

BILL ANALYSIS

C.S.H.B. 2776
By: Murphy
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties observe that the optional premium discount that an insurer that issues residential property insurance is authorized to provide applies at renewal for customers that have a demonstrated claim-free experience with the company with which they are currently insured. The parties contend that providing the commissioner of insurance with broader authority to approve other types and amounts of actuarially supported claim-free discounts and loss experience rating programs offered by other companies will benefit consumers. C.S.H.B. 2776 seeks to address this issue.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2776 amends the Insurance Code to authorize the commissioner of insurance to approve, as an alternative to approving an actuarially justified premium discount that is greater or less than the optional premium discount for certain residential property insurance policies, a rating program filed with the Texas Department of Insurance that is based on claim or loss experience and that is not an optional premium discount or a premium discount greater or less than that optional premium discount, if the commissioner determines that the rating program is actuarially justified. The bill applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2016.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2776 differs from the original in minor or nonsubstantive ways by conforming to certain bill drafting conventions.