

1-1 By: Zaffirini S.B. No. 1336
 1-2 (In the Senate - Filed February 28, 2019; March 7, 2019,
 1-3 read first time and referred to Committee on Business & Commerce;
 1-4 April 11, 2019, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 9, Nays 0; April 11, 2019,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1336 By: Zaffirini

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the workers' compensation classification system and
 1-22 rate filings.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 2051.157, Insurance Code, is amended to
 1-25 read as follows:

1-26 Sec. 2051.157. PENALTY FOR CERTAIN VIOLATIONS. An officer
 1-27 or other representative of an insurance company is subject to a fine
 1-28 of not less than \$100 or more than \$500 if the officer or other
 1-29 representative violates any provision of the following relating to
 1-30 the company's business:

- 1-31 (1) Subchapter A or B;
- 1-32 (2) Section 2051.156 or 2051.201;
- 1-33 (3) Chapter 426 or 2052;
- 1-34 (4) Subchapter A, C, or D, Chapter 2053; or
- 1-35 (5) Section 2053.051, 2053.052, [~~2053.053~~] or
 1-36 2053.055.

1-37 SECTION 2. Section 2053.001(5), Insurance Code, is amended
 1-38 to read as follows:

1-39 (5) "Supplementary rating information" means any
 1-40 manual, rating plan or schedule, plan of rules, rating rule,
 1-41 classification system, territory code or description, or other
 1-42 similar information required to determine the applicable premium
 1-43 for an insured. The term includes increased limits factors,
 1-44 [~~classification relativities,~~] deductible relativities, and other
 1-45 similar factors and relativities.

1-46 SECTION 3. Section 2053.051, Insurance Code, is amended to
 1-47 read as follows:

1-48 Sec. 2053.051. HAZARD CLASSIFICATION SYSTEM. (a) For
 1-49 workers' compensation insurance, the department shall:

- 1-50 (1) determine hazards by class; and
- 1-51 (2) [~~establish classification relativities applicable~~
 1-52 ~~to an employer's payroll in each of the classes at levels adequate~~
 1-53 ~~to the risks to which the relativities apply.~~

1-54 [~~(b) The classification relativities established under~~
 1-55 ~~Subsection (a)(2):~~

- 1-56 [~~(1) must be designed to encourage safety;~~
- 1-57 [~~(2) may be territorially based; and~~
- 1-58 [~~(3) may reflect a difference in losses between~~
 1-59 ~~employers of high wage earners and employers of low wage earners~~
 1-60 ~~within the same class.~~

2-1 ~~[(c) The department shall]~~ revise the classification system
2-2 as necessary to carry out the purposes of this chapter ~~[at least~~
2-3 ~~once every five years]~~.

2-4 (b) A stock company, mutual insurance company, reciprocal
2-5 or interinsurance exchange, or Lloyd's plan authorized to engage in
2-6 the business of workers' compensation insurance in this state may
2-7 not use hazard classifications other than the classifications
2-8 established by the department.

2-9 SECTION 4. Section 2053.056(c), Insurance Code, is amended
2-10 to read as follows:

2-11 (c) The commissioner shall review the information submitted
2-12 under Subsection (b) to determine the positive or negative impact
2-13 of the enactment of workers' compensation reform legislation
2-14 enacted by the 79th Legislature, Regular Session, 2005, on workers'
2-15 compensation rates and premiums. The commissioner may consider
2-16 other factors~~[, including relativities under Section 2053.051,]~~ in
2-17 determining whether a change in rates has impacted the premium
2-18 charged to policyholders.

2-19 SECTION 5. Sections 407A.351(a) and (b), Labor Code, are
2-20 amended to read as follows:

2-21 (a) Except as provided by Subsection (b), each group shall
2-22 use the uniform classification system and~~[,]~~ experience rating
2-23 plan~~[, and rate relativities]~~ of the department.

2-24 (b) A group may ~~[+]~~
2-25 ~~[(1) use the relativities promulgated by the department~~
2-26 ~~modified to produce rates in accordance with the group's historical~~
2-27 ~~experience; or~~

2-28 ~~[(2)]~~ file ~~[its own]~~ rates with the department,
2-29 including any reasonable and supporting information required by the
2-30 commissioner.

2-31 SECTION 6. Effective July 1, 2020, Sections 2053.053 and
2-32 2054.354(b), Insurance Code, are repealed.

2-33 SECTION 7. Sections 2051.157, 2053.001(5), 2053.051, and
2-34 2053.056(c), Insurance Code, as amended by this Act, and Sections
2-35 407A.351(a) and (b), Labor Code, as amended by this Act, apply only
2-36 to an insurance policy that is delivered, issued for delivery, or
2-37 renewed on or after July 1, 2020. A policy delivered, issued for
2-38 delivery, or renewed before July 1, 2020, is governed by the law as
2-39 it existed immediately before the effective date of this Act, and
2-40 that law is continued in effect for that purpose.

2-41 SECTION 8. This Act takes effect September 1, 2019.

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