

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 20, 2009

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3258 by McClendon (Relating to automobile insurance loss ratios and premiums, and the collection and use of certain data by insurers regarding automobile insurance; providing administrative penalties.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to automobile insurance loss ratios and premiums, and the collection and use of certain data by insurers regarding automobile insurance. The bill would allow the Texas Department of Insurance (TDI) to gather information on the technologies that insurers use for data mining and the use to which the results are put. The bill would require the agency to provide information on the use of the data mining and make recommendations for proposed legislation in the agency's biennial report to the legislature. This bill would require insurers to report the loss ratio for each automobile policy issued in the previous year and would allow the TDI to take certain actions if the policy's loss ratio is less than some established minimum, including rate adjustments, rebates, requiring an actuarial report, or any other action determined to be appropriate.

TDI indicates that there will be some cost to implement the provisions of this bill; however, it is assumed that these costs could be absorbed within existing agency resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JOB, KJG, MW, CH