

By: Coleman

H.B. No. 1842

A BILL TO BE ENTITLED

AN ACT

relating to prior approval of residential property insurance rates of certain insurers.

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

SECTION 1. Subchapter D, Chapter 2251, Insurance Code, is amended by adding Section 2251.1512 to read as follows:

Sec. 2251.1512. PRIOR APPROVAL FOR CERTAIN RESIDENTIAL PROPERTY INSURANCE RATES. (a) An insurer may not use a rate for residential property insurance until the insurer has filed the rate and all other information required by Section 2251.101 with the department and the rate has been approved by the commissioner if the commissioner determines that the insurer, or any of the insurer's affiliates and subsidiaries, as those terms are defined by Section 823.003, following a natural disaster:

(1) has increased rates for residential property insurance in the area affected by the natural disaster by five or more percent; or

(2) has newly established deductibles for residential property insurance that are a percentage of the value of the property insured.

(b) Sections 2251.151(b) and (d) apply to rates filed under this section.

(c) Section 2251.152 does not apply to rates for which prior approval is required by this section.

1           SECTION 2. Section 2251.156(a), Insurance Code, is amended  
2 to read as follows:

3           (a) If the commissioner disapproves a rate filing under  
4 Section 2251.153(a)(2) or Section 2251.1512, the commissioner  
5 shall issue an order disapproving the filing in accordance with  
6 Section 2251.103(b).

7           SECTION 3. The change in law made by this Act applies only  
8 to rates for residential property insurance that is delivered,  
9 issued for delivery, or renewed on or after January 1, 2012. Rates  
10 for residential property insurance delivered, issued for delivery,  
11 or renewed before January 1, 2012, are governed by the law as it  
12 existed immediately before the effective date of this Act, and that  
13 law is continued in effect for that purpose.

14           SECTION 4. This Act takes effect September 1, 2011.