

By: McClendon

H.B. No. 207

Substitute the following for H.B. No. 207:

By: Eiland

C.S.H.B. No. 207

A BILL TO BE ENTITLED

AN ACT

relating to a mile-based rating plan for personal automobile insurance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 2251, Insurance Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. MILE-BASED AUTOMOBILE INSURANCE RATING PLANS

Sec. 2251.301. DEFINITION. In this subchapter, "mile-based automobile insurance" means personal automobile insurance that is rated using a rating plan for which a unit of exposure is one mile driven by the insured.

Sec. 2251.302. APPLICABILITY OF OTHER LAW. (a) Subchapters A, B, C, and D apply to mile-based automobile insurance written under this subchapter.

(b) An insurer shall make separate filings under Subchapter C for mile-based automobile insurance written under this subchapter and other automobile insurance written in this state.

Sec. 2251.303. MILE-BASED AUTOMOBILE INSURANCE AUTHORIZED.

(a) An insurer authorized to write personal automobile insurance in this state may write mile-based automobile insurance in this state.

(b) An insurer that writes mile-based automobile insurance in this state may also write personal automobile insurance in this state using a rating plan for which a unit of exposure is a unit

1 other than the number of miles driven by the insured and that
2 complies with this chapter.

3 (c) An insurer may require a person purchasing personal
4 automobile insurance to use the same type of rating plan for all
5 vehicles covered under the person's personal automobile insurance
6 policy.

7 Sec. 2251.304. COMMISSIONER POWERS AND DUTIES; RULES.

8 (a) The commissioner shall compile information regarding:

9 (1) the number of insurers writing mile-based
10 automobile insurance in this state;

11 (2) the geographic areas of this state in which
12 mile-based automobile insurance is written; and

13 (3) the premium rates for mile-based automobile
14 insurance compared to personal automobile insurance rated on
15 another basis.

16 (b) The commissioner shall adopt rules as necessary or
17 appropriate to govern the use of mile-based automobile insurance
18 under this subchapter, including rules regarding:

19 (1) prepayment arrangements;

20 (2) proof of financial responsibility; and

21 (3) auditing of the odometer of a vehicle for the
22 purpose of determining coverage and number of miles driven.

23 SECTION 2. Section 1952.054, Insurance Code, is amended to
24 read as follows:

25 Sec. 1952.054. REQUIRED DISCLOSURES REGARDING SHORT-TERM
26 POLICIES. (a) An insurance policy or other document evidencing
27 proof of purchase of a personal automobile insurance policy, other

1 than a mile-based automobile insurance policy written under
2 Subchapter G, Chapter 2251, that is written for a term of less than
3 30 days or a mile-based automobile insurance policy written under
4 Subchapter G, Chapter 2251, that is written for fewer than 1,000
5 miles may not be used to obtain an original or renewal driver's
6 license, an automobile registration or license plates, or a motor
7 vehicle inspection certificate. An insurance policy or other
8 document described by this subsection must contain the following
9 statement:

10 TEXAS LAW PROHIBITS USE OF THIS DOCUMENT TO OBTAIN A
11 MOTOR VEHICLE INSPECTION CERTIFICATE, AN ORIGINAL OR
12 RENEWAL DRIVER'S LICENSE, OR AN AUTOMOBILE
13 REGISTRATION OR LICENSE PLATES.

14 (b) Before accepting any premium or fee for a personal
15 automobile insurance policy or binder for a term of less than 30
16 days, other than a policy or binder for a mile-based automobile
17 insurance policy written under Subchapter G, Chapter 2251, or any
18 premium or fee for a mile-based automobile insurance policy written
19 under Subchapter G, Chapter 2251, that is written for fewer than
20 1,000 miles, an agent or insurer must make the following written
21 disclosure to the applicant or insured:

22 TEXAS LAW PROHIBITS USE OF THIS POLICY OR BINDER TO
23 OBTAIN A MOTOR VEHICLE INSPECTION CERTIFICATE, AN
24 ORIGINAL OR RENEWAL DRIVER'S LICENSE, OR AN AUTOMOBILE
25 REGISTRATION OR LICENSE PLATES.

26 SECTION 3. Section 2251.001, Insurance Code, is amended to
27 read as follows:

1 Sec. 2251.001. PURPOSE. The purposes of this subchapter
2 and Subchapters B, C, D, [~~and~~] E, and G are to:

3 (1) promote the public welfare by regulating insurance
4 rates to prohibit excessive, inadequate, or unfairly
5 discriminatory rates;

6 (2) promote the availability of insurance;

7 (3) promote price competition among insurers to
8 provide rates and premiums that are responsive to competitive
9 market conditions;

10 (4) prohibit price-fixing agreements and other
11 anticompetitive behavior by insurers; and

12 (5) provide regulatory procedures for the maintenance
13 of appropriate information reporting systems.

