

BILL ANALYSIS

Senate Research Center

S.B. 1792
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Economic Development
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As Filed

DIGEST

Currently, under Texas law, insurers may use the circumstance of no prior insurance as an underwriting guideline in the issuance of a motor vehicle liability insurance policy. This bill would set forth regulations regarding the use of no prior insurance as an underwriting guideline in the issuance of a motor vehicle liability insurance policy.

PURPOSE

As proposed, S.B. 1792 sets forth regulations regarding the use of no prior insurance as an underwriting guideline in the issuance of a motor vehicle liability insurance policy.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 21B, Insurance Code, by adding Article 21.21-10, as follows:

Art. 21.21-10. PROHIBITION AGAINST USING NO PRIOR INSURANCE AS AN
UNDERWRITING GUIDELINE

- (a) DEFINITIONS. Defines “insurer” and “policy.”
- (b) Prohibits an insurer, solely or in part because of an individual’s or individuals’ lack of prior insurance, from refusing to issue a policy to the individual, canceling a policy covering the individual, limiting the amount, extent, or kind of coverage available to the individual under a policy, or charging the individual a different rate for the policy.
- (c) Provides that a policy applicant currently or previously insured in a higher-rated insurance company or through the Texas Automobile Insurance Plan Association (the assigned risk plan) will be underwritten without consideration of the applicant’s prior insurance carrier.
- (d) Requires an insurer who makes a quote to a policy applicant with no prior insurance, having no more than one accident and one violation within the past three years, which quote equals or exceeds the premium available through the assigned risk plan, to inform the applicant of the approximate cost of coverage available through the assigned risk plan.
- (e) Provides that an insurer who violates this article commits an unfair and deceptive practice as defined by Article 21.21 of this code and is subject to the penalties under that article.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.