

BILL ANALYSIS

Senate Research Center
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S.B. 600
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DIGEST

Currently, the Texas Department of Insurance (TDI) uses the Texas Auto Manual to determine automobile insurance rates. County mutual insurance companies in Texas are exempt from the Texas Auto Manual. This bill would repeal the current automobile insurance regulatory laws and encourage open competition in automobile insurance ratings and rates while maintaining TDI's authority over insurance companies in matters such as financial solvency, market practices, and contract forms.

PURPOSE

As proposed, S.B. 600 repeals the current automobile insurance regulatory laws and encourages open competition in automobile insurance ratings and rates while maintaining the Department of Insurance's authority over insurance companies in matters such as financial solvency, market practices, and contract forms.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 5 (Article 5.05, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 5.01, Insurance Code, as follows:

Art. 5.01. New heading: FILING SCHEDULES FOR AUTOMOBILE INSURANCE. Requires all insurers in the state to file with the Department of Insurance (TDI) a schedule of premium rates charged for motor vehicle insurance and the amount of the policy fee, membership fee, or initial charge, to be charged to a policyholder or a person applying for a policy. Deletes the requirement that the insurers annually file a report showing its premiums and losses on each classification of motor vehicle risks written in this state. Deletes the requirement that the State Board of Insurance (board) has the sole authority over motor vehicle insurance premiums. Deletes text regarding the required actions of the board regarding hearings on the regulated premiums and the board's authority to employ certain people. Deletes text regarding rates for motor vehicle insurance as provided by the flexible rating program. Makes conforming changes.

SECTION 2. Amends Sections 2(b) and (c), Article 5.03-2, Insurance Code, as follows:

(b) Deletes text granting rulemaking authority to the board authorizing additional discounts based on the installation of additional antitheft devices for motorcycles.

(c) Authorizes an insurer to set the amount of the discounts under this article. Deletes text granting rulemaking authority to the board regarding discounts under this article.

SECTION 3. Amends Section 2(c), Article 5.03-3, Insurance Code, to authorize an insurer to set the amounts of the discounts under this article. Deletes text granting rulemaking authority to the board regarding the amounts of the discounts under this article and other rules as necessary to the implementation of this article.

SECTION 4. Amends Section 2(f), Article 5.03-5, Insurance Code, to authorize an insurer to set the amount of the discount under this article. Deletes text granting rulemaking authority to the commissioner of insurance (commissioner) regarding the amounts of the discounts under this article. Makes conforming

and nonsubstantive changes.

SECTION 5. Amends Article 5.05, Insurance Code, to require the commissioner, rather than the board, to promulgate reasonable rules and statistical plans to be used by each insurer in the recording and reporting of its loss experience and other data as may be required, in order that the total loss and expense experience of all insurers may be made available in a certain form and manner. Makes conforming changes.

SECTION 6. Amends Subsections (1) - (8), Article 5.06, Insurance Code, to make conforming changes.

SECTION 7. Amends Article 5.09, Insurance Code, to make conforming changes.

SECTION 8. Amends Article 5.11, Insurance Code, to make conforming changes.

SECTION 9. Amends Section 1, Article 5.101, Insurance Code, to provide that this article does not apply to motor vehicle or automobile insurance. Deletes text providing that the program on flexible rating is designed to help stabilize the rates charged for insurance in lines of property and casualty insurance covered by Subchapter A of this chapter.

SECTION 10. Repealers: Articles 5.01B (Public Information), 5.01-1 (Premium Rating Plans), 5.01-2 (Lloyd's Plan Insurers and Reciprocal and Interinsurance), 5.01-3 (Former Military Vehicles), 5.02 (Authority to Assign Certain Types or Classes to Appropriate Rating Laws), 5.03 (Promulgated Rules as Controlling), 5.03-1 (Premium Surcharge), 5.04 (Experience as Factor), and 5.04-1 (Report of Basic Limits Losses), Insurance Code.

SECTION 11. Effective date: September 1, 1999.
Makes application of this Act prospective to January 1, 2000.

SECTION 12. Emergency clause.