

BILL ANALYSIS

Senate Research Center

S.B. 1291
By: Cain
Economic Development
4-16-97
As Filed

DIGEST

Currently, provisions of the Texas Insurance Code limit the payment of dividends to the policyholders to an individual line of insurance. Many businesses, and particularly those businesses operating in more than one state, would like the ability to have the business' dividend calculated on the basis of all lines of insurance purchased. This ability to provide a multiple line dividend is available in many other states. This bill would authorize insurers to pay to a commercial policyholder or group of commercial policyholders a dividend which covers more than one class or line of commercial business.

PURPOSE

As proposed, S.B. 1291 permits policyholder dividends for multiple lines of insurance.

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 Chapter 5, Insurance Code, by adding Article 5.41-2, as follows:

Article 5.41-2. MULTIPLE LINE DIVIDENDS

Sec. 1. Sets forth regulations regarding the payment of a dividend which covers more than one class or line of commercial business to certain policyholders.

Sec. 2. Prohibits limitation of the payment of a dividend on one or more classes or lines of commercial business to a group of commercial policyholders, from being unfair discrimination, so long as the group has clearly identifiable underwriting characteristics or is an association or group of business entities engaged in similar undertakings.

Sec. 3. Provides that the classes or lines of commercial business for which such dividends are authorized include any or all of the commercial classes or lines of commercial business regulated by Chapter 5.

SECTION 2. Emergency clause.

Effective date: 90 days after adjournment.