14 SECTION 4. Sections 2251.003(a) and (b), Insurance Code,
15 are amended to read as follows:

16 (a) This subchapter and Subchapters B, C, D, [~~and~~] E, and G
17 apply to:

18 (1) an insurer to which Article 5.13 applies, other
19 than the Texas Windstorm Insurance Association, the FAIR Plan
20 Association, and the Texas Automobile Insurance Plan Association;
21 and

22 (2) except as provided by Subsection (c), a Lloyd's
23 plan, reciprocal or interinsurance exchange, and county mutual
24 insurance company with respect to the lines of insurance described
25 by Subsection (b).

26 (b) This subchapter and Subchapters B, C, D, [~~and~~] E, and G
27 apply to all lines of the following kinds of insurance written under

1 an insurance policy or contract issued by an insurer authorized to
2 engage in the business of insurance in this state:

3 (1) general liability insurance;

4 (2) residential and commercial property insurance,
5 including farm and ranch insurance and farm and ranch owners
6 insurance;

7 (3) personal and commercial casualty insurance,
8 except as provided by Section 2251.004;

9 (4) medical professional liability insurance;

10 (5) fidelity, guaranty, and surety bonds other than
11 criminal court appearance bonds;

12 (6) personal umbrella insurance;

13 (7) personal liability insurance;

14 (8) guaranteed auto protection (GAP) insurance;

15 (9) involuntary unemployment insurance;

16 (10) financial guaranty insurance;

17 (11) inland marine insurance;

18 (12) rain insurance;

19 (13) hail insurance on farm crops;

20 (14) personal and commercial automobile insurance;

21 (15) multi-peril insurance; and

22 (16) identity theft insurance issued under Chapter
23 706.

24 SECTION 5. Section 32.102(a), Insurance Code, is amended to
25 read as follows:

26 (a) The department, in conjunction with the office of public
27 insurance counsel, shall establish and maintain a single Internet

1 website that provides information to enable consumers to make
2 informed decisions relating to the purchase of residential property
3 insurance and personal automobile insurance. The website must
4 include:

5 (1) a description of each type of residential property
6 insurance policy and personal automobile insurance policy issued in
7 this state, including a comparison of the coverage, exclusions, and
8 restrictions of each policy that allows a side-by-side comparison
9 of the features of the policy forms;

10 (2) a listing of each insurer writing residential
11 property insurance or personal automobile insurance in this state,
12 indexed by each county or zip code in which the insurer is actively
13 writing that insurance, and a profile of the insurer that includes:

14 (A) contact information for the insurer,
15 including the insurer's full name, address, and telephone number
16 and the insurer's fax number and e-mail address, if available;

17 (B) information on rates charged by the insurer,
18 including:

19 (i) sample rates for different policyholder
20 profiles in each county or zip code; and

21 (ii) the percentage by which the sample
22 rate has fallen or risen due to filings in the previous 12, 24, and
23 36 months;

24 (C) a list of policy forms, exclusions,
25 endorsements, and discounts offered by the insurer;

26 (D) an indication of whether the insurer uses
27 credit scoring in underwriting, rating, or tiering, and a link to

1 the insurer's credit model or a link explaining how to request the
2 insurer's credit model;

3 (E) the insurer's financial rating determined by
4 A. M. Best or similar rating organization and an explanation of the
5 meaning and importance of the rating;

6 (F) a complaint ratio or similar complaint rating
7 system for the insurer for each of the previous three years and an
8 explanation of the meaning of the rating system; and

9 (G) information, other than information made
10 confidential by law, on the insurer's regulatory and administrative
11 experience with the department, the office of public insurance
12 counsel, and insurance regulatory authorities in other states;
13 [~~and~~]

14 (3) if feasible, as determined by the commissioner and
15 the public insurance counsel:

16 (A) a side-by-side comparison of credit scoring
17 models, including factors, key variables, and weights, of
18 residential property insurers in this state; and

19 (B) a side-by-side comparison of credit scoring
20 models, including factors, key variables, and weights, of private
21 passenger automobile insurers in this state; and

22 (4) information that is compiled by the commissioner
23 under Section 2251.304 concerning mile-based automobile insurance
24 policies written under Subchapter G, Chapter 2251, and is not
25 otherwise described by this subsection.

26 SECTION 6. The change in law made by this Act applies only
27 to a personal automobile insurance policy that is delivered, issued

1 for delivery, or renewed on or after January 1, 2012. An insurance
2 policy that is delivered, issued for delivery, or renewed before
3 January 1, 2012, is covered by the law in effect at the time the
4 policy was delivered, issued for delivery, or renewed, and that law
5 is continued in effect for that purpose.

6 SECTION 7. This Act takes effect September 1, 2011.