

BILL ANALYSIS

H.B. 2877
By: Sheffield
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Legislature established the closed claim report due to an absence of reliable information concerning liability insurance claims. The data used in the preparation of a closed claim report includes closed commercial liability claims involving bodily injury that are submitted on the quarterly closed claim reports for the following lines of insurance: general liability, medical professional liability, other professional liability, commercial automobile liability, and the liability portion of commercial multi-peril insurance. Of the two types of forms filed, half are short forms that account for only 7 percent of the payments made, while the other half are long forms that account for 93 percent of the payments made. The required reporting amounts have not been amended for 16 years; the short and long form reporting amounts require an adjustment to reflect current economic trends more accurately.

H.B. 2877 increases the minimum indemnity payments for bodily injury that require an insurer to file a closed claim report, a summary closed claim report, or an aggregate report with the Texas Department of Insurance, and allows the use of a statistical reporting agency to reconcile closed claim data.

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. 2877 amends the Insurance Code to increase from \$25,000 to \$75,000 the minimum indemnity payment for bodily injury under an insurer's liability policy that requires an insurer to file a closed claim report with the Texas Department of Insurance within a specified period. The bill increases from less than \$25,000 but more than \$10,000 to less than \$75,000 but more than \$25,000 the indemnity payment for bodily injury under an insurer's liability policy that requires the insurer to file a summary closed claim report for a claim for recovery under the policy. The bill increases from \$10,000 to \$25,000 the maximum indemnity payments for bodily injury for all claims closed within the calendar year under a liability insurance policy, including claims for which an indemnity payment is not made on closing, that are required to be included in an aggregate report filed by an insurer with the department. The bill authorizes the department to use a statistical reporting agency to reconcile closed claim data.

EFFECTIVE DATE

September 1, 2009.