

BILL ANALYSIS

Senate Research Center
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S.B. 698
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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.

As proposed, S.B. 698 requires TDI to establish a registry of all insurance entities that engaged in the business of selling race-based insurance coverage. The bill requires all legal entities in the business of issuing insurance to provide information about their current and past policies regarding race-based insurance coverage, and requires that the information provided be compiled and made public by TDI.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Commissioner of Insurance in SECTION 1 (Section 521.153, Insurance Code) of this bill.

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.** Requires the commissioner of insurance (commissioner) to establish a registry of legal entities engaged in the business of insurance in this state that have a documented history of:

(1) refusing to insure or provide coverage to an individual, refusing to continue to insure or provide coverage to an individual, limiting the amount, extent, or kind of coverage available for an individual, or charging an individual a rate that is different from the rate charged to other individuals for the same coverage, because of the race or color of the individual; or

(2) marketing a kind of insurance or insurance product to individuals predominately of the same race or color because of their race or color.

Sec. 521.153. **SUBMISSION OF INFORMATION TO THE DEPARTMENT.** (a) Authorizes the commissioner to require a legal entity subject to this subchapter to submit information to the Texas Department of Insurance (TDI) regarding practices of the entity that reasonably indicate a history of the activities described by Section 521.152.

(b) Requires the commissioner to prescribe by rule the manner of submitting information under Subsection (a).

Sec. 521.154. PUBLIC INFORMATION. (a) Provides that information submitted to TDI under Section 521.153 is public information.

(b) Requires TDI to prepare information of public interest describing the registry established under this subchapter.

SECTION 2. Requires the commissioner to establish the registry and adopt rules as 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.