

## **BILL ANALYSIS**

C.S.H.B. 3899  
By: Sanford  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Most automobile insurance carrier rating plans are prohibited from assigning a rate consequence to, or otherwise causing an increase in premiums because of, a violation of the rules of the road while county mutual insurance company plans are not. This is a significant competitive advantage in which county mutual companies are treated more favorably than non-county mutual insurers. Other insurers cannot avail themselves of the same type of rating structure without investing millions of dollars to buy or build an in-house county mutual insurer division or paying significant fees to certain county mutual companies that do not write their own business or carry any of their own risk but only serve as a "front" for non-county mutual insurers so they can then rate drivers competitively compared to county mutual rating plans. This extra cost drives up rates unnecessarily and makes all automobile insurance policies more expensive by adding a middleman cost. C.S.H.B. 3899 seeks to level the playing field and remove this unfair competitive advantage.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3899 amends the Insurance Code to authorize a rating plan regarding the writing of automobile insurance to assign a rate consequence to a charge or conviction for a violation of the rules of the road or otherwise cause premiums for automobile insurance to be increased because of such a charge or conviction. The bill applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2022.

### **EFFECTIVE DATE**

September 1, 2021.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3899 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the original subjected a county mutual insurance company to the prohibition against certain automobile insurance rating plans assigning a rate consequence to or otherwise causing premium increases because of a charge or conviction of a rules of the road violation, the substitute removes the prohibition altogether and instead allows all automobile insurance rating plans to assign a rate consequence to or otherwise cause premiums to increase because of such a charge or conviction.