

By: Turner

H.B. No. 879

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. Section 2251.1031(b), Insurance Code, is amended to read as follows:

(b) If the department requests additional information from the insurer during the ~~[30-day]~~ period described by Section 2251.103(a), ~~[or]~~ 2251.153(a), or 2251.153(a-1) or under a second ~~[30-day]~~ period described by Section 2251.103(c) or 2251.153(c), as applicable, the time between the date the department submits the request to the insurer and the date the department receives the information requested is not included in the computation of the first ~~[30-day]~~ period or the second ~~[30-day]~~ period, as applicable.

SECTION 2. Section 2251.151, Insurance Code, is amended by adding Subsection (a-2) and amending Subsections (c), (c-1), and (e) to read as follows:

(a-2) An insurer shall file with the department for the commissioner's approval a residential property insurance rate, supplemental rating information, and any supporting documentation if the insurer's rate is more than 105 percent of any rate used by the insurer for the same insurance in the previous 12-month period.

(c) The commissioner may require an insurer to file the insurer's rates under Subsection (a) ~~[this section]~~ until the

1 commissioner determines that the conditions described by
2 Subsection (a) no longer exist.

3 (c-1) If the commissioner requires an insurer to file the
4 insurer's rates under Subsection (a) [~~this section~~], the
5 commissioner shall periodically assess whether the conditions
6 described by Subsection (a) continue to exist. If the commissioner
7 determines that the conditions no longer exist, the commissioner
8 shall issue an order excusing the insurer from filing the insurer's
9 rates under Subsection (a) [~~this section~~].

10 (e) If the commissioner requires an insurer to file the
11 insurer's rates under Subsection (a) [~~this section~~], the
12 commissioner shall issue an order specifying the commissioner's
13 reasons for requiring the rate filing and explaining any steps the
14 insurer must take and any conditions the insurer must meet in order
15 to be excused from filing the insurer's rates under Subsection (a)
16 [~~this section~~]. An affected insurer is entitled to a hearing on
17 written request made to the commissioner not later than the 30th day
18 after the date the order is issued.

19 SECTION 3. Sections [2251.152](#)(a) and (b), Insurance Code,
20 are amended to read as follows:

21 (a) An insurer subject to this subchapter may not use a rate
22 subject to this subchapter until the rate has been filed with the
23 department and approved by the commissioner in accordance with this
24 subchapter.

25 (b) Notwithstanding Subsection (a), after a rate filing is
26 approved under this subchapter, an insurer, without prior approval
27 of the commissioner, may use any rate subsequently filed by the

1 insurer if the subsequently filed rate is not for residential
2 property insurance and does not exceed the lesser of:

3 (1) 107.5 percent of the rate approved by the
4 commissioner; or

5 (2) 110 percent of any rate used by the insurer in the
6 previous 12-month period.

7 SECTION 4. Section 2251.153, Insurance Code, is amended to
8 read as follows:

9 Sec. 2251.153. COMMISSIONER ACTION. (a) Not later than the
10 30th day after the date a rate is filed with the department under
11 Section 2251.151(a) or (a-1) [~~this subchapter~~], the commissioner
12 shall:

13 (1) approve the rate if the commissioner determines
14 that the rate complies with the requirements of this chapter; or

15 (2) disapprove the rate if the commissioner determines
16 that the rate does not comply with the requirements of this chapter.

17 (a-1) Not later than the 90th day after the date a rate is
18 filed with the department under Section 2251.151(a-2), the
19 commissioner shall:

20 (1) approve the rate if the commissioner determines
21 that the rate complies with the requirements of this chapter; or

22 (2) disapprove the rate if the commissioner determines
23 that the rate does not comply with the requirements of this chapter.

24 (b) Except as provided by Subsection (c), if a rate filed
25 with the department under Section 2251.151(a) or (a-1) has not been
26 approved or disapproved by the commissioner before the expiration
27 of the 30-day period described by Subsection (a), the rate is

1 considered approved and the insurer may use the rate unless the rate
2 proposed in the filing represents an increase of 12.5 percent or
3 more from the insurer's previously filed rate.

4 (b-1) Except as provided by Subsection (c), if a rate filed
5 with the department under Section 2251.151(a-2) has not been
6 approved or disapproved by the commissioner before the expiration
7 of the 90-day period described by Subsection (a-1), the rate is
8 considered disapproved.

9 (c) For good cause, the commissioner may, on the expiration
10 of the 30-day period described by Subsection (a) or the 90-day
11 period described by Subsection (a-1), extend the period for
12 approval or disapproval of a rate for one additional 30-day
13 period. The commissioner and the insurer may not by agreement
14 extend the 30-day period described by Subsection (a) or the 90-day
15 period described by Subsection (a-1).

16 SECTION 5. Section 2251.156(a), Insurance Code, is amended
17 to read as follows:

18 (a) If the commissioner disapproves a rate filing under
19 Section 2251.153(a)(2) or 2251.153(a-1)(2), the commissioner shall
20 issue an order disapproving the filing in accordance with Section
21 2251.103(d).

22 SECTION 6. The change in law made by this Act applies only
23 to a rate for residential property insurance that is delivered,
24 issued for delivery, or renewed on or after January 1, 2018. A rate
25 for residential property insurance delivered, issued for delivery,
26 or renewed before January 1, 2018, is governed by the law as it
27 existed immediately before the effective date of this Act, and that

1 law is continued in effect for that purpose.

2 SECTION 7. This Act takes effect September 1, 2017.