

BILL ANALYSIS

Senate Research Center

S.B. 1378
By: Ellis
Economic Development
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As Filed

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 total premium of \$50,000 or more for property, \$50,000 or more for general liability, or \$100,000 or more for multi-peril insurance. These large risk businesses are usually entities that have the sophistication and knowledge to evaluate policies and usually prefer the flexibility to choose coverage that varies from promulgated forms. This bill would change the definition of "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 total premium of \$25,000 or more for property, \$25,000 or more for general liability, or \$50,000 or more for multi-peril insurance.

PURPOSE

As proposed, S.B. 1378 redefines "large risk" as set forth in Section 8(f), Article 5.13-2, Insurance Code, relating to rates for general liability and commercial property insurance coverage.

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 provide that for purposes of this subsection, "large risk" means an insured that has total insured property values of \$5 million, rather than \$10 million, or more; an insured that has total annual gross revenues of \$10 million, rather than \$20 million, or more; or an insured that has a total premium of \$25,000, rather than \$50,000, or more for property insurance, \$25,000, rather than \$50,000, or more for general liability insurance, or \$50,000, rather than \$100,000, or more for multi-peril insurance.

SECTION 2. Emergency clause.
Effective date: 90 days after adjournment.