

## **BILL ANALYSIS**

Senate Research Center

H.B. 2873  
By: Goodman (Ellis)  
Economic Development  
5-11-97  
Engrossed

### **DIGEST**

Currently, the Insurance Code defines "large risk" as an insured that has total insured property values of \$10 million or more; total annual gross revenues of \$20 million or more; or a total premium of \$50,000 or more for property insurance, \$50,000 or more for general liability insurance, or \$100,000 or more for multiperil insurance. Typically, these large risks are businesses that have the sophistication and knowledge to evaluate policies and prefer the flexibility to choose coverage that varies from promulgated forms. H.B. 2873 would change the definition of "large risk" to an insured that has total insured property values of \$5 million or more; total annual gross revenues of \$10 million or more; or total premium of \$25,000 or more for property insurance, \$25,000 or more for general liability insurance, or \$50,000 or more for multiperil insurance.

### **PURPOSE**

As proposed, H.B. 2873 establishes provisions regarding policy forms for certain large risk insurance policies.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 8(f), Article 5.13-2, Insurance Code, to define "large risk" to mean an insured that has total insured property values of \$5 million or more; total annual gross revenues of \$10 million or more; or a total premium of \$25,000 or more for property insurance, \$25,000 or more for general liability insurance, or \$50,000 or more for multiperil insurance. Deletes existing text regarding property values, total annual gross revenues, and total premiums constituting a "large risk."

SECTION 2. Emergency clause.

Effective date: 90 days after adjournment.