

By: Ellis

S.B. No. 72

A BILL TO BE ENTITLED

1 AN ACT
2 relating to prohibition of the use of credit scoring in
3 underwriting and rating certain personal lines of insurance
4 coverage.

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

6 SECTION 1. Section 559.001, Insurance Code, is amended by
7 amending Subdivision (10) and adding Subdivision (12) to read as
8 follows:

9 (10) "Insurer" means an insurer authorized to write
10 property and casualty insurance in this state, including an
11 insurance company, reciprocal or interinsurance exchange, mutual
12 insurance company, capital stock company, county mutual insurance
13 company, farm mutual insurance company, association, Lloyd's plan,
14 or other entity writing personal insurance in this state. The term
15 includes an affiliate, as described by this code, if that affiliate
16 is authorized to write personal insurance in this state. The term
17 does not include [~~a farm mutual insurance company or~~] an eligible
18 surplus lines insurer under this code.

19 (12) "Underwriting" means the selection of the risk
20 that will be assumed by an insurer, including the decision whether
21 to accept, deny, renew, nonrenew, reduce, or increase the amount of
22 benefits payable under an insurance policy or the types of
23 coverages available under an insurance policy.

24 SECTION 2. Section 559.002, Insurance Code, is amended to

1 coverage in any manner, including:

2 (A) the provision or removal of a discount;

3 (B) assignment of an insured or an applicant for
4 insurance coverage to a rating tier; or

5 (C) placement of an insured or an applicant for
6 insurance coverage with an affiliate [~~use credit scoring, except~~
7 ~~for factors that constitute unfair discrimination, to develop~~
8 ~~rates, rating classifications, or underwriting criteria regarding~~
9 ~~lines of insurance subject to this chapter~~].

10 SECTION 6. The following laws are repealed:

11 (1) Sections 559.001(1) and (2), Insurance Code;

12 (2) Section 559.003, Insurance Code;

13 (3) Sections 559.052, 559.053, 559.054, 559.055,
14 559.056, and 559.057, Insurance Code; and

15 (4) Subchapters C and D, Chapter 559, Insurance Code.

16 SECTION 7. (a) Chapter 559, Insurance Code, as amended by
17 this Act, applies only to a personal insurance policy:

18 (1) that is delivered, issued for delivery, or renewed
19 on or after January 1, 2014; or

20 (2) the application for which is submitted on or after
21 January 1, 2014.

22 (b) A personal insurance policy delivered, issued for
23 delivery, or renewed before January 1, 2014, or the application for
24 which is submitted before January 1, 2014, is governed by the law as
25 it existed immediately before January 1, 2014, and that law is
26 continued in effect for that purpose.

27 SECTION 8. This Act takes effect September 1, 2013.