

BILL ANALYSIS

S.B. 2008
By: Kolkhorst
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Farm mutual insurance companies were established in Texas to provide a limited set of coverages to rural and underserved areas. Current law provides geographical restrictions for farm mutual insurance carriers, requiring that a majority of each farm mutual's policies apply coverage to "rural property." The definition of that term was put in place in the early 1970s and originated decades earlier. The current statutory definition of "rural property" has not been updated since that time. S.B. 2008 seeks to preserve the important role farm mutual insurance companies play in providing coverage to Texans and in maintaining healthy competition in certain Texas markets, while also updating current law to reflect Texas' population growth, by increasing the population threshold used in determining what constitutes rural property and indexing that threshold to the decennial census.

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

S.B. 2008 amends the Insurance Code to change what constitutes "rural property" for purposes of a farm mutual insurance company's general operating requirements from property located outside an area of land subject to the taxing authority of a municipality with a population of more than 2,500 to property located outside an area of land subject to the taxing authority of a municipality with a population of more than 6,500, adjusted in accordance with the bill's provisions. The bill requires the commissioner of insurance, not later than November 1 of the year following the year in which the federal decennial census is conducted, to compute a new population limit by increasing or decreasing that limit by a percentage equal to the percentage increase or decrease in Texas' population from the previous decennial census and to publish the limit on the Texas Department of Insurance's website. The bill makes the new population limit effective on January 1 of the second year following the decennial census.

EFFECTIVE DATE

September 1, 2023.