

BILL ANALYSIS

H.B. 1132
By: Workman
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties observe that insurers providing commercial general liability insurance with premiums defined as "large risks" are able to attach manuscript endorsements to their policies without review by the Texas Department of Insurance. Manuscript endorsements are written to more narrowly define the risks under the insurance contract. The parties contend that the proliferation of this practice has resulted in contractors and subcontractors becoming increasingly unsure of the coverage they are purchasing. Moreover, many contractors do not have the legal or insurance expertise to know if the manuscript endorsement reduces the insurer's liability in the event of a claim. H.B. 1132 seeks to address these concerns.

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. 1132 amends the Insurance Code to raise the minimum monetary thresholds on an insured's total insured property values, total annual gross revenues, and total premiums for which insurance policy forms are used that trigger the exemption of the forms from statutory provisions governing the filing, approval, disapproval, withdrawal of approval, adoption, and use of forms used in writing insurance, in the following manner:

- from \$5 million or more in total insured property values to \$10 million or more in total insured property values;
- from \$10 million or more in total annual gross revenues to \$20 million or more in total annual gross revenues;
- from \$25,000 or more in total premium for property insurance to \$100,000 or more in total premium for property insurance;
- from \$25,000 or more in total premium for general liability insurance to \$100,000 or more in total premium for general liability insurance; and
- from \$50,000 or more in total premium for multiperil insurance to \$100,000 or more in total premium for multiperil insurance.

H.B. 1132 applies only to an insurance policy delivered, issued for delivery, or renewed on or after September 1, 2015.

EFFECTIVE DATE

September 1, 2015.