

BILL ANALYSIS

Senate Research Center
79R3208 KCR-D

H.B. 2872
By: Smithee (Eltime)
Business & Commerce
4/23/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Under current law, Article 5.81, Insurance Code, provides the commissioner of insurance with the authority to regulate multi-peril policies of insurance under any of the subchapters of Chapter 5, Insurance Code. Article 5.13-2, Insurance Code, was amended to apply to the regulation of rates and policy forms for essentially all property and casualty lines of insurance regulated under Chapter 5 that may be included in a multi-peril policy. This article is the primary Insurance Code provision regulating rates and policy forms for property and casualty insurance.

Therefore, Article 5.13-2 should be the only statutory provision that applies to the regulation of rates and policy forms for these lines of insurance when included in multi-peril policies. Including multi-peril policies in Article 5.13-2 and repealing Article 5.81 will avoid conflicting provisions in the Insurance Code and provide more efficient regulation.

H.B. 2872 amends Article 5.13-2, Insurance Code, to include multi-peril insurance as a line of insurance subject to regulation under the article and repeals Article 5.81, Insurance Code.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2(a), Article 5.13-2, Insurance Code, to provide that this article applies to multi-peril insurance written under policies or contracts of insurance issued by an insurer authorized to engage in the business of insurance in this state.

SECTION 2. Repealer: Articles 5.81 (Multi-Peril Policies; Premium and Rate Adjustment Plans; Powers of Board) and 5.81A (Annual Review of Rates), Insurance Code.

SECTION 3. Makes application of this Act prospective to January 1, 2006.

SECTION 4. Effective date: September 1, 2005.