

By: Davis

S.B. No. 600

A BILL TO BE ENTITLED

1 AN ACT
2 relating to premium refunds for insurance rates found to be
3 excessive or unfairly discriminatory; providing an administrative
4 penalty.

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

6 SECTION 1. Section 2254.003(b), Insurance Code, is amended
7 to read as follows:

8 (b) Except as provided by Section 2254.004(c), if the
9 commissioner determines that an insurer has charged a rate for
10 personal automobile insurance or residential property insurance
11 that is excessive or unfairly discriminatory, as described by
12 Section 2251.051, the commissioner shall ~~may~~

13 ~~[(1)]~~ order the insurer to refund directly to each
14 affected policyholder the portion of the premium, plus interest on
15 that amount, that is excessive or unfairly discriminatory~~[, if that~~
16 ~~portion of the premium is at least 7.5 percent of the total premium~~
17 ~~charged for the coverage, or~~

18 ~~[(2) if that portion of the premium is less than 7.5~~
19 ~~percent of the total premium, order the insurer to provide, to each~~
20 ~~affected policyholder:~~

21 ~~[(A) who renews the policy, a future premium~~
22 ~~discount equal to the amount of the excessive or unfairly~~
23 ~~discriminatory portion of the premium, plus interest on that~~
24 ~~amount, and~~

1 ~~[(B) who does not renew or whose coverage is~~
2 ~~otherwise terminated, a refund in the amount described by~~
3 ~~Subdivision (1)].~~

4 SECTION 2. Chapter 2254, Insurance Code, is amended by
5 adding Section 2254.005 to read as follows:

6 Sec. 2254.005. ADMINISTRATIVE PENALTY. If the commissioner
7 determines after a hearing that an insurer has charged a rate for
8 personal automobile insurance or residential property insurance
9 that is excessive or unfairly discriminatory, as described by
10 Section 2251.051, the commissioner shall order the insurer to pay
11 an administrative penalty in the amount of \$100 for each policy
12 delivered, issued for delivery, or renewed at the excessive or
13 unfairly discriminatory rate. This penalty is in addition to any
14 other penalties imposed under this code.

15 SECTION 3. The change in law made by this Act applies only
16 to a rate for a policy delivered, issued for delivery, or renewed on
17 or after the effective date of this Act. A rate for a policy
18 delivered, issued for delivery, or renewed before the effective
19 date of this Act is governed by the law in effect immediately before
20 the effective date of this Act, and that law is continued in effect
21 for that purpose.

22 SECTION 4. This Act takes effect September 1, 2013.