

BILL ANALYSIS

Senate Research Center
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S.B. 600
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the commissioner of insurance (commissioner) is authorized, but not required to order an insurer who has charged an excessive rate to provide for refunds to affected consumers. The commissioner is also authorized to provide the refund of excess premium to a policyholder as a discount on a future policy if that policyholder renews.

S.B. 600 will require, rather than allow, the commissioner to order an insurer who has been found to have charged an excessive rate for automobile or homeowners insurance to refund the portion of the premium, including interest, that was found to be excessive. The bill also requires that an administrative penalty be charged to the insurer of \$100 per policy.

As proposed, S.B. 600 amends current law relating to premium refunds for insurance rates found to be excessive or unfairly discriminatory, and provides an administrative penalty.

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 2254.003(b), Insurance Code, as follows:

(b) Requires, rather than authorizes, the commissioner of insurance (commissioner), except as provided by Section 2254.004(c) (relating to requiring certain actions by an administrative law judge after a hearing), if the commissioner determines that an insurer has charged a rate for personal automobile insurance or residential property insurance that is excessive or unfairly discriminatory, as described by Section 2251.051 (Excessive, Inadequate, and Unfairly Discriminatory Rates), to order the insurer to refund directly to each affected policyholder the portion of the premium, plus interest on that amount, that is excessive or unfairly discriminatory.

Deletes existing text authorizing the commissioner to order the insurer to refund directly to each affected policyholder the portion of the premium, plus interest on that amount, that is excessive or unfairly discriminatory, if that portion of the premium is at least 7.5 percent of the total premium charged for the coverage; or if that portion of the premium is less than 7.5 percent of the total premium, order the insurer to provide, to each affected policyholder who renews the policy, a future premium discount equal to the amount of the excessive or unfairly discriminatory portion of the premium, plus interest on that amount; and who does not renew or whose coverage is otherwise terminated, a refund in the amount described by Subdivision (1).

SECTION 2. Amends Chapter 2254, Insurance Code, by adding Section 2254.005, as follows:

Sec. 2254.005. ADMINISTRATIVE PENALTY. Requires the commissioner, if the commissioner determines after a hearing that an insurer has charged a rate for personal automobile insurance or residential property insurance that is excessive or unfairly discriminatory, as described by Section 2251.051, to order the insurer to pay an

administrative penalty in the amount of \$100 for each policy delivered, issued for delivery, or renewed at the excessive or unfairly discriminatory rate. Provides that this penalty is in addition to any other penalties imposed under this code.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2013.