

## **BILL ANALYSIS**

Senate Research Center

S.B. 1227  
By: Seliger  
Business & Commerce  
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Enrolled

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

A recent court ruling has produced unintended consequences by disallowing the Texas Property and Casualty Insurance Guaranty Association to pay individuals holding a valid assignment of a covered claim. The ruling has had a negative effect on the protection of the consumer as well as on the insurance premium finance industry's ability to use traditional industry practices of using the assignment of claims as collateral in the very policies they are financing. S.B. 1227 seeks to address this issue by amending the applicable law.

S.B. 1227 amends current law relating to payment of covered claims based on assignment.

### **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 462.202, Insurance Code, by adding Subsection (c), to provide that a person has a covered claim under this chapter if the person holds a valid assignment of a covered claim for unearned premiums under Subsections (a) and (b) (relating to unearned premium claims).

SECTION 2. Effective date: upon passage or September 1, 2015.