

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1499
By: Sibley
Economic Development
4-3-97
Committee Report (Substituted)

DIGEST

Currently, rates for farm and ranch owners' insurance coverage are regulated under a flexible rating program. Standard policy forms and endorsements used by insurers are promulgated and approved by the commissioner of insurance. Some insurers which operate in more than one state desire the same flexibility to file and use rates and policy forms for farm and ranch coverage as is provided for commercial lines of insurance. This bill provides for the regulation of rates and policy forms for farm and ranch owner's coverage under the same regulatory system for commercial lines of insurance. Additionally, this bill would authorize the commissioner to adopt policy forms and endorsements of national insurers, and allow insurers to use endorsements that provide reduced coverage under approved policy forms.

PURPOSE

As proposed, C.S.S.B. 1499 provides for the regulation of rates and policy forms for farm and ranch owners under the same regulatory system for commercial lines of insurance. Additionally, this bill would authorize the commissioner of insurance to adopt policy forms and endorsements of national insurers, and allow insurers to use endorsements that provide reduced coverage under approved policy forms.

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 5.13-2(1), Insurance Code, to provide that this article governs the regulation of commercial property, which is to include farm and ranch owners and farm and ranch policies.

SECTION 2. Amends Article 5.13-2(8)(e), Insurance Code, to authorize the commissioner of insurance (commissioner) to disapprove a form or endorsement filed under this section, or withdraw any previous approval thereof, if the form or endorsement meets certain provisions. Deletes a provision relating to forms submitted by insurers.

SECTION 3. Amends Article 5.25(b), Insurance Code, to delete a provision relating to rates for farm and ranch owners.

SECTION 4. Amends Article 5.25A(b), Insurance Code, to make a conforming change.

SECTION 5. Amends Article 5.26(i), Insurance Code, to make a conforming change.

SECTION 6. Amends Article 5.28(d), Insurance Code, to make a conforming change.

SECTION 7. Amends Article 5.29(b), Insurance Code, to make a conforming change.

SECTION 8. Amends Article 5.30(b), Insurance Code, to make a conforming change.

SECTION 9. Amends Article 5.31(b), Insurance Code, to make a conforming change.

- SECTION 10. Amends Article 5.32(b), Insurance Code, to make a conforming change.
- SECTION 11. Amends Article 5.33B(2)(a), Insurance Code, to make a conforming change.
- SECTION 12. Amends Article 5.34(b), Insurance Code, to make a conforming change.
- SECTION 13. Amends Article 5.35, Insurance Code to require the commissioner, rather than the State Board of Insurance, to adopt certain policy forms and endorsements. Authorizes the commissioner to adopt policy forms and endorsements adopted by a national organization of insurance companies or similar organization on policy forms and endorsements for certain kinds of insurance under Subsection (b). Defines "national insurer." Deletes a provision relating to the use of specific forms. Authorizes an insurer to use forms and endorsements approved by the commissioner. Deletes a provision prohibiting certain agreements. Prohibits an insurance policy or endorsement for use in writing the types of insurance subject to this article from being delivered or issued for delivery in this state unless adopted or approved by the commissioner pursuant to this article. Deletes a provision regarding approval of certain forms. Deletes a provision relating to using endorsements to policy forms. Sets forth filing requirements pursuant to Subsection (c) or (d). Authorizes the commissioner to disapprove policy forms or endorsements, if certain requirements are met. Sets forth procedures for disapproving policy forms or endorsements. Prohibits a form or endorsement from being used after disapproval or withdrawal of approval. Deletes a provision relating to withdrawal of approval. Makes conforming changes
- SECTION 14. Amends Article 5.39(b), Insurance Code, to make a conforming change.
- SECTION 15. Amends Article 5.40(d), Insurance Code, to make a conforming change.
- SECTION 16. Amend Article 5.41(b), Insurance Code, to make a conforming change.
- SECTION 17. Amends Article 5.101(4), Insurance Code, to authorize insurers who provide reduced coverage to assess a reduced charge.
- SECTION 18. Effective date: September 1, 1997.
Makes application of this Act prospective to January 1, 1998.
- SECTION 19. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 13.

Amends Article 5.35, Insurance Code, to authorize the commissioner to adopt policy forms and endorsements adopted by a national organization of insurance companies or similar organization on policy forms and endorsements for certain kinds of insurance under Subsection (b). Amends the definition of "national insurer." Makes conforming changes.