

BILL ANALYSIS

Senate Research Center
84R10648 LED-F

S.B. 1227
By: Seliger
Business & Commerce
3/17/2015
As Filed

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.

As proposed, 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 462.201, Insurance Code, as follows:

Sec. 462.201. COVERED CLAIMS IN GENERAL. Provides that a claim is a covered claim if:

(1)-(4) Makes no change to these subdivisions; and

(5) the claim:

(A) is made by a liability claimant or insured who is a resident of this state at the time of the insured event;

(B) is a first-party claim for damage to property that is permanently located in this state; or

(C) is made by a person holding a valid assignment of a claim described by Paragraph (A) or (B) or Section 462.202 (Claim for Unearned Premiums).

SECTION 2. Provides that the change in law made by this Act applies only to a claim under Chapter 462, Insurance Code, in relation to an insurer that is designated as an impaired insurer on or after the effective date of this Act. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2015.