and premiums, as applicable;
- (C) detecting fraudulent claims;
- (D) identifying subrogation opportunities;
- (E) improving marketing; or
- (F) performing other activities identified by the commissioner.

(b) In exercising the commissioner's authority under this section, the commissioner shall require that regulated entities report with respect to selected lines of insurance or selected segments of the market and may limit the reporting to specific uses

of relationships derived from the technologies.

(c) Underwriting guidelines and related information obtained by the commissioner under this section are subject to Section 38.002 or 38.003, as appropriate. Other information obtained under this section is commercial information not subject to disclosure requirements of Chapter 552, Government Code.

Sec. 752.003. REPORT TO THE LEGISLATURE. The department shall include in its biennial report to the legislature under Section 32.022 information concerning the use of relationships derived from the technologies described by Section 752.002 by regulated entities.