

Amend HB 1951 as follows:

(1) Strike the following SECTIONS of ARTICLE 3

(2) Add the following appropriately numbered SECTIONS to ARTICLE 3 or the bill and renumber subsequent SECTIONS of that ARTICLE accordingly:

SECTION 3.____. This article shall be known as the Comprehensive Assessment and Rate Evaluation (CARE) Act.

SECTION 3.____. Section 912.002(c), Insurance Code, as effective April 1, 2011, is amended to read as follows:

(c) Rate [~~regulation for a residential fire and allied lines insurance policy written by a county mutual insurance company is subject to Chapter 2253. On and after December 1, 2004, rate~~] regulation for a personal automobile insurance policy and a residential property [~~fire and allied lines~~] insurance policy written by a county mutual insurance company is subject to Article 5.13-2, [~~and~~] Chapter 2251, and Chapter 2253. A county mutual insurance company is subject to Chapter 2253. The commissioner may adopt rules as necessary to implement this subsection.

SECTION 3.____. Section 1806.052, Insurance Code, is amended to read as follows:

Sec. 1806.052. CONSTRUCTION OF SUBCHAPTER. This subchapter may not be construed to prohibit the modification of rates by a rating plan that complies [~~is filed in accordance~~] with the requirements of Chapter 2251 or Article 5.13-2, as applicable, [~~that has not been disapproved by the commissioner,~~] and that is designed to encourage the prevention of accidents, and to account for all relevant factors inside and outside this state, including the peculiar hazards and experience of past and prospective individual risks.

SECTION 3.____. Section 2251.002(7), Insurance Code, is amended to read as follows:

(7) "Supplementary rating information" means any manual, rating schedule, plan of rules, rating rules, classification systems, territory codes and descriptions, rating plans, and other similar information used by the insurer to determine the applicable premium for an insured. The term includes the number of policyholders that would be affected by the rating

information change and factors and relativities, including increased limits factors, classification relativities, deductible relativities, premium discount, and other similar factors and rating plans such as experience, schedule, and retrospective rating.

SECTION 3.____. Section 2251.003(c), Insurance Code, is amended to read as follows:

(c) Sections 2251.008, 2251.052, 2251.101, 2251.102, [~~2251.103,~~] 2251.104, 2251.105, and 2251.107 do not apply to a Lloyd's plan or a reciprocal or interinsurance exchange with respect to commercial property insurance, inland marine insurance, rain insurance, or hail insurance on farm crops.

SECTION 4.____. Section 2251.101(a), Insurance Code, is amended to read as follows:

(a) For [~~Except as provided by Subchapter D, for~~] risks written in this state, each insurer shall file with the commissioner all rates, applicable rating manuals, supplementary rating information, and additional information as required by the commissioner.

SECTION 3.____. The heading of Subchapter D, Chapter 2251, Insurance Code, is amended to read as follows:

SUBCHAPTER D. PRIOR APPROVAL OF CERTAIN RATES [~~UNDER CERTAIN CIRCUMSTANCES~~]

SECTION 3.____. Section 2251.151, Insurance Code, is amended to read as follows:

Sec. 2251.151. REQUIREMENT TO FILE CERTAIN RATES FOR PRIOR APPROVAL [~~UNDER CERTAIN CIRCUMSTANCES~~]. (a) An insurer may not use a rate for a personal automobile insurance policy or residential property insurance policy until the rate has been filed with the department in accordance with Subchapter C and approved by the commissioner in accordance with this subchapter. This subsection does not apply to a county mutual insurance company with respect to rates for personal automobile insurance.

(b) For rates that are not subject to Subsection (a), including rates used by a county mutual insurance company for personal automobile insurance, the [The] commissioner by order may require an insurer to file with the department for the

commissioner's approval all rates, supplementary rating information, and any supporting information in accordance with this subchapter if the commissioner determines that:

(1) the insurer's rates require supervision because of the insurer's financial condition or rating practices; or

(2) a statewide insurance emergency exists.

(c) [~~(a-1)~~] If an insurer subject to an order under Subsection (b) files a petition under Subchapter D, Chapter 36, for judicial review of an order disapproving a rate under this chapter, the insurer must use the rates in effect for the insurer at the time the petition is filed and may not file and use any higher rate for the same line of insurance subject to this chapter before the matter subject to judicial review is finally resolved unless the insurer, in accordance with this subchapter, files the new rate with the department, along with any applicable supplementary rating information and supporting information, and obtains the commissioner's approval of the rate.

(d) [~~(b)~~] From the date a [~~of the filing of the~~] rate is filed with the department under this section to the effective date of the new rate, the insurer's previously filed rate that is in effect on the date of the filing remains in effect.

(e) [~~(c)~~] The commissioner may require an insurer to file the insurer's rates under Subsection (b) [~~this section~~] until the commissioner determines that the conditions described by that subsection [~~Subsection (a)~~] no longer exist.

