

## **BILL ANALYSIS**

H.B. 3365  
By: Harris, Caroline  
Insurance  
Committee Report (Unamended)

### **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 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, which is the result of an antiquated arrangement that no other state has, drives up rates unnecessarily and makes all automobile insurance policies more expensive by adding the cost of a middleman. Additionally, out-of-state insurance carriers have stated that they cannot afford to do business in the Texas market, indicating that the automobile insurance market in Texas is not fully open and competitive. H.B. 3365 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**

H.B. 3365 amends the Insurance Code to authorize a rating plan regarding the writing of any 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, 2024.

### **EFFECTIVE DATE**

September 1, 2023.