

BILL ANALYSIS

Senate Research Center
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S.B. 963
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Some Texas consumers are unfairly being forced to pay higher premiums for long-term care insurance to compensate for the lower rates consumers pay in the states in which those companies' rate increase have been denied.

Many long-term care insurance companies write business in multiple states, most of which regulate rates. Long-term care carriers file for rate increases in the various states as needed. Occasionally, a carrier is denied a rate increase in one state and then in order to collect the amount of premium it believes necessary, the carrier will file for rate increases in other states that do not regulate rates, such as Texas, to make up or compensate for the inadequate rates it is able to charge in the rate-regulated states.

As proposed, S.B. 963 requires the commissioner of insurance to adopt rules that would require insurers to use long-term care premium rates based on credible Texas experience and without regard to rates charged or approved in another state.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 1651.005, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1651.055(a), Insurance Code, to require the commissioner of insurance to adopt rules to stabilize long-term care premium rates by ensuring that rates are based on credible Texas experience and are established without regard to rates charged or approved in another state. Makes nonsubstantive changes.

SECTION 2. Makes application of this Act prospective to January 1, 2010.

SECTION 3. Effective date: September 1, 2009.