

Amend CSSB 871 (senate committee printing) by striking SECTIONS 1 and 2 of the bill (page 1, lines 14-60), substituting the following, and renumbering the subsequent SECTION of the bill accordingly:

SECTION 1. Section 2254.003, Insurance Code, is amended by amending Subsection (a) and adding Subsections (a-1), (a-2), and (a-3) to read as follows:

(a) This section applies to a rate for personal automobile insurance or residential property insurance filed on or after the effective date of Chapter 206, Acts of the 78th Legislature, Regular Session, 2003.

(a-1) If the department provides an insurer with formal written notice that a rate is excessive or unfairly discriminatory, then the insurer may file a new rate or take other corrective action to substantially address the department's concerns. The new rate or other corrective action must be filed on or before the 60th day following the date of formal written notice. At the commissioner's discretion, the commissioner may extend the deadline to file by an additional 30 days. If the department accepts the new rate or other corrective action, then the insurer shall, according to commissioner order, refund or issue a premium discount directly to each affected policyholder on the portion of the premium found to be excessive or unfairly discriminatory, plus interest on that amount. The interest rate to be paid on refunds or discounts under this subsection is the sum of six percent and the prime rate for the calendar year in which formal written notice is given. For purposes of this subsection, the prime rate is the prime rate as published in The Wall Street Journal for the first day of the calendar year that is not a Saturday, Sunday, or legal holiday.

(a-2) If the insurer does not file or take, or the department does not accept, a new rate or other corrective action as provided under Subsection (a-1), and the commissioner issues an order disapproving the rate as excessive or unfairly discriminatory under Section 2251.104, then the insurer must refund or issue a premium discount directly to each affected policyholder on the portion of the premium found to be excessive or unfairly discriminatory, plus interest on that amount. The interest rate to

be paid on refunds or discounts under this subsection is 18 percent.  
An insurer is not required to pay any interest penalty if the  
insurer prevails in an appeal of the commissioner's order under  
Subchapter D, Chapter 36.

(a-3) The period for the refund and interest begins on the  
date the department first provides the insurer with formal written  
notice that the insurer's filed rate is excessive or unfairly  
discriminatory, and interest continues to accrue until the refund  
or discount is paid or issued.