

By: Murphy

H.B. No. 2776

A BILL TO BE ENTITLED

AN ACT

relating to certain premium discounts and rating programs for certain residential property insurance policies.

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

SECTION 1. The heading to Chapter 2006, Insurance Code, is amended to read as follows:

CHAPTER 2006. PREMIUM RATE DISCOUNTS AND RATING PROGRAMS

SECTION 2. The heading to Subchapter B, Chapter 2006, Insurance Code, is amended to read as follows:

SUBCHAPTER B. OPTIONAL PREMIUM DISCOUNTS AND RATING PROGRAMS

~~[DISCOUNT]~~ FOR CERTAIN RESIDENTIAL PROPERTY INSURANCE POLICIES

SECTION 3. Sections 2006.053, 2006.054, and 2006.055, Insurance Code, are amended to read as follows:

Sec. 2006.053. APPROVAL OF CERTAIN ACTUARIALLY JUSTIFIED PREMIUM DISCOUNTS AND RATING PROGRAMS ~~[DISCOUNT]~~. The commissioner may approve:

(1) a premium discount filed with the department that is greater or less than the discount specified by Section 2006.052 ~~[this subchapter]~~ if the commissioner determines the discount is actuarially justified; or

(2) a rating program filed with the department that is based on claim or loss experience and is not a discount described by Section 2006.052 or Subdivision (1) if the commissioner determines the program is actuarially justified.

1 Sec. 2006.054. LIMIT ON PREMIUM DISCOUNT. An insurer that
2 provides a premium discount under Section 2006.052 [~~this~~
3 ~~subchapter~~] is not required to provide the discount in an amount
4 that exceeds 10 percent of the premiums that would otherwise be
5 charged for the residential property insurance policy.

6 Sec. 2006.055. RULES AND GUIDELINES. (a) The commissioner
7 shall adopt rules as necessary to implement Section 2006.052 [~~this~~
8 ~~subchapter~~].

9 (b) The commissioner by rule shall establish guidelines
10 under which an insurer that provides a premium discount under
11 Section 2006.052 [~~this subchapter~~] shall determine the appropriate
12 discount based on sound actuarial principles.

13 SECTION 4. Section 2006.053, Insurance Code, as amended by
14 this Act, applies only to an insurance policy that is delivered,
15 issued for delivery, or renewed on or after January 1, 2016. A
16 policy delivered, issued for delivery, or renewed before January 1,
17 2016, is governed by the law as it existed immediately before the
18 effective date of this Act, and that law is continued in effect for
19 that purpose.

20 SECTION 5. This Act takes effect September 1, 2015.