

BILL ANALYSIS

Senate Research Center

S.B. 698
By: Ellis
State Affairs
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 698 addresses past injustices at the hands of insurance companies that issued race-based insurance coverage from the 1930s into the 1970s. While the Texas Department of Insurance (TDI) has determined that race-based insurance pricing of new policies ceased altogether in the early 1970s, premiums currently being collected or death benefits paid on old policies issued before the early 1970s may not have been adjusted to eliminate the effects of this practice.

S.B. 698 amends current law relating to the establishment of a registry at TDI of certain legal entities alleged to have sold race-based insurance coverage.

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 Chapter 521, Insurance Code, by adding Subchapter D, as follows:

SUBCHAPTER D. RACE-BASED INSURANCE REGISTRY

Sec. 521.151. **APPLICABILITY OF SUBCHAPTER.** Provides that this subchapter applies to any legal entity engaged in the business of insurance in this state, including certain entities and individuals.

Sec. 521.152. **REGISTRY; INTERNET POSTING.** (a) Requires the commissioner of insurance (commissioner) to establish a registry of each legal entity engaged in the business of insurance in this state that, formally or informally, entered into an agreement with TDI that disposes of allegations of race-based pricing; and under which all or part of the relief agreed on to make insureds whole includes a claims-made offer that remains in place and has not otherwise expired under the terms of the agreement.

(b) Requires that the registry be prominently published on TDI's Internet website, and the registry is required to identify each insurance company that has entered into an agreement described by Subsection (a), and the eligibility and terms of the insurance company's claims-made offer; and include a claim form, and links to the Internet website of the insurance company that is administering the claims-made offer.

Sec. 521.153. **PRESERVATION OF CERTAIN RECORDS REGARDING RACE-BASED PRICING.** (a) Requires TDI, notwithstanding Chapter 441 (Libraries and Archives), Government Code, to preserve all examinations, exhibits to examinations, and other relevant documents regarding race-based pricing that TDI has gathered or created with respect to a race-based pricing investigation that is completed or ongoing on September 1, 2009, other than those for which an attorney-client or attorney work product privilege can be claimed, until the time that those documents are eligible for delivery under Subsection (b).

(b) Requires TDI, on the completion of TDI's race-based pricing investigation, but not later than January 15, 2011, to delivery the records identified under Subsection (a) or copies of those records to the state archivist.

(c) Requires that the state archives using best efforts, preserve and catalogue the records identified under Subsection (a), and make the records available to the public as soon as appropriate, but not later than January 15, 2015.

SECTION 2. Requires the commissioner to establish the registry required by Subchapter D, Chapter 521, Insurance Code, as added by this Act, not later than January 1, 2010.

SECTION 3. Effective date: September 1, 2009.