

BILL ANALYSIS

S.B. 654
By: Eltife
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Most commercial lines insurance policy forms are subject to filing and prior approval, but some contain standardized provisions. Interested parties contend that other methods of form regulation, such as file and use, use and file, or exemption from filing, may be more appropriate for lines for which the forms have limited use or are standardized. The parties assert that granting the commissioner of insurance the authority to exempt or limit the review of certain commercial lines forms would allow Texas Department of Insurance staff to focus on reviewing policy forms for lines of insurance that have the greatest impact on consumers, such as homeowners and personal automobile insurance. S.B. 654 seeks to address this issue.

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 rulemaking authority is expressly granted to the commissioner of insurance in SECTION 3 of this bill.

ANALYSIS

S.B. 654 amends the Insurance Code to authorize the commissioner of insurance to adopt rules to exempt or limit the review of forms for commercial lines of property and casualty insurance. The bill defines "commercial property insurance" for the purposes of statutory provisions governing property and casualty insurance rates and policy forms as insurance coverage against loss caused by or resulting from loss, damage, or destruction of real or personal property provided through a commercial property insurance policy. The bill specifies that the term includes any combination of fire, allied lines, or other lines of first party property insurance; inland marine insurance; crime coverage; boiler and machinery insurance other than explosion; glass insurance provided as part of other coverage; and insurance covering other perils or providing other coverages as authorized by commissioner rule.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.