

BILL ANALYSIS

C.S.H.B. 3969
By: Sanford
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been suggested that certain Insurance Code provisions offer advantages for one type of insurer over another. There are concerns these provisions create an uneven playing field among competing insurers, increasing the cost of insurance for consumers and creating a barrier to entry for new market participants. C.S.H.B. 3969 seeks to level the playing field by authorizing any insurer to file and implement a rating variable that another insurer has already filed and implemented consistent with current insurance rate filing laws.

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. 3969 amends the Insurance Code to authorize an insurer writing personal or commercial automobile insurance, in setting rates, to include in a filing made under statutory provisions relating to rates for property and casualty insurance any rating rule, rate variable, or rate classification that a county mutual insurance company has filed and implemented under those provisions. The bill requires an insurer that files a rating rule, rate variable, or rate classification to do the following:

- indicate in the insurer's rate filing that the insurer is filing the rating rule, rate variable, or rate classification; and
- reflect any cost savings realized by filing the rating rule, rate variable, or rate classification in the insurer's filing.

These provisions may not be construed to affect any law relating to the confidentiality or public disclosure of rate filings or of a review by the Texas Department of Insurance of rate filings.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3969 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.

The original authorized an insurer to include in a filing any rating rule, rate variable, or rate classification that any other insurer has filed and implemented, whereas the substitute authorizes an insurer writing personal or commercial automobile insurance to include in a filing any rating rule, rate variable, or rate classification that a county mutual insurance company has filed and implemented.

The substitute includes an authorization not in the original for an insurer that files a rating rule, rate variable, or rate classification to do the following:

- indicate in the insurer's rate filing that the insurer is filing the rating rule, rate variable, or rate classification; and
- reflect any cost savings realized by filing the rating rule, rate variable, or rate classification in the insurer's filing.

The substitute includes a provision not in the original prohibiting the bill's provisions from being construed to affect any law relating to the confidentiality or public disclosure of rate filings or of a review by the Texas Department of Insurance of rate filings.

The substitute includes a caption change.