

## **BILL ANALYSIS**

Senate Research Center  
81R9940 PMO-D

H.B. 2877  
By: Sheffield (Fraser)  
Business & Commerce  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Legislature established the closed claim report due to an absence of reliable information concerning liability insurance claims. The data used in the preparation of a closed claim report includes closed commercial liability claims involving bodily injury that are submitted on the quarterly closed claim reports for the following lines of insurance: general liability, medical professional liability, other professional liability, commercial automobile liability, and the liability portion of commercial multi-peril insurance. Of the two types of forms filed, half are short forms that account for only seven percent of the payments made, while the other half are long forms that account for 93 percent of the payments made. The required reporting amounts have not been amended for 16 years; the short and long form reporting amounts require an adjustment to reflect current economic trends more accurately.

H.B. 2877 amends current law relating to liability insurance closed claim reports.

### **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 38.153(a), Insurance Code, to require the insurer, not later than the 10th day after the last day of the calendar quarter in which a claim for recovery under a liability insurance policy is closed, to file with the Texas Department of Insurance (TDI) a closed claim report if the indemnity payment for bodily injury under the coverage is \$75,000 or more, rather than \$25,000 or more.

SECTION 2. Amends Section 38.155(a), Insurance Code, to require an insurer to file with TDI a summary closed claim report for a claim for recovery under a liability insurance policy if the indemnity payment for bodily injury under the coverage is less than \$75,000 but more than \$25,000, rather than more than \$10,000. Makes a conforming change.

SECTION 3. Amends Section 38.157(a), Insurance Code, to make a conforming change.

SECTION 4. Amends Section 38.158, Insurance Code, as follows:

Sec. 38.158. ALTERNATIVE REPORTING. (a) Creates this subsection from existing text.

(b) Authorizes TDI to use a statistical reporting agency to reconcile the data.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: September 1, 2009.