(f) [~~(d)~~] For purposes of this chapter [~~section~~], a rate is filed with the department on the date the commissioner determines that the department has received all information necessary to evaluate [~~receives~~] the rate [~~filing~~].

(g) [~~(e)~~] If the commissioner requires an insurer to file the insurer's rates under Subsection (b) [~~this section~~], the commissioner shall issue an order specifying the commissioner's reasons for requiring the rate filing. An affected insurer is entitled to a hearing on written request made to the commissioner not later than the 30th day after the date the order is issued.

SECTION 3.____. Section 2251.152, Insurance Code, is amended to read as follows:

Sec. 2251.152. [~~RATE APPROVAL REQUIRED;~~] EXCEPTION TO CERTAIN RATE APPROVAL REQUIREMENTS. (a) After [~~An insurer subject to this subchapter may not use a rate until the rate has been filed with the department and approved by the commissioner in accordance with this subchapter.~~]

[~~(b) Notwithstanding Subsection (a), after~~] a rate filing required of an insurer under Section 2251.151(b) is approved under this subchapter, the [~~an~~] insurer, without prior approval of the commissioner, may use any rate subsequently filed by the insurer if the subsequently filed rate does not exceed the lesser of:

(1) 107.5 percent of the rate approved by the commissioner; or

(2) 110 percent of any rate used by the insurer in the previous 12-month period.

(b) [~~(c)~~] Filed rates under Subsection (a) [~~(b)~~] take effect on the date specified by the insurer.

SECTION 3.____. Section 2251.153, Insurance Code, is amended to read as follows:

Sec. 2251.153. COMMISSIONER ACTION. (a) Not later than the 120th [~~30th~~] day after the date a rate is filed with the department under this subchapter, the commissioner shall:

(1) approve the rate if the commissioner determines that the rate complies with the requirements of this chapter and any other provision of this code governing the setting of the rate by the insurer; or

(2) disapprove the rate if the commissioner determines that the rate does not comply with the requirements of this chapter or any other provision of this code governing the setting of the rate by the insurer.

(b) Except as provided by Subsection (c), if a rate has not been approved or disapproved by the commissioner before the expiration of the 120-day [~~30-day~~] period described by Subsection (a), the rate is considered approved and the insurer may use the rate unless the rate proposed in the filing represents an increase of 12.5 percent or more from the insurer's previously filed rate.

(c) For good cause, the commissioner may, on the expiration of the 120-day [~~30-day~~] period described by Subsection (a), extend

the period for approval or disapproval of a rate for a one ~~additional~~ 30-day period. ~~[The commissioner and the insurer may not by agreement extend the 30-day period described by Subsection (a).]~~

SECTION 3.____. Section 2251.156, Insurance Code, is amended to read as follows:

Sec. 2251.156. RATE FILING DISAPPROVAL BY COMMISSIONER; HEARING. (a) The commissioner shall disapprove a rate filing if the commissioner determines that the rate filing made under this chapter does not meet the standards under Subchapter B.

(b) If the commissioner disapproves a rate filing under this chapter ~~[Section 2251.153(a)(2)]~~, the commissioner shall issue an order specifying in what respects the filing fails to meet the requirements of this chapter or another provision of this code applicable to the setting of the rate by the insurer ~~[disapproving the filing in accordance with Section 2251.103(b)]~~.

(c) ~~[(b)]~~ An insurer whose rate filing is disapproved is entitled to a hearing on written request made to the commissioner not later than the 30th day after the date the order disapproving the rate filing takes effect ~~[in accordance with Section 2251.103(c)]~~.

SECTION 3.____. Section 2251.104, Insurance Code, is transferred to Subchapter D, Chapter 2251, Insurance Code, and redesignated as Section 2251.157 to read as follows:

Sec. 2251.157 ~~[2251.104]~~. DISAPPROVAL OF RATE IN EFFECT; HEARING. (a) The commissioner may disapprove a rate that is in effect only after a hearing. The commissioner shall provide the filer at least 20 days' written notice.

(b) The commissioner must issue an order disapproving a rate under Subsection (a) not later than the 15th day after the close of the hearing. The order must:

(1) specify in what respects the rate fails to meet the requirements of this chapter; and

(2) state the date on which further use of the rate is prohibited, which may not be earlier than the 45th day after the close of the hearing under this section.

SECTION 3.____. Section 2251.155, Insurance Code, is

repealed.

SECTION 3.____. The commissioner of insurance shall adopt all rules necessary to implement this article on or before December 1, 2011.

SECTION 3.____. The change in law made by this article applies to insurance policies delivered, issued for delivery, or renewed on or after January 1, 2012, and to rates for those policies. An insurance policy delivered, issued for delivery, or renewed before January 1, 2012, and rates for the policy are 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.