

BILL ANALYSIS

Senate Research Center

S.B. 1143
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Economic Development
4-29-97
As Filed

DIGEST

Currently, Texas law does not prohibit an insurer from imposing limits on an agent's business. Limitations imposed on an agent's business by an insurer may create availability problems in certain neighborhoods or restrict an agent to selling certain insurance policies. This bill would require insurers to file with the commissioner of insurance a plan demonstrating how limits imposed by the insurer on its agents do not adversely impact the availability of insurance coverage within underserved areas.

PURPOSE

As proposed, S.B. 1143 requires insurers to file with the commissioner of insurance a plan demonstrating how limits imposed by the insurer on its agents do not adversely affect the availability of insurance coverage within underserved areas.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Section 6, Article 21.49-2E, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 21, Insurance Code, by adding Article 21.49-2E, as follows:

Art. 21.49-2E. AGENT PRODUCTION QUOTA REQUIREMENTS

Sec. 1. DEFINITION. Defines "underserved area."

Sec. 2. APPLICATION. Provides that this article applies to each insurer who limits the authority of an agent of the insurer to bind the insurer or limits the agent's commissions for liens of property or casualty insurance based on the sale by that agent of life or health insurance policies.

Sec. 3. PLAN; ADMINISTRATIVE PENALTY. Requires each insurer subject to this article to file with the commissioner of insurance (commissioner) a plan that demonstrates how the limits imposed by the insurer on its agents do not adversely impact the availability of insurance coverage within underserved areas. Requires the plan to specify the number or premium volume of life or health insurance policies required by the insurer to be written by each agent and the required ratio of life and health insurance policies to property and casualty insurance policies. Provides that an insurer who, without commissioner approval of the insurer's plan, limits the authority of an agent of the insurer to bind the insurer or limits the agent's commissions for lines of property or casualty insurance based on the sale by that agent of life or health insurance policies is subject to an administrative penalty under Article 1.10E of this code.

Sec. 4. EVALUATION OF PLAN. Requires the commissioner to notify an insurer whether a plan is approved or disapproved no later than the 30th day after the date on which the plan is filed with the commissioner. Requires the commissioner to disapprove a plan if the commissioner determines that the plan does not adequately demonstrate compliance with this

article. Sets forth the factors the commissioner is required to consider in evaluating the plan.

Sec. 5. NOTICE TO AGENTS. Requires each insurer required to file a plan under this article to provide a copy of the plan to each of its agents.

Sec. 6. RULES. Requires the commissioner to adopt rules as necessary to enforce this article.

Sec. 7. ACCESS TO INFORMATION; CONFIDENTIALITY REQUIREMENTS. Requires the Department of Insurance (department), on request of the public insurance counsel (counsel), to make a plan filed under this article available to the counsel. Provides that the information contained in a filed plan is confidential. Prohibits the department or the counsel from making the information available to the public. Authorizes the department or the counsel to disclose to the public a summary of the information contained in a plan that does not directly or indirectly identify the insurer who filed the plan.

SECTION 2. (a) Effective date: September 1, 1997, except as provided by Subection (b).

(b) Provides that an insurer is not required to file a plan with the commissioner as required under Article 21.49-2E, Insurance Code, as added by this Act, until January 1, 1998. Provides that Section 3(c), Article 21.49-2E, Insurance Code, as added by this Act, takes effect March 1, 1998.

SECTION 3. Emergency clause.