

BILL ANALYSIS

Senate Research Center

S.B. 1257
By: Whitmire
State Affairs
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As Filed

DIGEST

Currently, a title insurance agent may engage in any promotional or educational activities on the agent's behalf. Clarification of current law is necessary to remove promotional, educational, recreational, and entertainment expenses from the title insurance rate base and clarify that these expenditures are not illegal rebate and violations of Article 9.30(AA), Insurance Code. Elimination of these expenses from the title insurance rate base would lower title insurance rates for the consumer. S.B. 1257 would clarify existing law allowing lawful promotional, educational activities on behalf of title insurance companies and eliminate these expenses from the rate base.

PURPOSE

As proposed, S.B. 1257 outlines provisions regarding promotional or educational activities of title insurance entities.

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 Article 9.07(b), Insurance Code, to prohibit the commissioner of insurance of the State of Texas from considering expenses relating to promotional and educational activities authorized by Section B(6), Article 9.30, of this code, in fixing the rate of premiums.

SECTION 2. Amends Article 9.30, Insurance Code, by adding Subsection F, as follows:

Sec. F. Provides that a legal promotional or educational activity described by Section B(6) is not a rebate or discount prohibited under Section A of this article. Provides that a dispute as to whether an expense is for a promotional or educational activity that is legal or that is not conditioned on the referral of title insurance business is a question of fact to be determined by the trier of fact in a court of law. Requires an action under this section to be brought in a district court of the county in which the principal place of business of the title insurance agent or title insurance company that incurred the expense is located.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.