

BILL ANALYSIS

Senate Research Center
78R17257 E

C.S.H.B. 1865
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State Affairs
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Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, the Insurance Code does not address commercial group property insurance practices. C.S.H.B. 1865 adds an article to the Insurance Code authorizing insurers to write commercial group property insurance for a group of businesses as long as the businesses have identifiable underwriting characteristics or an association, if the association's members are engaged in similar undertakings.

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 Subchapter C, Chapter 5, Insurance Code, by adding Article 5.41-3, as follows:

Art. 5.41-3. COMMERCIAL GROUP PROPERTY INSURANCE. (a) Authorizes an insurer to write commercial group property insurance for a group of businesses or for an association that constitutes a large risk as that term is described by Section 8(f), Article 5.13-2, of this code if the members of a group of businesses have clearly identifiable underwriting characteristics or the members of an association are engaged in similar undertakings.

(b) Prohibits an insurance policy form, including a certificate of insurance or other evidence of coverage, or endorsement form, for use in writing group commercial property insurance under Subsection (a) of this article, from being delivered or issued for delivery in this state unless the form has been filed with and approved by the commissioner of insurance (commissioner) in accordance with Sections 8(b),(c),(d), and (e), of Article 5.13-2, of this code.

(c) Requires an insurer, in accordance with Sections 3 through 7, Article 5.13-2, of this code, to file with the commissioner all rates, supplementary rating information, and pertinent supporting information for commercial group property insurance written under this article in this state.

(d) Requires an insurer filing a policy form or rates and related information under Subsection (b) or (c) of this article to clearly identify the group of businesses or the associations to be insured.

SECTION 2. Amends Article 5.57A(a)(3), Insurance Code, to redefine "group."

SECTION 3. Amends Articles 5.57A (b) and (c), Insurance Code, as follows:

(b) Authorizes two or more business entities or members of a trade association to join together to form a group to purchase individual workers' compensation insurance policies covering each member of the group, on receiving approval of the State Board of Insurance.

(c) Requires a business entity to meet certain requirements to be eligible to join a group.

SECTION 4. Effective date: upon passage or September 1, 2003.