BILL ANALYSIS

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1490 is a clean-up bill, recommended by the Texas Department of Insurance (TDI) as part of its biennial recommendations. Before 2003, insurance premium rates were set using a benchmark system wherein TDI set the rates. Legislation passed in 2003 changed the rate regulation system from the benchmark system to a file-and-use system. Under the current law, insurance companies file their rates with TDI and are able to use those rates unless TDI finds that the rates violate specific statutory provisions. The legislation that enacted the file-and-use system failed to make a conforming amendment in the section of code that governs the assessment of a premium surcharge against drivers convicted of driving while intoxicated or intoxication manslaughter. Section 1953.052(a), Insurance Code, still refers erroneously to the surcharge being "an amount prescribed by the department." S.B. 1490 would update that section to reflect the current file-and-use system, striking "an amount prescribed by the department," and substituting "as stated in the insurer's rating plan."•

As proposed, S.B. 1490 amends current law relating to the premium surcharge certain automobile insurers are required to assess against an insured convicted of certain offenses.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1953.052(a), Insurance Code, to require an insurer described by Section 1952.001 (Applicability of Chapter), to assess a premium surcharge in an amount as stated in the insurer's rating plan, rather than an amount prescribed by the Texas Department of Insurance, against an insured for no more than three years immediately following the date the insured is convicted of certain offenses.

SECTION 2. Effective date: September 1, 2017.