

By: Lucio III

H.B. No. 1946

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the workers' compensation classification system and
3 rate filings.

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

5 SECTION 1. Section 2051.157, Insurance Code, is amended to
6 read as follows:

7 Sec. 2051.157. PENALTY FOR CERTAIN VIOLATIONS. An officer
8 or other representative of an insurance company is subject to a fine
9 of not less than \$100 or more than \$500 if the officer or other
10 representative violates any provision of the following relating to
11 the company's business:

- 12 (1) Subchapter A or B;
13 (2) Section 2051.156 or 2051.201;
14 (3) Chapter 426 or 2052;
15 (4) Subchapter A, C, or D, Chapter 2053; or
16 (5) Section 2053.051, 2053.052, [~~2053.053~~] or
17 2053.055.

18 SECTION 2. Section 2053.001(5), Insurance Code, is amended
19 to read as follows:

20 (5) "Supplementary rating information" means any
21 manual, rating plan or schedule, plan of rules, rating rule,
22 classification system, territory code or description, or other
23 similar information required to determine the applicable premium
24 for an insured. The term includes increased limits factors,

1 ~~[classification relativities,]~~ deductible relativities, and other
2 similar factors and relativities.

3 SECTION 3. Section 2053.051, Insurance Code, is amended to
4 read as follows:

5 Sec. 2053.051. HAZARD CLASSIFICATION SYSTEM. (a) For
6 workers' compensation insurance, the department shall:

7 (1) determine hazards by class; and

8 (2) ~~[establish classification relativities applicable
9 to an employer's payroll in each of the classes at levels adequate
10 to the risks to which the relativities apply.]~~

11 ~~[(b) The classification relativities established under
12 Subsection (a)(2):~~

13 ~~[(1) must be designed to encourage safety;~~

14 ~~[(2) may be territorially based; and~~

15 ~~[(3) may reflect a difference in losses between
16 employers of high wage earners and employers of low wage earners
17 within the same class.]~~

18 ~~[(c) The department shall]~~ revise the classification system
19 as necessary to carry out the purposes of this chapter ~~[at least
20 once every five years].~~

21 (b) A stock company, mutual insurance company, reciprocal
22 or interinsurance exchange, or Lloyd's plan authorized to engage in
23 the business of workers' compensation insurance in this state may
24 not use hazard classifications other than the classifications
25 established by the department.

26 SECTION 4. Section 2053.056(c), Insurance Code, is amended
27 to read as follows:

1 (c) The commissioner shall review the information submitted
2 under Subsection (b) to determine the positive or negative impact
3 of the enactment of workers' compensation reform legislation
4 enacted by the 79th Legislature, Regular Session, 2005, on workers'
5 compensation rates and premiums. The commissioner may consider
6 other factors [~~including relativities under Section 2053.051,~~] in
7 determining whether a change in rates has impacted the premium
8 charged to policyholders.

9 SECTION 5. Sections 407A.351(a) and (b), Labor Code, are
10 amended to read as follows:

11 (a) Except as provided by Subsection (b), each group shall
12 use the uniform classification system and [7] experience rating
13 plan [~~and rate relativities~~] of the department.

14 (b) A group must [~~may~~]

15 [~~(1) use the relativities promulgated by the department~~
16 ~~modified to produce rates in accordance with the group's historical~~
17 ~~experience, or~~

18 [~~(2)~~] file [~~its own~~] rates with the department in
19 accordance with Chapter 2053, Insurance Code, including any
20 reasonable and supporting information required by the
21 commissioner.

22 SECTION 6. Effective July 1, 2020, Sections 2053.053 and
23 2054.354(b), Insurance Code, are repealed.

24 SECTION 7. Sections 2051.157, 2053.001(5), 2053.051, and
25 2053.056(c), Insurance Code, and Sections 407A.351(a) and (b),
26 Labor Code, as amended by this Act, apply only to an insurance
27 policy that is delivered, issued for delivery, or renewed on or

1 after July 1, 2020. A policy delivered, issued for delivery, or
2 renewed before July 1, 2020, is governed by the law as it existed
3 immediately before the effective date of this Act, and that law is
4 continued in effect for that purpose.

5 SECTION 8. This Act takes effect September 1, 2019.